The National Study of Charter Management Organization (CMO) Effectiveness

Report on Interim Findings

Robin Lake

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Policy Research, Inc.

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THE NATIONAL STUDY OF CMO EFFECTIVENESS **REPORT ON INTERIM FINDINGS**

Executive Summary

Charter management organizations (CMOs), nonprofit entities that directly manage public charter schools, are a significant force in today's public K–12 charter school landscape. Charter schools are semi-autonomous public schools operated by private entities (for-profit or nonprofit) under contract-like relationships with school districts and other government authorities, as permitted by state law.

CMOs were developed to solve serious problems limiting the numbers and quality of charter schools. On average, charter schools receive fewer dollars per pupil than district-operated schools in the same localities, yet are normally expected to pay for the buildings they occupy, purchase business services and instructional support, and recruit their own staff. CMOs were seen as a way to capture economies of scale for groups of charter schools and support the performance improvement efforts of groups of schools pursuing similar approaches to teaching and learning.

The CMO model is meant to meld the benefits of school districts—including economies of scale, collaboration among similar schools, and support structures—with the autonomies and entrepreneurial drive of the charter sector. Ultimately, those who invest in CMOs want to achieve a significantly higher number of high-quality schools in the charter school sector. Their investments in CMO growth have been targeted to specific urban school districts that have been considered difficult, if not impossible, to reform.

According to a report by the Center on Educational Governance at the University of Southern California, "the popularity of the CMO model has exploded in recent years."[1] In the late 1990s and early 2000s, the major philanthropies funding charter schools invested heavily in CMOs and similar organizations, spending an estimated total of $500 million between 1999 and 2009.[2] LA Times articles in 2002 and 2003 noted the "growing emphasis on creating networks of schools,"[3] and quoted Tom Vander Ark, then-executive director of education at the Bill & Melinda Gates Foundation, as saying, "We have a better chance of seeing a much higher quality of school when schools are part of a network. You get a proven model." Billionaire Eli Broad of the Broad Foundation said in 2003, "We want to bet on [CMOs]," and "[y]ou need more professional back office and other management in charter schools. It's just more efficient if you have scale."

In recent years, the strong reputations of CMOs in cities such as New York, Chicago, and Los Angeles have led many policy leaders, including U.S. Secretary of Education Arne Duncan, to call for greater replication of high-performing charter schools via CMOs, especially as a strategy for turning around or replacing chronically low-performing public schools.[4]

Despite the amount of investment and policy attention on CMOs, there has been limited research to assess their impact and their potential for improving public schools at scale. Mathematica Policy Research (MPR) and the Center on Reinventing Public Education (CRPE) at the University of Washington are conducting a study of CMO structures, practices, and impacts on students. Commissioned by NewSchools Venture Fund, with the generous support of the Bill & Melinda Gates Foundation and the Walton Family Foundation, this study was designed to shed light on which practices and contextual factors are associated with CMO impacts. The funders also asked us to consider, to the extent possible, the relationships between CMOs and school districts and independent charter schools, and the impact of the broader regulatory and policy context in which CMOs operate.
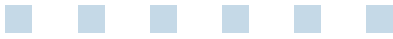
1. Smith et al., 2009.
2. Estimates based on CRPE researcher reviews of publicly available foundation giving reports.
3. Mathews, Dec 11, 2002; Mathews, May 28, 2003.
4. Gewertz, July 21, 2009.

Specifically, the National Study of CMO Effectiveness set out to explore the following research questions:

OVERALL IMPACT: What are the effects of CMOs on student academic performance?

EFFECTIVE PRACTICE: Which CMO structures, models, and practices are associated with larger positive impacts on student academic performance? How do CMOs affect the characteristics, instruction, and organizational health of the schools they manage?

CONTEXT: How do contextual factors, such as state and district policies, influence CMOs' effectiveness? How do CMOs appear to influence other public schools?

This report presents partial and preliminary findings, based primarily on

- visits to 10 CMO central offices and 20 CMO-operated schools,
- a survey of 43 CMO central offices (with an 86 percent response rate),
- interviews with school district officials, and
- a review of financial data, business plans, and other CMO documents.

The final report is due summer 2011. It will report on CMO outcomes, such as test score results and measures of ways charter schools benefit, in terms of organizational health and instructional coherence, from affiliation with CMOs.

Findings

THE CMO LANDSCAPE

CMOs are still a young and regionally concentrated phenomenon. The vast majority of CMO-affiliated schools operate in nine states (California, Arizona, Texas, Ohio, Illinois, New York, Louisiana, Florida, and Pennsylvania) and the District of Columbia. CMO-affiliated schools are also concentrated in big cities, particularly Los Angeles, New York City, New Orleans, Chicago, the District of Columbia, and Houston.

CMO schools serve a primarily low-income and minority population, similar to that of the big city school districts in which most operate. CMOs are also relatively small organizations. On average, CMOs currently operate slightly fewer than seven schools. The majority of surveyed CMOs aspire to operate between 10 and 35 schools, and five CMOs aspire to operate more than 50 schools each.

HOW CMOs COMPARE TO ONE ANOTHER

CMOs differ on the methods they use to create new schools and to support schools once they are up and running. Some CMOs emphasize seeding new schools with the "DNA" of existing schools by training and sending experienced staff to start new schools that replicate the CMO model. Others staff new schools with new hires but exercise a great deal of control over staff hiring and training. Still others emphasize building critical data and financial systems to guide principals.

