
THE CHARTERED COURSE

Can Private School Choice Proponents Learn
from the Charter School Sector?

Andy **Smarick**

JULY 2014

The Friedman Foundation
for Educational Choice
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Table of Contents

Executive Summary	1
Introduction	3
The School Network Structure	3
Economies of Scale	5
Back-Office Support	5
Network Exemplars	6
Human Capital	7
External Partnerships.....	8
Internal Investments	9
The Incubation of High-Potential Schools.....	9
Leadership Pipelines.....	10
Start-Up Capital.....	10
Strategy Guidance	11
Political Advocacy.....	11
Private School Incubators.....	12
Authorizer-Based Accountability	13
Independent Agencies	15
Private School Authorizers	16
Conclusion	17
Notes	19
About the Author.....	23

List of Figures

- Figure 1:** Number of States with Charter School Laws and Private School Choice Programs Since 1990.....3
- Figure 2:** Enrollment Growth in Private School Choice Programs, Charter Management Organizations, and Charter Schools4
- Figure 3:** Accountability Requirements of Voucher and Tax-Credit Scholarship Programs14

Executive Summary

The charter and private school choice movements began just a year apart in 1991 and 1990, respectively. In the intervening years, the charter sector grew swiftly and steadily; today, 2.3 million children are enrolled in these tuition-free public schools. Unfortunately, private school choice largely stagnated in the decade following the passage of Milwaukee’s voucher program with relatively few new programs emerging. Though the lull in private school choice activity was lamentable for its advocates and for low-income students, it proved to have a silver lining. In recent years, private school choice has been resurgent, with numerous states adopting a growing list of programs. As supporters implement these new laws and advocate for new ones, they can benefit greatly from the lessons of recent choice history; in other words, what can the private school choice movement learn from charter schooling’s now two-plus decades of experience?

Private school choice proponents can learn from the charter sector’s experience in three key areas:

- the school network structure,
- the incubation of high-potential schools, and
- authorizer-based accountability.

The school network structure has driven growth in the charter sector in the form of Charter Management Organizations (CMOs). CMOs began when charter schools looked to grow by creating central offices to manage or oversee multi-school networks; they currently operate one of every five charter schools in the country. Though key characteristics vary across CMOs, their network structures have several common elements that could benefit private school choice:

- central offices with the potential to provide efficiencies in finance and staffing,
- administrative support that allows school leaders to focus on instructional leadership,
- coordinated demand for talent that enables access to alternative educator pipelines, and
- internal investments to support effective teaching and internal leadership development.

Nonprofit incubator organizations also have played a central role in the growth of charter schools. Charter school incubators provide talent pipelines, facilities support, start-up funding, strategic support, stakeholder engagement, and political advocacy. The private school choice sector would benefit from organizations that play a similar role. Private school incubators have the potential to:

- streamline access to pipelines of school leaders, national funders, and strategic support,
- serve as a proxy for school quality,
- coordinate political advocacy within and across schooling sectors, and
- sponsor collaboration between high-quality private and charter schools.

Charter school authorizers also hold their schools accountable for their performance and have the authority to close schools that fail to meet performance standards or goals. Good authorizing practices could help contribute to the development or improvement of a city’s private school sector through:

- independent authorizing agencies and
- performance contracts.

Similar to Independent Chartering Boards, states could develop independent agencies to oversee private school choice programs. Such an agency would provide separation from the State Education Agency (SEA), which operates under direct oversight of elected public officials and typically is focused on compliance and regulations. It could also develop accountability mechanisms, including performance contracts, that are sensitive to the independence of private schools as well as the need for public accountability.

Finally, two themes emerged consistently throughout this project:

First, there is a glaring lack of collaboration among high-quality schools from the charter and private school sectors. Talent pipelines, philanthropies, and incubators seem to operate in an unfortunately bifurcated environment, despite a shared commitment to providing

high-quality educational options, particularly for underserved students.

Second, both sectors would reap enormous benefit from greater collaboration. Charter and private schools operate under different regulations but have many of the same concerns, yet these schools are more likely to collaborate with other schools in their sector than other schools of similar quality in different sectors. With regard to political advocacy, human capital, and much more, highly effective charter and private schools would do well to team up and identify ways to cooperatively create more seats available to students in need.

By making use of successful elements of the charter sector, the private school sector can help break down the walls separating the two, enabling a more agnostic view of schooling sectors, particularly urban ones, defined by quality and service to students.

Introduction

Charter schools and the private school choice movement had nearly simultaneous beginnings. The nation’s first modern private school voucher program was created by the Wisconsin legislature in 1990; the country’s first charter school law passed in Minnesota in 1991.¹ Though dozens of states adopted charter school laws in subsequent years, relatively few private school choice programs were created (see Figure 1). Today, 2.3 million students are enrolled in charter schools but just 300,000 participate in private school choice programs.²

In recent years, however, private school choice has been resurgent. Courts ruled in favor of Arizona’s tax-credit scholarship program, and the state enacted an innovative education savings account program. Douglas County, Colorado created the first-of-its-kind district-run voucher program. Indiana approved the nation’s largest voucher program. Louisiana and Wisconsin expanded their choice programs. Mississippi, New Hampshire, Virginia, and Kansas approved their first-ever private school choice programs.³ There are now 51 private school choice programs operating in 24 states and the District of Columbia.⁴

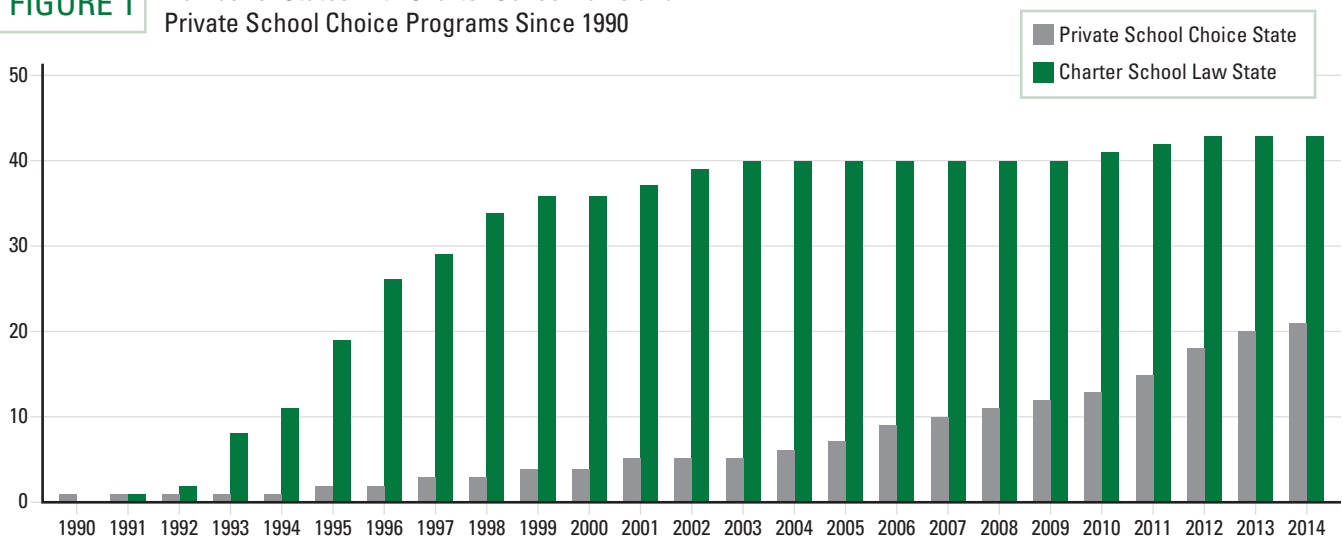
Though the lull in private school choice activity before that resurgence was lamentable for its advocates, it has a silver lining. As recently passed programs get off the ground and new programs become approved, the choice movement can learn from charter schooling’s now two-plus decades of experience.