GENERALLY PRESCRIPTIVE, BUT SOMETIMES CHOOSY ABOUT WHAT IS PRESCRIBED. Nearly all surveyed CMOs (84 percent) are moderately to highly prescriptive, trying to ensure all affiliated schools follow a set design for curriculum and instructional techniques, human resource functions, and student behavior and support programs. The remaining 16 percent prescribe little, preferring to adapt to the talents and preferences of local teachers and administrators. A number of CMOs appear to follow a "tight-loose" strategy, taking a highly prescriptive approach only in some areas. Larger

CMOs are more likely to be highly prescriptive across the board.

As Exhibit 0.1 shows, CMOs are, overall, most prescriptive around supports for struggling students and teacher evaluation and compensation. They are least prescriptive around professional development and teacher hiring.

EXHIBIT 0.1: PERCENT OF CMOs CONSIDERED "HIGHLY PRESCRIPTIVE," BY CMO FUNCTION

CMOs Are Most Prescriptive Around Student Support

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

EXHIBIT 0.2: DISTRIBUTION OF REPORTS ON FREQUENCY OF CENTRAL OFFICE STAFF VISITS TO SCHOOLS

Central Office Personnel Are in Schools Frequently

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

EMPLOY BOTH STUDENT- AND TEACHER-CENTERED EDUCATIONAL PROGRAMS. Most CMOs (78 percent) say that their provision of effective instructional or curricula models is important to their schools' success. CMO philosophies vary from teacher-directed approaches (direct instruction, modeling) to student-directed approaches (project-based learning), but most CMOs appear to promote elements of both techniques and often shift their education program over time to better meet the particular needs of the students they serve.

EMPHASIS ON STUDENTS AND SCHOOL CULTURE. The vast majority of CMO leaders interviewed in this study believe students with significant academic challenges cannot make academic gains in a school with loose expectations for student comportment and effort. Creating a calm, orderly, focused school environment is central to these CMOs' theory of action for improving student achievement. Most CMOs require schools to adopt student behavior plans based on building strong adult-student relationships and/ or incentives and consequences, and nearly all require their schools to promote certain shared beliefs and values.

FREQUENTLY IN SCHOOLS. CMO headquarters staff maintain a significant presence in the schools they oversee, as Exhibit 0.2 shows. Clearly, CMO-affiliated charter schools are not isolated and left to sink or swim on their own, as can be the case with unaffiliated charter schools.

CMOs AND SCHOOL DISTRICTS

CMOs may differ from traditional school districts in important ways, both in terms of central office and school organization.

MORE TIME FOR INSTRUCTION. CMO schools tend to offer significantly longer school days than do traditional public schools. While public CMO-affiliated schools are open an average of only three more days per year than district-operated schools, the average school day is much longer—7.4 hours compared to an average of 6.2 hours for
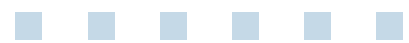
traditional public schools.[5] These extra hours add up to the equivalent of an additional 30 days in class for students in the median CMO-affiliated school.

EMPHASIS ON TEACHER ACCOUNTABILITY. Many of the CMO leaders we interviewed suggested that they place primary responsibility for student achievement on their school staff, regardless of the involvement of parents. Our survey of CMO leaders shows that CMOs consistently rank parent/community involvement lower than almost every other barrier to growth or success factor.

MORE LIKELY TO REWARD TEACHERS AND PRINCIPALS BASED ON PERFORMANCE, NOT EXPERIENCE. CMOs are likely to report using compensation to reward performance. According to the survey, nearly half of all CMOs (46 percent) provide bonuses to teachers based on individual performance (where teachers are measured for their individual performance, rather than grouped with other teachers across the school).

LESS DISRUPTION DUE TO POLITICS. CMO staff, including teachers, principals, and central office staff, tend to believe their organizations are very different from the large urban districts in which they operate—less complex and politicized, more responsive to school-level concerns, and less prone to crises and abrupt policy changes. However, comparisons with similar-sized public school districts (those overseeing the same numbers of schools) may reveal less dramatic differences.

LIMITED, BUT PROMISING, PARTNERSHIPS WITH SCHOOL DISTRICTS. For their part, school district staff generally acknowledge CMOs' academic results, but few view CMOs either as a significant competitor or as exemplars to be imitated. However, in a few cases (New Haven, New Orleans, New York City), district leaders have made CMOs key partners in districtwide reform strategies. Districts in most direct competition with charter schools and CMOs often admire local CMO schools' academic results, especially after

visiting schools and conducting classroom observations, but other districts dismiss or discount high test scores, perceiving that CMO schools are creaming students or teachers.

CONCERNS CMOs WILL DOMINATE THE CHARTER LANDSCAPE IN SOME CITIES. As they consider the repercussions of an expanded CMO presence, some district officials fear the philanthropic support dedicated to scaling up CMOs risks crowding out promising standalone providers and could in the long run reduce diversity within the market of educational providers.

THE ECONOMICS OF CMOs

Recognizing the need for new entities to create economies of scale in the charter sector, philanthropies funded the start-up and early operation of CMOs. Most CMO business plans acknowledged early reliance on foundation funding, but projected break-even points when fees from affiliated schools would cover the cost of central offices and services to schools. Attaining fee-based financial equilibrium was seen as a necessary condition for CMOs to meet the anticipated demand for large numbers of high-quality charter schools.

FINANCIAL SELF-SUSTAINABILITY AN ELUSIVE TARGET SO FAR. To date, many CMOs (approximately two-thirds of 17 CMO business plans reviewed) have had difficulty meeting their original growth targets, and many are struggling to create the necessary economies of scale to sustain their central offices without heavy reliance on philanthropy. The average CMO relies on philanthropy for approximately 13 percent of its total operating revenues,[6] but many CMO central offices could not exist today without philanthropy. (NewSchools-funded CMOs rely on philanthropy for an average of 64 percent of their central office revenues.)[7] Moreover, as Exhibit 0.3 (detailed financial analysis of four major CMOs) shows, self-funded operations have proven elusive. In these cases, the need for philanthropic support

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5. CMO school days range from 6–10 hours, with a median of 7.25 hours (and average of 7.4 hours). District numbers come from U.S. Dept. of Ed., NCES, SASS 2003–04.

6. Based on central office survey.

7. Based on 2008–09 school year data for CMOs funded by NewSchools Venture Fund.

has grown at least in proportion to the number of schools served.

OTHER CMO CHALLENGES

Interviews with heads of CMOs indicate that many are struggling to find a way to operate at scale on fees obtainable from charter schools. Though CMOs were created in part to compensate for the fact that charter schools receive less funding than district-operated public schools, some CMO heads suggest the "scaling up" problem cannot be solved without more equitable public funding or access to district-owned facilities.

CMO leaders also acknowledge that they are struggling with:

- extending their designs, most of which are based on elementary and middle school education, to work effectively at the high school level;

- collaborating effectively with school districts;

- continuing to increase the pool of highly capable teachers and administrators, many from Teach for America and other alternative sources, on whom CMOs have relied heavily to date;

- stabilizing CMO schools against rapid turnover of high-quality alternative source teachers, and reducing staff burnout problems associated with longer school days and "No Excuses"[8] approaches to instruction; and

- avoiding excessive bureaucracy and organizational rigidity as CMOs grow larger.

LIMITATIONS OF THE CURRENT CMO MODEL

The CMO model is a force in the school reform landscape that should not be ignored or dismissed. While it is too early for this study to report on CMO effectiveness, at least some CMOs are clearly viewed as proof points that urban public schools can make dramatic and sustained gains that can then be replicated. However, the scaling-up model on

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8.   Mathews, 2009; Whitman, 2008; Carter, 2000.

EXHIBIT 0.3: DIFFERENCE BETWEEN OPERATIONAL COSTS AND SCHOOL-GENERATED MANAGEMENT FEES AT FOUR CMOs
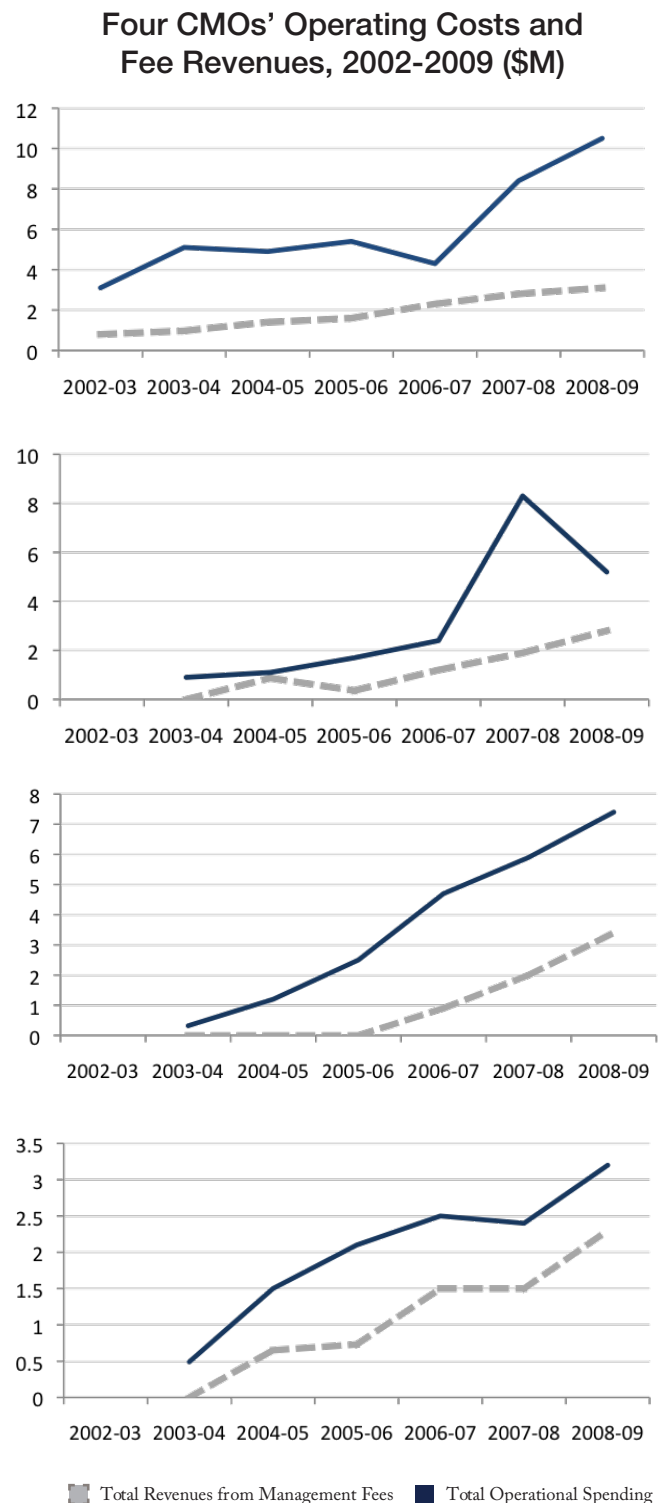
Four CMOs' Operating Costs and Fee Revenues, 2002-2009 ($M)