Backers of choice programs have the opportunity to replicate chartering’s greatest successes and avoid its most notable missteps. In fact, three factors have been front and center for chartering for some time and hold lessons for private school choice: the school network structure, the incubation of high-potential schools, and authorizer-based accountability. This paper seeks to distill some key lessons that private school choice proponents can learn from the charter sector’s experience in those three key areas.

The School Network Structure

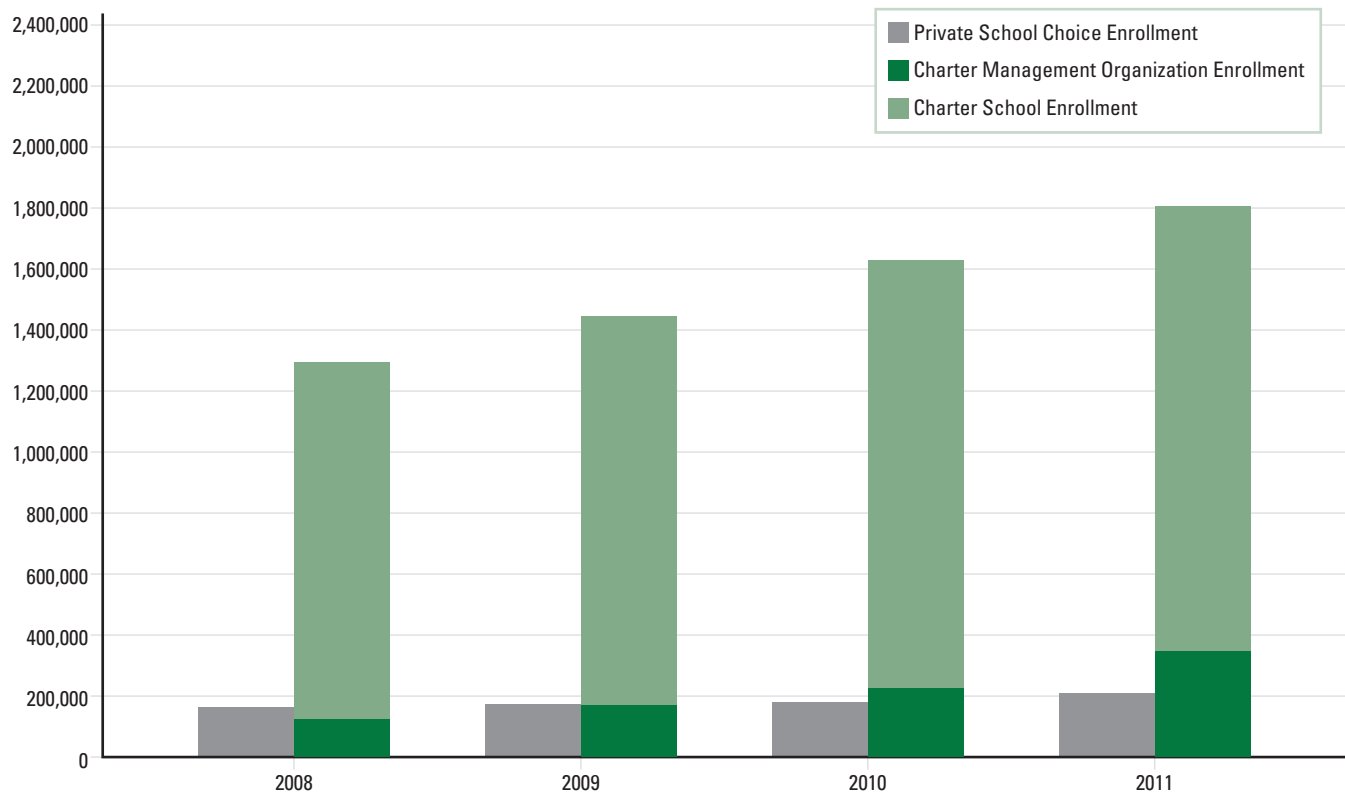
The charter sector has expanded at an astounding pace. During the 1999–2000 school year, there were approximately 1,500 charter schools serving 350,000 students. By 2012–13, there were 6,000 charter schools serving nearly 2.3 million students.⁵ That growth was driven in large part by the advent of Charter Management Organizations (CMOs), which evolved

FIGURE 1 Number of States with Charter School Laws and Private School Choice Programs Since 1990



Sources: The Friedman Foundation for Educational Choice, “School Choice Programs,” accessed April 25, 2014, <http://www.edchoice.org/School-Choice/School-Choice-Programs>; Center for Education Reform, “2013 Charter Law Ranking Chart,” Jan. 15, 2013, accessed Mar. 7, 2014, <http://www.edreform.com/2013/01/2013-charter-law-ranking-chart>.

FIGURE 2 Enrollment Growth in Private School Choice Programs, Charter Management Organizations, and Charter Schools



Sources: National Alliance for Public Charter Schools, "The Public Charter Schools Dashboard: A Comprehensive Data Resource from the National Alliance for Public Charter Schools," accessed Apr. 4, 2014, <http://dashboard.publiccharters.org/dashboard/schools/page/mgmt/year/2013>; The Friedman Foundation for Educational Choice, *The ABCs of School Choice: The Comprehensive Guide to Every Private School Choice Program in America*, 2014 ed. (Indianapolis: Friedman Foundation for Educational Choice, 2014), <http://www.edchoice.org/ABCs>.

when charter schools sought to grow their models by creating centralized entities to develop and oversee multi-school networks. In recent years, the number of charter schools operated by CMOs has doubled, and the number of students they enroll has grown from 125,000 in 2007–08 to 343,000 in 2010–11 (see Figure 2). CMOs now operate nearly one of every five charter schools nationwide.⁶

CMOs such as the Knowledge Is Power Program (KIPP), Uncommon Schools, Aspire Public Schools, Success Academies, IDEA Public Schools, and Achievement First have led the charge in replicating high-performing schools aimed at low-income families. The first two KIPP schools opened in Houston and New York City in 1995. Today, KIPP enrolls more than 41,000 students in 141 schools across 20 states and the District of Columbia. Though 86 percent of its

students qualify for free or reduced-price lunches, 93 percent of KIPP students graduate from high school and 83 percent matriculate to college.⁷ IDEA launched its flagship school in Donna, Texas in 1998; it now has 28 campuses in that state. The student body is 83 percent low-income and, to date, 100 percent of its graduates have matriculated to college.⁸ California's Aspire Public Schools opened its first campus in 1998 and now serves more than 13,500 California students in 37 schools. Although 72 percent of Aspire students are low-income, nearly 100 percent of graduates have been admitted to four-year colleges.⁹

There is meaningful variation in how CMOs go about their work, but a few similarities cut across the field and hold important lessons for those interested in expanding private school choice. One of the most important features is the network structure: It

provides financial efficiencies; allows for economies of scale related to teacher recruitment, benefits, and professional development; and helps relieve principals of non-academic responsibilities.

Economies of Scale

CMOs benefit from some economies of scale that result from a multi-campus approach. As CMOs expand to serve more students, they receive more revenue in per-pupil allocations and, especially when concentrated in a single region, are able to centralize support functions such as human resources and financial reporting. The National Resource Center on Charter School Finance and Government reports:

CMOs can help combat resource scarcity through economies of scale. For example, a network of schools—particularly a cluster of five to seven schools in one city—generates a level of public funding that enables CMOs greater buying power to meet facility and operational needs, such as home offices that provide administrative, financial and educational support to the schools in their network.¹⁰

More than a decade of experience shows how networks can help provide financial stability. In fact, while 42 percent of charter school closures are attributed to finances, “90 percent of charters that fail because of financial reasons are independent, grassroots start-ups.”¹¹

Though researchers question the attainability of financial economies of scale,¹² it is also possible that the network approach of CMOs allows efficiencies in building central office capacity and expertise. For example, when a CMO operates several schools under the same regulatory structure, it can invest once in developing central systems for meeting compliance and reporting requirements. Single-campus charter schools may find themselves splitting an employee’s time between tasks that may require vastly different skill sets, such as parent outreach and teacher recruitment. A central office instead can hire a specialist who then fills that role for multiple schools.

By contrast, the private school sector has a much more dispersed governance structure. Approximately 70 percent of Catholic schools were operated by an individual parish during the 2012–13 school year, with procurement and purchasing decisions made by the school principal.¹³ “Under the traditional business model, parochial schools were, by and large, independent of one another. Each school procured its own supplies, created its own administrative back office, and contracted its own service providers.”¹⁴

Andrew Neumann, CEO of Educational Enterprises (which runs a network of Milwaukee Lutheran schools), confirms the same is true of Lutheran schools—most are sponsored by individual congregations.¹⁵ Although limited data exist on the structure of other types of urban private schools, anecdotal evidence suggests they follow this same model.

Some parish schools are finding ways to consolidate and share costs. In some instances, several parishes decide to share a single school. That “inter-parish” governance structure “allows pastors to pool their parish resources and share costs while fulfilling their obligation to provide their congregations access to a Catholic education.”¹⁶ In other cases, parishes have turned their schools over to their dioceses. This is an increasingly common arrangement. In 1967, just 1 percent of Catholic schools were governed by a diocese; today, it’s 10 percent. Consortia are also becoming increasingly common and provide for increased economies of scale (more on this later).¹⁷ A consortium “works to find procurement opportunities which capitalize on its shared buying power.”¹⁸

Back-Office Support

In a survey of principals of CMO-managed schools, the Center for Reinventing Public Education found that CMOs seek to lessen the administrative burden on principals so they can devote their time to instructional leadership. “CMO central offices negotiate leases and manage compliance reporting. ... They also provide help with hiring, personnel management, and data analysis, which is intended to allow principals to focus

on classroom monitoring and assistance to teachers.”¹⁹ CMO principals reported they had to resolve issues of payroll or facilities maintenance less than once per month.²⁰ Aptly summarized by one of the most successful CMOs:

Achievement First has found that by centralizing certain functions—like teacher recruitment, fundraising, budgeting and fiscal operations, data management, information technology, and facilities operations—the network is able to free school leaders and teachers to focus on the most important things: teaching and learning.²¹

Under the single-school system so common among urban private schools, significant burdens are often placed on school principals, and they express a need for the very kind of centralized support a CMO back office provides. When a survey of 1,700 parochial school principals asked about their biggest challenge, 1,030 cited enrollment—the predominant determinant of tuition revenue.²² Financial management was identified as the biggest challenge by 930 principals, and 463 principals indicated development.²³ The parochial school principal is often chief executive officer, chief operating officer, religious steward, and instructional leader—all rolled into one.²⁴ That is unsustainable, stymying long-term planning and academic improvement.

Network Exemplars

The CMO structure is not wholly foreign to inner-city private schools. In fact, various forms of private school networks are beginning to bloom. The Cristo Rey Network is perhaps the best example of a CMO-like structure in urban faith-based schooling. That network of Catholic high schools has grown from a single school in 1996 to 25 schools serving 7,400 students.²⁵

Cristo Rey’s governance and operations are separate from both parish and diocese. The network has received philanthropic support from major players in the charter school universe, including the Walton Family Foundation and the Bill & Melinda Gates Foundation.

Its educational model, implemented by all network schools, includes a unique work-study program. Every student works one day per week outside of the school (at hospitals, banks, law firms, local businesses, major nonprofits, and other corporate partners) and their compensation is used to offset tuition costs.²⁶

Whereas Cristo Rey opens new schools, the Archdiocese of Philadelphia took a huge step in 2012 when it entered into a management agreement with the Faith in the Future Foundation, turning over operation and management of 21 existing schools to a lay organization. The archdiocese maintained oversight of the schools’ religious mission and retains ownership of facilities. But the foundation operates the schools, manages system-wide enrollment, fundraises, and supports professional growth among teachers and principals.²⁷ A similar arrangement has been made in New York City, where the Partnership for Inner-City Education has taken control of the academics, operations, and finances of six Catholic schools in the Archdiocese of New York.

The Healey Education Foundation in New Jersey has a slightly different but equally noteworthy model. When several Camden elementary schools were slated for closure, it stepped in to help create the Catholic Schools Partnership (CSP). CSP is governed by a “board of limited jurisdiction,” whereby “the pastor maintains specific canonical authority as designated by the bishop” but “entrusts the laity with decision making, policy making, and financial accountability.”²⁸ That frees the pastor to attend to core church functions, and it allows the school to draw on the talents of laymen and laywomen. CSP has centralized many functions, including fundraising, and has sustained an enrollment of approximately 1,100 students despite lack of access to public dollars.