Total Revenues from Management Fees   Total Operational Spending

SOURCE: Center on Reinventing Public Education.
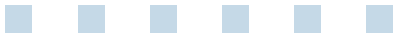
which CMOs are built (central organizations which exercise operational control over affiliated schools, and provide a broad range of assistance for everything from curriculum development, teacher training, and student assessment, to legal and financial services) is just one approach to scaling quality charter schools. Though the CMO model has dominated recent investment attention in the charter sector, there is no way to know if it is the most cost-effective and sustainable approach to achieving quality schools at scale. Given the scale of the nationwide education challenge, CMOs can only be one part of the solution for the urgent need to replace our nation's worst schools.

A representative set of alternative approaches could be tried at smaller scale and carefully assessed for cost and effectiveness. Many of these would limit the scope or scale of services CMOs are expected to provide to their schools. Others might include experimentation with new technologies or partnerships to reduce CMO labor costs. Some of these problems CMOs face might be ameliorated by changes in policy governing charter funding, caps on the number of charter schools allowed, access to facilities, and stable charter authorizing environments. But many are endemic to the CMO model as it now exists and will require innovation and problem solving on the part of CMOs and the philanthropies that support them.

Introduction

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

The study began in May 2008 and will conclude in summer 2011. This is an interim report on the work; the final report will be issued in 2011. Outcomes of this interim report will inform the final report's analysis of CMOs' academic effectiveness, which uses a combination of experimental and quasi-experimental data.

The study is being conducted by Mathematica Policy Research (MPR) and the University of Washington's Center on Reinventing Public Education (CRPE). It was commissioned by NewSchools Venture Fund, with the generous support of the Bill & Melinda Gates Foundation and the Walton Family Foundation.

Charter management organizations (CMOs) are nonprofit entities that manage more than one charter school. Charter schools are semi-autonomous public schools operated by private entities (for-profit or nonprofit) under contract-like relationships with school districts and other government authorities, as permitted by state law.

The first charter school law was passed by Minnesota in 1991 and now, nearly 20 years later, nearly 5,000 charter schools operate in 40 states and the District of Columbia. Charter advocates have sought to harness the interests of parents, educators, and administrators in escaping poor-performing district-operated schools by demonstrating that chartering offers the potential to create new, high-perform-ing schools. Some charter school advocates hope that char-ters will induce public schools to improve their performance through competitive pressure or by demonstrating novel educational approaches. Still others simply want to provide more educational choices to students and parents. Others hope their schools will lead to a reform of public educa-tion by transforming it into a system of autonomous schools overseen by public authorizers. These hopes have attracted many supporters to the charter school movement, includ-ing leaders of both political parties and many mainstream foundations.

However, if transformation is the goal, chartering has to come to "scale"—i.e., become a significant enough actor in public education with respect to size and enrollment that the concept helps reshape public schools. As some charter supporters argue, the goal is to create enough high-quality charter schools that school districts will feel compelled to make changes in response to a massive outflow of students and staff. The alternative, in the eyes of these advocates, would be that districts and their leaders would refuse to change, with the likelihood of the district "going out of business" and being replaced by a system of charter schools.[9]

A large-scale charter sector matters even for advocates who hope charter schools can simply prove additional options for families in need. Some prominent urban school districts (e.g., New Orleans, New York City, and Los Angeles) are looking to improve educational options for their students

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9. See, for example, Kolderie, 1990; Nathan, 1999; Hassel, 1999.

in failing schools and are relying on charter schools to do it. These efforts are limited, however, by the numbers of organizations able to quickly and reliably start quality charter schools.

Outside of a limited number of U.S. cities, charter schools have not yet achieved transformational numbers. As of the 2008–9 school year, charter schools served about 3 percent of all students in American public schools.[10] Moreover, too many of these schools are not of sufficient quality to be considered models of innovation.[11]

CMOs are designed to help charter schools overcome the challenges of school start-up and uneven school quality in order to dramatically speed the expansion of high-performing charter schools. CMOs are intended to gain efficiencies associated with scale and to capture and spread organizational learning across school units. The term "charter management organization" was developed sometime around the year 2000 to describe the nonprofit equivalent of (and distinguish nonprofits from) for-profit education management organizations (EMOs) like Edison Learning or National Heritage Academies. The term CMO is still, therefore, relatively new and open to different definitions. For the purposes of this study a CMO is considered to be:

> *A* **nonprofit** *charter school operator managing more than one school with a unified management team responsible for delivering the educational program and supervising school leaders.*

CMOs Are One Way to Increase Number, Quality of Charter Schools

A host of strategies aim to "scale up" the charter school movement nationwide or in certain cities and states to create transformational numbers. They vary by 1) how much direct control the organization exerts over the schools it works with, and 2) how fixed the organization is about the kind of educational design it wants to promote. Exhibit 1.1 shows

the major types of charter school support organizations and their defining characteristics.