Those notable developments notwithstanding, private school networks are still in their infancy; no more than 10 percent of parish schools are governed by boards of limited jurisdiction.²⁹ Boards of limited jurisdiction may be a useful transitional step for parish-based and other independent private schools contemplating the move to a network model.³⁰ It allows the church to

maintain religious control while delegating other areas of decision making to non-church officials.³¹

Such evolution may be what urban private schools need. As Gregory Geruson (of the Healey Education Foundation) et al. have argued, “[t]he old ways of governance no longer work. Successful boards are open to new and expansive ways of achieving the goal of sustainability in order to continue serving children.”³² A board of limited jurisdiction can adopt a “bias for action” and approach opportunities to merge with other schools—or create new schools—with the authority, vision, and leadership necessary to affect real change.³³ It also can provide the kind of fresh thinking that can be inhibited by organizational structures that can date back more than a century.

One important difference between the charter and private school sectors merits consideration. CMOs almost always grow out of new school creation. Although the Cristo Rey Network has consistently opened new private schools and there is room for others to do likewise, multi-school networks among urban private schools are, so far, largely organizing existing schools under a new umbrella organization.

Previous efforts have not always been successful. Nativity Miguel, the product of a merger between Nativity Mission and San Miguel Mission schools in 2005, served 64 Catholic schools in 27 states.³⁴ Some were start-up schools, whereas some existing schools were brought into the network. Unfortunately, the organization struggled financially and some member schools were reluctant to relinquish their independence. The network dissolved in 2012.³⁵

Understanding how best to create strong networks of extant private schools will require more experiments from the field and a new body of research. But a few specific lessons from CMOs’ experience may be instructive.

First, mission alignment is essential. A CMO and its new schools are highly likely to be aligned simply by working closely together to found schools through an established model. CMOs are well known for their focus

on mission. They often use words like “aggressive,” “intense,” “relentless,” and “tireless” to describe their commitment to improving student achievement.³⁶ A new network of private schools would be wise to ensure all members are, at a minimum, similarly and passionately committed to providing a high-quality education to high-need students. Alignment around culture, content standards, pedagogy, and human capital issues would also be highly beneficial.

Second, schools might first seek to form networks with other schools serving the same grade spans and operating in the same geographic region. CMOs have typically found success launching networks by replicating schools that serve a specific grade range. For instance, KIPP started its network with middle schools; it only later expanded to include high schools and elementary schools. Most CMOs also expand regionally via clusters. Rocketship Education developed its first cluster of schools in northern California and now plans to create similar clusters in Milwaukee and New Orleans. Existing private schools are likely to have more similarities—and therefore be better partners—with schools in the same states because they will share their states’ public programs, community knowledge, philanthropists, and more. By serving the same grade spans they can also economize on instructional elements like curriculum development, educator recruitment, and professional development.

Third, CMOs start new schools with a clear understanding of the suite of standard supports and services the central office will provide and the extent of school-level autonomy—usually codified in a management agreement. Because private schools will be accustomed to doing everything themselves, new networks will need to be exceptionally clear and careful in outlining the division of responsibility between the network’s central office and schools.

Human Capital

Regardless of school sector, the research is unequivocal: Teacher effectiveness and school-leader abilities are the most important in-school factors influencing

student learning.³⁷ Arguably, then, the most important offerings a central office can provide are those related to recruiting, hiring, and developing human capital. “Real human capital knowledge is critical,” noted Ryan Hill, regional leader for KIPP’s schools in New Jersey, “and teacher recruitment is probably the most competitive field in all of the charter world.”³⁸

Schools compete vigorously to identify, recruit, develop, and retain the best teachers and leaders. Leaders of both sectors often cite the lack of human capital as a primary constraint on the ability to expand and replicate. Private schools, on average, pay their teachers less and provide less administrative support—making it even more difficult for them to attract the best talent.³⁹

Charter schools have deployed two key strategies to address the gap between the talent they need and the talent available. First, charter networks often work around traditional preparation programs to find educators. Second, they invest significant resources to develop their teachers and groom high-performers for leadership positions. The scale and efficiency provided by a network structure could help private schools take advantage of these same strategies.

External Partnerships

Charter schools often work with nontraditional teacher pipelines to identify high-potential candidates. For instance, Teach For America (TFA), which recruits recent college graduates to teach underprivileged children, placed approximately 2,000 corps members in charter schools during the 2011–12 school year alone.⁴⁰ TNTP, an organization that recruits career-switchers to the teaching profession, has recruited, prepared, or certified approximately 32,000 teachers since its founding in 1997.⁴¹ Many of those teachers, especially in the organization’s early years, have been placed in charters.

CMOs often prioritize recruiting teachers from TFA. The Center for American Progress reports that approximately half of the teachers at Rocketship

Education and Texas-based YES Prep Public Schools come from TFA, and that TFA alumni supply more than 25 percent of the new teachers to KIPP schools nationally and 45 percent to KIPP’s Washington, D.C., schools.⁴²

Catholic schools have their own alternative human capital pipelines, though more limited in size. The Alliance for Catholic Education (ACE) out of the University of Notre Dame is working to meet the human capital voids in high-need Catholic schools. The “Catholic TFA,” ACE places approximately 170 new teachers annually in more than 100 parochial schools across the country.⁴³ Several Catholic colleges and universities, including Saint Joseph’s University, University of Dayton, and Boston College, have modeled programs on ACE. Those programs combined have placed approximately 5,000 new teachers since 1995. (By comparison, TFA has placed approximately 32,000 since 1990.)⁴⁴

A network structure would help private schools improve their viability as potential partners. The alternative teacher pipelines discussed previously emphasize the importance of placing teachers in clusters. Clusters allow the organization to provide more efficient support, establish a sense of community and shared purpose among their teachers, and ensure economies of scale. TNTP, for example, typically does not partner directly with charter schools but rather with a regional intermediary. NewSchools Venture Fund advises, “[b]ecause TNTP..focus[es] on improving educator quality in a given geographic area, the first step charters or CMOs will need to take in order to work with the[m] is to partner together in a given area to ensure there is an adequate need for principals and teachers.”⁴⁵

When choosing placement sites, TFA asks their partners to commit to “placing a critical mass of corps members across the range of subject areas and grade levels.”⁴⁶ It is much more difficult to place one teacher each in 10 organizations than it is to place 10 teachers in one organization. By adopting a network structure, inner-city private schools may become more attractive partners for alternative teacher pipelines.

Internal Investments

Charter schools also invest significant resources in developing talent internally. Teachers at many charter school networks—usually younger and less experienced than teachers in district schools—receive embedded, intentional professional development. For instance, teachers in a CMO are often assigned a mentor who helps them develop and receive more frequent observations from fellow teachers and the school’s instructional leader.⁴⁷ More than half of new teachers reported they were observed eight or more times by their principal, and more than 40 percent reported being observed an additional eight times by a coach.⁴⁸

Strong school leaders are also necessary for CMOs to replicate. Dacia Toll, co-leader of Achievement First, said “[t]he biggest driver of whether we could open more schools—and of how successful those schools went on to be—was the strength of the school leaders.”⁴⁹ In quantifying the value of internal pipelines, Don Shalvey, founder of Aspire Public Schools, said “[w]e have retained 100 percent of the school leaders who we grew from within the organization, and we’ve retained 40 percent of the ones we brought in from outside.”⁵⁰

Achievement First, Aspire Public Schools, GreenDot Public Schools, Uncommon Schools, and KIPP are all examples of CMOs that have invested to grow their own principals internally.⁵¹ Those internal pipelines provide a steady stream of mission-aligned leaders fully acculturated to each network’s own recipe for school success. KIPP’s rationale behind its leadership development program is: a “home-grown principal pipeline has a significant multiplier effect as the schools started by new principals will, in turn, be incubators for the next generation of effective principals both within and outside the KIPP network.”⁵²

KIPP launched its own school leadership program, the Fisher Fellowship, in 2001:

This is an economical training path and preferable to ensure a seamless transfer of the organization’s

core values, mission, and culture. Sometimes this practical training year in an administrative support role is supplemented with university coursework for licensure purposes, but not always. The practical learnings received during this “resident” year often prove invaluable for developing future leaders.⁵³

Between the Fisher Fellows program and several other leadership programs, KIPP trained more than 400 current or aspiring principals between 2007 and 2010, as well as 60 principals from other non-KIPP charter schools.⁵⁴

The Incubation of High-Potential Schools

Nonprofits have developed in many cities with the express purpose of identifying and supporting opportunities for launching new charter schools. Those “incubators” are “dedicated to intentionally building the supply of high-quality charter schools and CMOs in cities or specific geographic areas.”⁵⁵

Nine organizations are generally regarded as the first generation of charter incubators: New Schools for New Orleans (NSNO), New Schools for Baton Rouge, The Mind Trust in Indianapolis, Get Smart Schools in Denver, Charter School Partners in Minneapolis–St. Paul, E3 Rochester in New York, the Tennessee Charter School Incubator in Nashville and Memphis, the Teaching Trust in Dallas, and Rhode Island Mayoral Academies.⁵⁶ A dozen others are quick on their trail.⁵⁷

Some incubators, like the Tennessee Charter School Incubator, seek to build the number of high-quality charter schools by recruiting, screening, developing, and supporting school leaders to found and operate new charter schools. Other incubators, like Get Smart Schools, focus primarily on bringing existing, high-performing networks to their cities or regions. Some, such as The Mind Trust and NSNO, do some combination of the two.⁵⁸

These still-maturing organizations vary in the kinds

of support they provide, but they generally include at least some combination of leadership pipelines, facilities support, start-up funding, strategic support, stakeholder engagement, and political advocacy—all crucial elements of a successful charter school launch. Not all of those activities translate to private schools, but there are four, in particular, that do: leadership pipelines, start-up capital, strategic support, and political advocacy.

Leadership Pipelines

There is a profound need for high-quality school leaders for urban schools. As Branch, Hanushek, and Rivkin have found, “principal skill is more important in the most challenging schools.”⁵⁹ Incubators can help make sure high-quality leadership is matched to high-potential new school projects. In other words, training programs can address the supply side of human capital, but “talent-ready” organizations (schools prepared to serve as great landing places for well-trained individuals) must be produced so there is an appropriate demand side of the equation.

The Tennessee Charter School Incubator provides a two-year Education Entrepreneurs Fellowship to identify and support high-potential leaders in transforming the lowest-performing schools across the state into high-quality charter schools. With a rigorous application process, intensive leadership training, and financial support, the Tennessee Charter School Incubator helps identify and match school leaders to schools that need them most.⁶⁰ The Skillman Foundation, an incubator in Detroit, also works to recruit talented school leaders and support launching new-start charter schools.⁶¹

The private school sector—both existing and new-start schools—would benefit from an incubator organization playing such a role. An incubator that can help source and support school leaders would meet a pressing need within the private school community. In addition, because some private school networks such as Cristo Rey generally operate a very small number of schools in any given city, a local incubator with the

capacity to identify, train, and support strong local school leaders would provide the benefits of pooling resources and attracting high-quality talent along with the support necessary for success. To the extent those incubators developed leaders for private and charter schools, they could also serve as a bridge for collaboration among and between sectors.

Start-Up Capital

In the charter school sector, incubators have been very successful at attracting philanthropic support, which can then be channeled toward leadership fellowship programs in addition to the high front-end costs of launching a new school (like constructing, renovating, or leasing a facility or purchasing equipment and materials). In Indianapolis, The Mind Trust provides \$250,000 grants to support single-school expansions and \$1 million grants to support five-school networks.⁶² “Over the next five years, the NOLA Charter Excellence Fund will invest approximately \$30 million in the creation of 15,000 new high-quality school ‘seats’ in New Orleans, by providing a combination of financial and strategic support.”⁶³ In this way, incubators provide direct access to philanthropic support.

Although some inner-city private schools have managed to secure major national philanthropic gifts, most rely predominantly on smaller-scale support from local funders.⁶⁴ That makes fundraising more difficult and less efficient. However, the direct funding is just one way a new charter school project benefits from receiving The Mind Trust’s or NSNO’s stamp of approval. Both organizations have rigorous evaluation standards for the schools they are willing to support.⁶⁵ Earning their benediction sends a powerful signal to other potential funders.

For the most part, individual inner-city private schools do not have reputations with the large national philanthropies, and, unfortunately, many of those schools are insufficiently transparent about the results they achieve. A private school incubator could help address both challenges. An incubator can help private schools access large-scale philanthropic support more

effectively and efficiently than they are capable of doing on their own. In addition, by developing a reputation for supporting high-quality schools, an incubator could become a proxy for quality used by benefactors hoping to support the creation of more seats in high-quality private schools.

Strategy Guidance

Incubators in the charter sphere also provide strategic support to help new schools get off the ground. Charter School Partners in Minneapolis recruits high-quality leaders and helps schools access start-up capital. But it also provides substantial strategic support to help a school proposal through the authorization process, develop a local governing board, build community support, plan data strategies, and map out key steps toward a successful school launch.⁶⁶ Those operational challenges are difficult for independent charter schools, and their specifics vary among states and cities. Incubators serve as a source of location-specific expertise.

Whether a private school is launching for the first time or pursuing first-time eligibility to participate in a private school choice program, it also faces barriers. Private schools need strategic support to navigate requirements for participating in the school choice program, engaging with parents and building enrollment among eligible student populations, and implementing potential testing and data requirements for public accountability.

ACE Academies, which operates schools in Florida and Arizona, realized the complexity of student eligibility necessitated a full-time staff person to help parents enroll in the corporate tax-credit scholarship programs available in those states.⁶⁷ In addition, though some private school choice programs allow schools to retain admissions criteria, others require a randomized process in the case of oversubscription.⁶⁸ Programs may or may not allow voucher students to opt out of a private school's religious instruction.⁶⁹ Those are just some of the many varied participation requirements across the nation's 51 private school choice programs.

An incubator could help private schools actively identify and navigate program-specific components and ensure each new entrant does not waste time and resources reinventing the same solutions.