Although this report focuses on the practices of CMOs, it is worth noting the ways in which they contrast with other methods of charter school scaling. Exhibit 1.2 briefly differentiates CMO/EMO methodology from the other methods.

EXHIBIT 1.1: METHODS OF PROMOTING CHARTER SCALE/QUALITY

CMOs Are Just One Approach to Scaling Charters

Degree of Control

CMOs/EMOs

Portfolio Managers

Franchises

School Operations Managers

Charter Technical Assistance Organizations, Charter Associations, Incubators

Design Teams

Specificity of Design
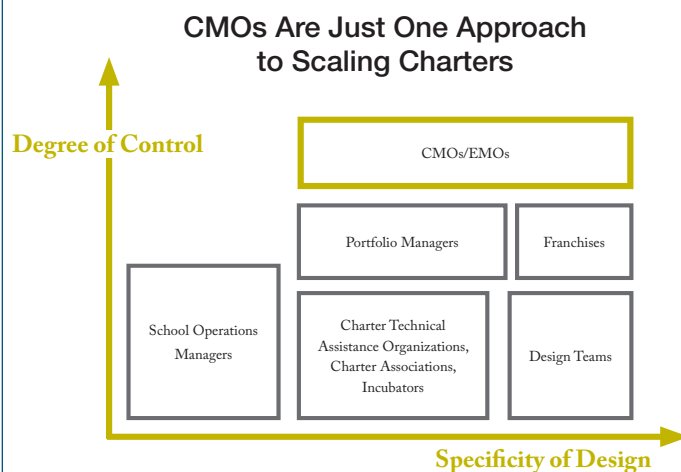
SOURCE: Adapted from Colby, Smith, and Shelton. *Expanding the Supply of High-Quality Public Schools*. The Bridgespan Group (2005).

As Exhibits 1.1 and 1.2 indicate, CMOs represent one design model with regard to both degree of operational control and specificity of design. CMOs run their schools directly (often via a single nonprofit governing board that oversees all the schools), unlike franchises such as KIPP National Foundation that provide support to schools but cannot intervene directly if there is a problem because the schools are not run directly by the support organization. (This study considers the KIPP National Foundation to be a franchise, not a CMO. However, the study does consider some KIPP regional offices to be CMOs.)[12] If, for example, KIPP National is unhappy with a school's performance, its main contractual leverage is to disallow the school's use of the KIPP name. CMOs also tend to be more prescriptive

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10. Christensen, Meijer-Irons, and Lake, 2010.

11. Center for Research on Education Outcomes (CREDO), 2009; Betts and Tang, 2008.

12. This includes KIPP regional offices in Washington D.C., New York, New Jersey, and Houston.

EXHIBIT 1.2: TYPES OF CHARTER SCHOOL SUPPORT ORGANIZATIONS

TYPE	EXAMPLE	DEFINING CHARACTERISTICS
CMOs/EMOs	Achievement First, Aspire Public Schools, Edison Schools	One governing board (or boards with common members) with operational control over schools (i.e., hires and fires principals).
Portfolio Managers	Chicago International Charter Schools	One governing board (or boards with common members) that contracts with multiple providers (e.g., CMOs, EMOs, stand-alone schools).
Franchises	KIPP National Foundation	Each member school has its own autonomous governing boards. Franchise provides support and monitors quality but has limited power to intervene in school or CMO affairs.
Technical Assistance Providers, Comprehensive School Design Teams, Incubators	Success for All, New Schools for New Orleans, Building Excellent Schools	Voluntary associations with no binding. contractual agreements regarding school quality.
School Operations Managers	Leona Group	Provide only back-office services to schools.

SOURCE: Center on Reinventing Public Education.

about their schools' educational approaches than other school support organizations. They may aim to replicate a particular school design or instructional strategy throughout their portfolios. Other charter support organizations, such as school incubators (e.g., New Schools for New Orleans) or charter school associations, are more likely to promote a broad concept of good instruction and good organizational practice than replication of a particular educational approach.

How CMOs Are Intended to Work

CMOs exist to help charter schools avoid four problems that plague many new schools: 1) access to resources, including human capital; 2) slow development of an educational program; 3) diversion of principals' energies into administrative, operational, and financial matters; and 4) lack of economies of scale.[13] CMOs typically provide a brand and exemplars that help families and teachers decide whether a school is right for them, focus educators' work on some educational approach, and simplify financial, governance, and

administrative issues. Unlike other school support organizations described above, CMOs run their schools directly and therefore have the ability to intervene (such as by removing an ineffective principal) if the CMO leaders are dissatisfied with performance.

In theory (as outlined in Exhibit 1.3), the CMO structure influences instructional coherence and practice, leading to improved student outcomes. If the theory is right, these advantages should be evident at the school level (measurable in terms of organizational health) and lead indirectly to student achievement gains (via factors like better matching between students and school programs, and greater instructional coherence).