Political Advocacy

Advocacy is a less common support provided by charter school incubators, "but [they] are uniquely positioned to advocate on charter issues, and they have a vested interest in ensuring a strong charter environment for affiliated school leaders."⁷⁰ As a hub of support for new and existing school leaders, incubators by nature have an ear to the ground on the challenges and policies that affect schools.

In Denver, Colorado, charters working with the Get Smart Schools incubator consistently voiced complaints about inefficient student recruitment and enrollment practices. Get Smart Schools worked with other charters and the district to create a single enrollment system "through which parents could view and rank their children's school options (traditional public, magnet, and charter) in one place."⁷¹ Denver began using the system in 2011. Charter School Partners in Minneapolis-St. Paul seeks input from its fellows in setting a policy agenda and serves as a channel for schools to "advocate for policy issues to promote the growth and expansion of high-quality charter schools in Minnesota."⁷²

In those two states (and in others with charter incubators), there are charter school advocacy groups, typically organized as associations of charter schools, which can draft legislative language, inform policymakers, protect existing programs, mobilize parents, and more. However, the incubator plays a different and highly complementary role in advocacy: It speaks from firsthand experience about how public policy affects the start-up and operation of schools.

Charter policy debates in state legislatures often stay at the ideological or philosophical level (e.g., "Are charter schools good for public education?"). Incubators have the ability to ground conversations in

the nitty-gritty details of application (e.g., “If the state cuts funding for start-up grants by 25 percent, we will be able to start four fewer schools annually, with the effect of serving 5,600 fewer low-income students over the next five years.”)

Most states have advocacy organizations fighting to pass or expand private school choice legislation. Many of those organizations have been active for more than a decade, and some are part of national networks, like the Black Alliance for Educational Options (BAEO) and the American Federation for Children. The state-based work of such groups is invaluable. In Louisiana, BAEO and the Louisiana Federation for Children are working to protect the state’s voucher program.⁷³ In Indiana, the Institute for Quality Education plays a similarly valuable role.⁷⁴ Schools That Can Milwaukee has been instrumental in fighting funding cuts to the Milwaukee Parental Choice Program.

But a private school incubator could bring a valuable implementation-oriented voice to the table, helping move the discussion from “whether” to “how.” For instance, each voucher program has different provisions that can serve to inhibit private school growth and participation—from low per-pupil funding and limiting student eligibility requirements to constraining rules governing when and how schools can participate in school choice programs. An incubator could use the voice of its schools to translate the cold words of a statute into the language of actual boys, girls, and seats, explaining how, for instance, a seemingly benign enrollment requirement might stop a great school from replicating or several hundred families from participating.

Moreover, incubators that apply rigorous quality screening to founding private school principals and the existing private schools they help grow will be positioned to advocate from a position of significant authority. That is, many choice advocacy groups believe empowering low-income families to select from among all available private schools is a positive in and of itself—and that message resonates with many policymakers. But others will want to be

certain all of the new options made available are high-performing. They, almost certainly, are likelier to be persuaded to vote for choice legislation by a group with a reputation for supporting only high-quality schools and, by implication, policies that support access to only high-quality private schools.

Private School Incubators

There is a need for private school incubators in cities and states with private school choice programs; with a reliable stream of funding, the private school sector could build a new supply of high-performing schools. Existing charter incubators could evolve to include private schools or new incubators could be founded to serve private schools (or both charter and private schools).

Currently, there are four charter school incubators in areas with voucher and/or tax-credit scholarship programs: The Mind Trust in Indianapolis, New Schools for New Orleans and New Schools for Baton Rouge in Louisiana, and the Thomas B. Fordham Institute in Dayton, Ohio. There are multiple sites across the country that have private school choice programs—such as Pittsburgh, Miami, and Raleigh—that do not have any incubators.

Existing incubators seeking to expand their mission to the private school sector would have some advantages as well as disadvantages. With existing relationships in place, both locally and with national philanthropies, incubators might have a leg up on building private school relationships and launching a new suite of services. With access to both the private and charter school sectors, such a hybrid incubator could also help build collaboration between high-quality schools from both sectors.

However, serving private schools would require a pivot in mission and a broad coalition of support among an incubator’s board and organizational leadership. They would have to come to an understanding on such fundamental questions as, “Do we support all private schools or just nonreligious schools?” and “Do

we support schools that have selective admissions requirements?” An existing charter school incubator might find that its alignment on charter school issues comes apart when translated into private school choice.

Start-up incubators that serve solely private schools or both private and charter schools would be in a better position to ensure mission alignment from square one but would need to make a significant front-end investment in building local relationships with existing schools, securing philanthropic start-up funding, and building a suite of services from the ground up. Any incubators serving private schools would also need to develop a new set of expertise in private school choice: understanding the underlying statute and associated regulations and their implications, private schools’ access (or lack thereof) to federal dollars and district services, budgetary constraints of per-pupil voucher amounts and the need for start-up funding, and accountability measures and administrative requirements distinct from those in the charter school sector.

There is no one right answer; different models of incubation are likely to make sense in different policy environments. But private school incubators could add immense value to the urban private schools sector by providing capital, talent, strategic support, and political advocacy.

Authorizer-Based Accountability

Accountability practices vary widely across the charter school sector. Statutes lay out vastly different frameworks for how charter schools are authorized and how they are held accountable for outcomes. In Ohio, for instance, a wide number of organizations are empowered to authorize charter schools, but the charter school law requires automatic closure of a school that lands in “Academic Emergency” for three out of four consecutive years (schools serving middle school grades close after two of three years in Academic Emergency) on the statewide accountability framework.⁷⁵ The New Jersey charter school law, by

contrast, provides authorizing power only to the State Education Agency (SEA) but gives the SEA significant room for establishing performance benchmarks through the approval and renewal processes.

Participation requirements for private schools interested in joining a public program also vary significantly across states. David Stuit and Sy Doan compared school participation requirements among six existing voucher and tax-credit scholarship programs (see Figure 3) and found the D.C. Opportunity Scholarship Program (OSP) has the fewest requirements. It mandates that schools assess voucher students with a nationally norm-referenced test, provide parents with their scores, and report the scores to the state at a program, but not a school, level.⁷⁶ The D.C. OSP also had the fewest regulatory burdens of those included in the analysis. A private school participating in the D.C. OSP must maintain a valid certificate of occupancy for its building, be accredited, agree to site visits, demonstrate the necessary financial controls, ensure teachers have a bachelor’s degree, and, for schools less than five years old, provide evidence of adequate financial resources to remain in operation throughout the school year.⁷⁷

Stuit and Doan found that Indiana has the most stringent accountability requirements. Its voucher program requires that participating private schools administer the state standardized test to all students, not just voucher students; report scores to the state at the program and school level; and provide parents with test results. The state is then required to report those results publicly, including for student subgroups, and provide each private school with an accountability rating from the state.⁷⁸ Any school that earns a grade of C or below for two consecutive years is prohibited from accepting new voucher students until its grade improves—essentially withholding funds from poorly performing schools and phasing out schools that fail to improve over time.⁷⁹