CMOs, however, do not work in isolation. A variety of contextual factors, including the autonomy granted and the funding available to charter schools by their authorizers, may influence CMOs' operations, growth, funding, and outcomes. In addition, external political and market factors can influence the ability of CMOs to meet their growth goals and build the infrastructure and human talent needed to serve students well.[14] Moreover, because charter schools

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13. Smith, Farrell, Wohlstetter, and Nayfack, 2009; Education Sector, 2009.

14. Harvey and Rainey, 2006; Chubb, 2006; Wilson, 2007.

implicitly challenge conventional public schools and districts to change their work, they are at least partly political, involving controversy and adversity.

EXHIBIT 1.3: CMO CONCEPTUAL FRAMEWORK

SOURCE: Center on Reinventing Public Education.
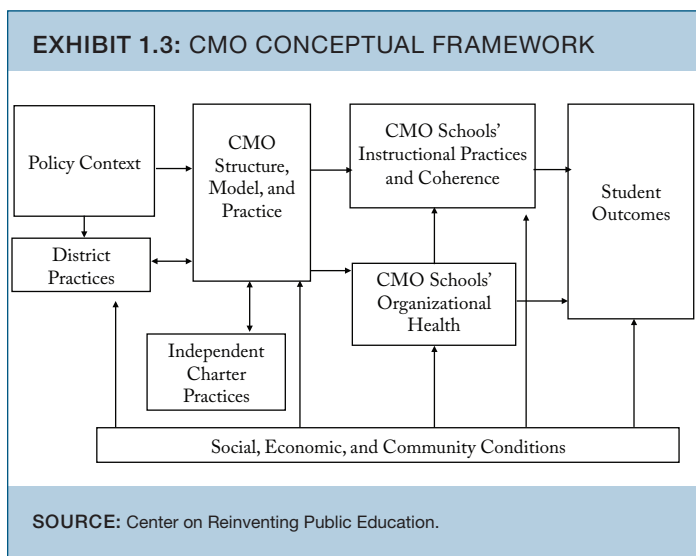
Finally, CMOs and the organizations that support them are rarely interested in only the outcomes of the students who attend schools run by that CMO. Some CMOs, such as Aspire Public Schools, hope to demonstrate that CMOs are more efficient and effective than traditional public school districts. Others, such as Green Dot Public Schools, wish to compete for the enrollment base of public schools and challenge school districts and teachers unions to provide better and more responsive schools.[15] Many foundations have invested heavily in CMOs, in part because they hope CMOs will be able to contribute to greater overall charter growth and lead to broader public school reforms, including expanding school choice and fostering greater innovation.[16] As CMOs grow in number and reputation, it is also possible that their presence will positively influence independent charter schools by placing pressure on low-performing charter schools to improve. But these same schools might find that they are competing with better-financed CMOs for facilities, teachers, principals, and philanthropic dollars.

Study Purposes

Over the past ten years, CMOs have elicited significant investment from philanthropies, growing policy interest from the federal government, and much media attention. Despite the fact that between 1999 and the present nonprofit school networks attracted approximately $500 million in philanthropy,[17] there is very little compelling evidence as to how CMOs perform as a group. In fact, there is only a weak understanding of what CMOs do or how they differ from each other. To build that evidence base, the National Study of CMO Effectiveness was commissioned by NewSchools Venture Fund, with the generous support of the Bill & Melinda Gates Foundation and the Walton Family Foundation. The study is designed to learn how CMOs are performing and to trace the causal chain described above to examine which types of CMOs and practices are most effective and why. The study is guided by three major sets of research questions:

OVERALL IMPACT: *What are the effects of CMOs on student academic performance?* The impact analyses will provide rigorous estimates of CMOs' academic effectiveness using a combination of experimental and quasi-experimental data. Where possible, the study will examine performance using multiple measures, such as test scores, graduation rates, college acceptance and enrollment, promotion, attendance, and discipline.

EFFECTIVE PRACTICE: *How do structures, models, and practices differ across CMOs and in comparison to districts and stand-alone charter schools?* How do CMOs affect the characteristics, instruction, and organizational health of the schools they operate? The study compares CMO schools, independent charters, and district schools in terms of the support they receive and the overall coherence of their practices. Using case studies and surveys, the study examines differences among CMOs in terms of their educational approaches—models of curriculum and instruction, school culture, parent engagement, and schedule. The overall analysis will also examine how these and other features of CMOs are related to student outcomes.

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15.   McGray, May 11, 2009.

16.   Harvey and Rainey, 2006.

17.   Estimates based on CRPE researcher reviews of publicly available foundation giving reports.

CONTEXT: *How do contextual factors, such as state and district policies, influence CMOs' effectiveness and how do CMOs appear to influence these policies and the practices and performance of other schools?* The impact of CMOs could extend beyond the students they serve, affecting school districts by providing models of high-quality schooling and exerting pressure on school districts to compete or be replaced. The study will explore these issues. In addition, it will examine how specific state and federal policies and district practices influence CMO growth and effectiveness.

Study Sample

This study estimates that there are approximately 82 CMOs operating approximately 496 schools as of the beginning of the 2007 school year.[18] These are estimates and approximations because to date a comprehensive and reliable roster of CMOs in the United States has not been developed, nor do state databases identify charter schools that are run by CMOs. The research team constructed its own CMO list based on existing research reports on CMOs and an informal survey of analysts familiar with CMOs.[19] Once the list of known CMOs was created, it was narrowed substantially to include only CMOs eligible for participation in this study. To be included, CMOs must:

■ have operated four or more charter schools in the fall of 2007;[20]

■ have been nonprofit since inception;[21]

■ maintain operational control over schools (i.e., be able to hire/remove principals);

■ be "bricks and mortar" schools, not online or distance learning delivery models;[22] and

■ serve a general population of students, rather than a targeted population (e.g., dropout recovery, special education students).[23]

■ Exhibit 1.4 shows counts of all known CMOs and then narrows that list considerably by subtracting the CMOs (and affiliated schools) that were ineligible for the study as of fall 2007. The majority of school exclusions were related to CMO size and conversion from for-profit to nonprofit status.

EXHIBIT 1.4: ALL IDENTIFIED CMOs AND SCHOOLS MINUS THOSE EXCLUDED FROM STUDY, 2007–08[24]

	CMOs	SCHOOLS
All known CMOs (2007)	**82**	**496**
Fewer than four schools in 2007-2008	30	79
Formerly for-profit	4	57
Serve unique student population (e.g., dropout recovery, special education)	3	35
No operational control over schools as of fall 2007	2	11
Included in this study	**43**	**314**

SOURCE: National Database of all known CMOs. Center on Reinventing Public Education. National charter statistics provided by the National Alliance for Public Charter Schools.

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18. CMOs operated 562 schools in 2008.

19. Miron and Urschel, 2009; Smith, Farrell, Wohlstetter, and Nayfack, 2009; Education Sector, 2009.

20. Organizations with only three schools often consist of just one school feeder pattern (elementary, middle, high) and do not intend to grow further. For the purposes of this study they are of less interest than organizations attempting to replicate a specific educational model and bring school redesign to scale.

21. Four national (for-profit) EMOs converted to nonprofit status. The study excluded them in order to assess CMOs that have not been diverted by changes in organizational orientation.

22. Accurately assessing the performance of CMOs with such unique instructional delivery methods does not easily permit comparison to similarly matched district schools.

23. Accurately assessing the performance of CMOs with unique student populations does not easily permit comparison to similarly matched district schools.

24. See Appendix A for complete list of all identified CMOs.

Methodology and Data

The overall study was designed around a series of nested samples capable of producing complementary data and information. This report draws on the following sources:

CASE STUDIES. Ten CMO case study sites and 20 associated schools were selected from our list of 43 eligible CMOs. CMOs were purposively sampled to obtain a range of practices, sizes, and locations.[25]

The site visits consisted of semi-structured interviews with members of the CMO senior leadership team (typically the chief executive officer, chief operations officer, chief academic officer, chief financial officer, and director of human resources), as well as the principal and three to four teachers at two randomly selected school sites. To better understand practices on the ground, researchers conducted school walk-throughs and classroom observations at each school site. Teacher interviewees and classroom observations were selected randomly; walk-throughs and visits lasted for approximately four hours per school site. Researchers looked for elements of student engagement, orderliness, and student-adult relationships inside and outside of classes informally, basing observations on the four components of professional practice endorsed by the Danielson Group.[26] All participants were promised personal and organizational anonymity.

DISTRICT INTERVIEWS. To understand how CMOs are influencing surrounding districts, researchers conducted interviews with high-ranking district officials in more than a dozen school districts experiencing the most significant competition from charter schools and CMOs.

SURVEY. CRPE researchers used data and emerging themes from the site visits, along with the study's guiding research questions, to create an electronic survey for the full list of study-eligible CMOs. The survey covered the following areas of practice: school start-up/marketing, central office characteristics, educational program, use of data, student behavior and supports, budgets/financial management, teacher recruitment and retention, principal recruitment and retention, compensation, and professional development.[27] The response rate was high: a total of 37 CMOs completed the survey for a response rate of 86 percent.[28]

BUSINESS PLAN REVIEW. Study staff also reviewed 17 CMO business plans to learn how these organizations describe their strategies both for improving student achievement and for maintaining fiscal and organizational viability.

FISCAL ANALYSIS. To understand how CMOs use fiscal resources, documents provided by six of the case study sites were analyzed. This portion of the study also analyzed fiscal data provided by NewSchools Venture Fund and the U.S. Department of Education's Schools and Staffing Survey (SASS), which permit comparisons with district practice.

25. To delineate important areas of variation, researchers first conducted brief (30-60 minute) phone interviews with CMO executives and reviewed CMO business plans. Researchers then coded these interviews to array CMOs along three dimensions believed to be the most critical areas of variation: (1) the *extent to which the CMO specifies* its schools' educational model and practices; (2) the CMO's primary "*strategic lever*," or the most critical tool they posses to influence student achievement; (3) the *size* of the CMO's portfolio. Researchers then selected CMOs from the array to maximize variation among CMOs. When one or more CMOs appeared similar on all dimensions, researchers selected among to them to reflect geographic diversity and diversity of funder. Researchers also oversampled for CMOs with larger portfolios, believing that larger CMOs encounter with greater frequency some of the challenges at the heart of the research questions.

26. "The Danielson Group." http://www.danielsongroup.org/theframeteach.htm.

27. CEOs were provided with an electronic link to the survey and instructed to either complete the survey themselves or to have a qualified member of their staff use the link to complete the survey. See Appendix C for complete questionnaire.