The Milwaukee Parental Choice Program (MPCP) is generally thought to have the most significant regulatory burden of all voucher programs. Among many others, requirements include providing parents

FIGURE 3 Accountability Requirements of Voucher and Tax-Credit Scholarship Programs

IN Voucher	A	B	C	D	E	F	G	H	J	Greatest Requirements
OH Voucher	A	B	C	E	F	G	H	I		
Cleveland Voucher	A	B	C	E	F	G	H	I		
Milwaukee Voucher	A	B	C	E	F	G	H			
LA Voucher	A	B	C	E	G	H	J			
D.C. Voucher	A	E	C	F	G					
FL Tax Credit	A	E	F	G						
AZ Corp. Tax Credit	A	E								

The following programs have no testing and accountability requirements: AZ Ind. Tax Credit, GA Tax Credit, IA Tax Credit, PA Tax Credit, and RI Tax Credit

- | | |
|---|---|
| A. Administer some form of standardized test in at least one grade | F. Provide parents with test scores |
| B. Administer the state standardized test | G. State reports test results at program level |
| C. Administer test to voucher students in all tested grades | H. State reports test results of participating private schools |
| D. Administer test to non-voucher students | I. State releases test results for student subgroups |
| E. Report annual test scores to state | J. School receives accountability rating/grade from state |

Source: David A. Stuit and Sy Doan, School Choice Regulations: Red Tape or Red Herring? (Washington, DC: Thomas B. Fordham Institute, 2013), p. 15, fig. 4, www.edexcellence.net/publications/red-tape-or-red-herring.html.

“[a] copy of the non-harassment policy used by the private school, together with the procedures for reporting and obtaining relief from harassment” and providing the SEA with “proof that the private school’s administrator has participated in a fiscal management training program approved by the department.”⁸⁰ MPCP—along with the voucher program in Douglas County, Colorado—requires private schools to allow students to opt out of religious activities and is the only voucher program to adopt open-enrollment policies in place of any preexisting admissions criteria.⁸¹

For tax-credit scholarship programs, where private funding does not pass through government coffers, regulatory burdens and testing requirements tend to be far lighter.⁸² Tax-credit scholarship programs, in which individuals and corporations can make gifts to scholarship-granting organizations (SGOs) in exchange for a reduction in their tax liability, also tend to operate with fewer requirements.

The charter school sector has by no means solved the challenges of authorizing. Although a recent study from the Center for Research on Educational

Outcomes (CREDO) at Stanford University found that charter schools are improving as a sector over time, it also found that “low-performing schools are not being shut quickly enough and some low-performing schools are actually being permitted to replicate.”⁸³ In a study comparing the fates of low-performing charter and district schools, Stuit writes that just 19 percent of low-performing charter schools closed between 2003–04 and 2008–09 (compared with 11 percent of low-performing district schools).⁸⁴

In recent years, however, considerable work has been done to distill authorizing practices most likely to yield high-quality charter schools. The National Alliance for Public Charter Schools (NAPCS) includes authorizing provisions as a major aspect of its Model Law Rankings. “Quality authorizers are one of the primary ingredients of a successful public charter school sector in a state,” according to NAPCS.⁸⁵ The National Association of Charter School Authorizers (NACSA) has served as a hub for the study and implementation of best practices in authorizing since its founding in 2000.

Two insights from that work hold particular promise for accountability practices in private school choice programs: who authorizes the participation of private schools in the first place and the process for granting and implementing performance-based contracts.

Independent Agencies

Of the 23 voucher programs across 13 states and Washington, D.C., 19 are implemented via the SEA.⁸⁶ The exceptions are the Choice Scholarship Pilot Program in Douglas County, Colorado, the only district-run voucher program in the country; the D.C. Opportunity Scholarship Program, overseen by the U.S. Department of Education; and the two voucher programs in North Carolina operated by the North Carolina State Education Assistance Authority, a state agency that has historically provided support to students and families in financing higher education.⁸⁷

Though it appears to be the default, it is not clear that the SEA is the best oversight agency for private school choice programs. First, private schools have needs and characteristics different from those of charter and district public schools, and there is little reason to think the SEA will have staff with the expertise or capacity to meet them. An SEA given oversight of a private school choice program is unlikely to have the flexibility or the funding to hire a staff expressly for this purpose. Instead, it is likely to repurpose existing staff members and hope they can develop the skills to creatively and thoughtfully administer a private school accountability system.

Second, private school choice programs should be insulated from the compliance mindset of SEAs. SEAs are subject to voluminous state and federal rules that have accumulated over decades. According to one study, “[c]ustomarily SEA employees have worked to ensure the SEA complies with the law rather than focusing on how to best help districts and schools increase student achievement,” and that “agency culture is stuck in outdated routines.”⁸⁸ That hardly seems like an environment amenable either to responding to the complexities of a private school

choice program or to insulating private schools from the same regulatory burdens that impinge on public schools’ abilities to function effectively.

By contrast, charter school laws give authorizing power to a wide range of organizations and agencies, including local school districts, SEAs, institutes of higher education, nonprofit organizations, and independent chartering boards. As one study reported, “[g]ood practices can be found in authorizers of all types and sizes.”⁸⁹ However, some kinds of authorizers tend to work better than others.

Local education agencies make up more than 90 percent of all authorizers but authorize only 53 percent of all charter schools across the country.⁹⁰ Each generally has a small portfolio of charter schools and provides only limited oversight of those in their portfolio.⁹¹ SEAs often have larger portfolios of schools, but, as reported in a survey conducted by the Thomas B. Fordham Institute in 2006, were also the most likely to report their own problems as their greatest challenge.⁹² NACSA points out that SEAs, universities, and nonprofit organizations often serve as authorizers, but also serve multiple purposes, may not have the necessary expertise, and “may have conflicts of interest that prevent them from fairly or adequately performing their functions as authorizers.”⁹³

Independent Chartering Boards (ICBs) have recently gained traction and are a promising alternative. A 2013 survey of charter school authorizers found that “newly-established Independent Chartering Boards—a small but growing group—are most likely to have essential practices in place.”⁹⁴ According to NACSA’s policy agenda for its “One Million Lives” campaign, “[e]ach state should establish a statewide authorizer whose sole function is to authorize charter schools.”⁹⁵

ICBs are single-purpose organizations; they only authorize schools. “Unlike other kinds of authorizers, these boards can focus exclusively on high-quality authorizing practices and decisions. They are also filled with members who have expertise in accountability models, finance, facilities, and the like.”⁹⁶ That can help ensure staff members have the specific expertise

for their assigned tasks and no competing demands. A single-purpose ICB can also offer a degree of insulation by ensuring decisions are made with that single purpose in mind—not clouded by competing priorities.

Generally appointed by the governor or state legislature, board members of ICBs may not have the same political independence as an institute for higher education or nonprofit organization. However, nor will it have the same political dependencies of an SEA or a district. An ICB's political insulation can be augmented by longer, staggered terms, which prevent tumult among board membership or decision making after changes in political leadership.⁹⁷ In addition, an ICB can take steps to insulate itself from political influence by creating transparent and codified practices. When the Indianapolis Mayor's Office, a charter authorizer, transitioned leadership from Mayor Bart Peterson to Mayor Greg Ballard in 2007, a case study of the transition found that "public scrutiny guards against the possibility that decisions could be made for reasons of political expediency rather than in the interests of students and schools."⁹⁸

Those characteristics are important for quality charter authorizing and may also hold important lessons for the private school sector. Agencies similar to an ICB should be developed to oversee private schools participating in choice programs. Such a single-purpose entity, staffed by individuals with the necessary skills and expertise, would hold immense promise for developing choice programs sensitive to both the independence of private schools and the need for public accountability. It would also enjoy a greater degree of separation than an SEA operating under direct oversight of elected public officials.

Private School Authorizers

To open a charter school, an applicant must complete an approval process with an authorizer, convincing it that the proposed school will be successful. That front-end accountability, when done well, helps ensure only schools likely to provide a high-quality education are

approved and provides the authorizer and the school an opportunity to negotiate contract requirements specific to the school's program.

An authorization process might provide similar benefits for the private school sector. It could ensure that only high-quality private schools are eligible to receive public dollars and develop practices tailored to the circumstances of private schools. For instance, an existing private school with data from a nationally norm-referenced assessment demonstrating its success may have a more streamlined authorization process than a new private school. A flexible but rigorous authorization process would allow high-quality private schools to participate in a private school choice program while ensuring public funds are spent wisely.

Once authorized, charter schools' contracts are the backbone of the accountability-autonomy exchange central to charter schooling. A contract "sets forth a) the essential academic and operational performance standards and expectations the school must meet in order to earn the right to continue operating, and b) the types of data that will inform the authorizer's judgment."⁹⁹ For academic accountability, that means well-defined targets for student performance and clear metrics. For operations, that means a school must have sound fiscal management and comply with relevant laws and regulations.¹⁰⁰

Again, contracts for private schools and those for charter schools may vary in some important ways, and different states may take different approaches on key issues. For instance, would participating private schools be accountable to their authorizer for the academic performance of just those students receiving vouchers or for all students in attendance? Would private schools be accountable to the authorizer for operational questions like financial management, even if a voucher program provides only a small percentage of the school's operating funds?

Coupled with a rigorous authorization process, a contractual relationship between school and authorizer could provide an essential mechanism for establishing the expectations of both parties, including

the academic outcomes a private school is expected to produce to stay eligible for public funds and the autonomies the private school is entitled to maintain. The contractual relationship, if implemented properly, will also be more nuanced—rendering fairer judgments and respecting the unique characteristics of private schools—than, say, a single letter grade for a school that would be generated via a state’s accountability system should the school be overseen by the SEA instead of an authorizer.

Conclusion

The charter school movement has had remarkable successes and found innovative ways to grow the number of seats at high-quality schools within its sector. Private schools can learn a great deal from that experience. By building multi-school networks, private schools can access financial and back-office efficiencies as well as the administrative support that allows private school leaders to be instructional leaders. Building networks would also provide private schools better access to alternative talent pipelines and potentially enable greater financial investments in developing talent internally.

In addition, private schools could benefit from the rich ecosystem of third-party organizations that has developed around charter schools, particularly incubator organizations. Incubators can serve as avenues not only for coordinated political advocacy but also for access to high-potential leaders, philanthropic dollars, and strategic support. And as proxies for school quality, incubators can play a central role in accessing national funders and sponsoring collaboration among high-quality private and charter schools.

In the case of accountability, private school choice can learn a great deal from the lessons learned from charter authorization. Single-purpose, independent authorizing entities could be ideally positioned to provide accountability in private school choice programs while insulating those programs from the compliance and regulatory mindset common among SEAs. In addition, an independent authorizing

agency would be able to implement rigorous but flexible processes for high-quality private schools to receive public funding and to outline a performance-based contract with clear expectations for a school’s academic performance.

Finally, in examining each of these three functions—building networks, incubation, and authorization—two themes emerged consistently. First, there is a glaring lack of collaboration among high-quality schools from the charter and private school sectors. Private schools may not seek collaboration or charter schools may not be willing partners. Either way, talent pipelines, philanthropies, incubators, and others seem to operate in an unfortunately bifurcated environment. Despite the religious aspects of many urban private schools, they and charter schools are generally aligned in their full commitment to providing high-quality educational options, especially for families who would otherwise have few, if any, alternatives to their assigned district schools.

Second, both sectors will reap enormous benefit from greater collaboration. Charter and private schools operate under different regulations but have many of the same concerns. Yet these schools are more likely to collaborate with other schools in their sector than other schools of their quality in different sectors. With regard to political advocacy, human capital, and much more, highly effective charter and private schools would do well to team up and identify ways to cooperatively create more seats for students in need.

If the private school sector moves in these directions, not only will it benefit itself, its students, and the public programs supporting it in the short term, it will enjoy longer-term benefits as well. By making use of several core elements of the charter sector, the private school sector can help break down the walls separating the two, enabling a more sector-agnostic view of urban schooling, defined by quality and service to students.

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Andy most recently served as Deputy Commissioner of Education of New Jersey, where he helped lead initiatives including the state’s successful ESEA waiver and Race To The Top 3 applications, the launching of new teacher evaluations, and an overhaul of the department’s charter school authorizing. Andy previously served as Deputy Assistant Secretary at the U.S. Department of Education and at the White House Domestic Policy Council, and has worked for Congress and the Maryland state legislature. Andy’s other roles include Distinguished Visiting Fellow at the Thomas B. Fordham Institute, Adjunct Fellow at the American Enterprise Institute, and Chief Operating Officer of the National Alliance for Public Charter Schools.

Andy helped launch a college-preparatory charter school for under-served boys and girls in Annapolis, and he was a member of the Maryland Governor’s Commission on Quality Education. In 2012, he released the book “The Urban School System of the Future,” and his articles have appeared in the *Washington Post*, *Baltimore Sun*, *Boston Globe*, *Education Next*, *National Affairs*, and other outlets. His areas of research include school turnarounds, teacher quality, charter schools, performance pay, district reform, and Catholic schools.

Andy is a former White House Fellow, member of the 2010-11 class of Aspen Institute-NewSchools Fellows, and founding board member of 50CAN. He earned a bachelor’s degree, summa cum laude and with honors, and a master’s degree in public management from the University of Maryland. Andy lives in Maryland with his wife and three kids.

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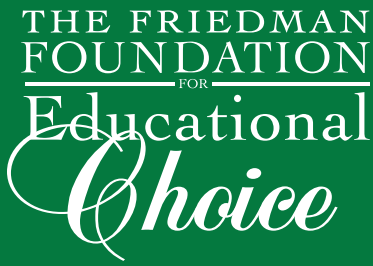
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The author welcomes any and all questions related to methods and findings.



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