28. Most, but not all, questions from the survey were used to inform the analysis of this report. Decisions for inclusion into this report were based upon relevance and reliability of survey responses to best address the guiding research questions for this particular report. Survey data will also inform future briefs that go into greater detail on CMO practice.

Report Purposes and Organization

This report presents the study's interim findings. It includes analyses of:

- how structures and practices differ among CMOs;

- how those differences are associated with instructional and organizational coherency;

- how CMOs differ from traditional school districts;

- how CMOs are perceived by school district leaders; and

- which factors, including policy contexts, affect the growth and sustainability of CMOs.

The report is organized as follows:

- **Section 2 (Landscape)** describes the role CMOs play in the overall charter school sector. It includes basic data on CMOs, including how many there are, where they are located, and what services they offer schools.

- **Section 3 (Differences and Similarities)** presents a typology of CMO practices. It describes the major ways in which CMOs diverge in structure and practice and the areas where most CMOs are adopting similar practices.

- **Section 4 (CMOs and Districts)** discusses how CMOs differ from traditional school districts and how CMOs are perceived by their competitor school districts.

- **Section 5 (Challenges)** describes the challenges CMOs currently face and those they may face in the future.

- **Section 6 (Findings)** summarizes the main findings from this report.

- **Section 7 (Discussion and Recommendations)** synthesizes the findings and presents a set of ideas that might address the challenges described in Section 5.

A final report on the study (due in the summer of 2011) will report on student achievement in schools managed by CMOs, along with measures of organizational coherency, and will relate these interim findings to the findings contained in that document.

SECTION **2**

The National CMO Landscape

CMOs are a new kind of organization, and they are still evolving. The vast majority of CMO schools are still in their initial years of operation, and most CMOs are not yet operating "at scale." Despite that, CMOs represent a growing portion of the charter school sector. Their presence, however, is highly concentrated in major urban areas in certain states. CMOs tend to target disadvantaged youth and generally embrace a mission of closing achievement gaps and preparing students for successful entry to college. They structure themselves to provide the same types of services as school districts, but they also must cope with the challenge of starting up schools and developing their central offices to support an expanding portfolio.

To provide a better understanding of the national CMO landscape, unless otherwise noted, this section reports on the 82 CMOs the study was able to identify,[29] not just the 43 eligible for the study.

CMOs, AND SCHOOLS THEY OPERATE, ARE STILL AN EMERGING MARKET

Exhibit 2.1 shows the number of schools operated by CMOs by school year, from 1996 through 2008. By 2003, there were 186 CMO-operated schools, a figure that grew to 562 by 2008. Indeed, 71 percent of the country's CMO schools were less than five years old as of 2008. Overall, then, most

29. As described in the previous section, the study set out to identify as many CMOs as possible by compiling lists provided by funders, other researchers, and existing research reports. Researchers called each organization to verify that it met the special definition of a CMO and the criteria for inclusion in the study. Despite these efforts we cannot say for sure that we have identified all of the CMOs in the country.

CMOs are still essentially in start-up mode, helping schools achieve stability and refine their educational programs.

EXHIBIT 2.1: CMO AND OVERALL CHARTER SCHOOL GROWTH SINCE 1996
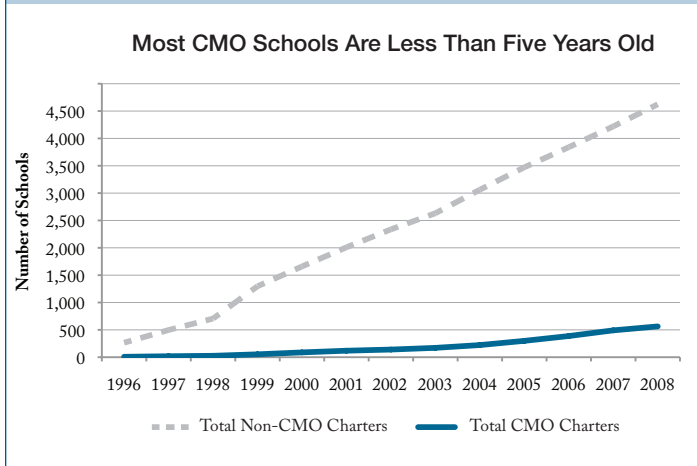
Most CMO Schools Are Less Than Five Years Old

SOURCE: National Database of all known CMOs. Center on Reinventing Public Education. National charter statistics provided by the National Alliance for Public Charter Schools.

In the last five years, there have been anywhere between 51 and 96 new CMO schools each year, at an average growth rate of 12 percent annually. Exhibit 2.2 shows the share of all new charter schools operated by CMOs. The proportion seems to have grown fairly steadily beginning in 2002, around the time when several funders made major donations to national CMOs. It peaked in 2006 and has slowed since then.

While the number of CMO-operated schools is growing at a relatively steady rate, the same is not true about the number of CMOs. Exhibit 2.3 indicates that although new CMOs have entered the market every year, nearly half of

all CMOs began operations in either 1999 or in 2003 and 2004, perhaps due to foundation interest and investment during these years. This study was only able to identify ten CMOs that were founded after 2004. Growth in the number of charter schools managed by CMOs in recent years has relied more on growth within existing organizations rather than in growth in the number of CMOs.

EXHIBIT 2.2: SHARE OF NEW CHARTER SCHOOLS THAT ARE CMO SCHOOLS
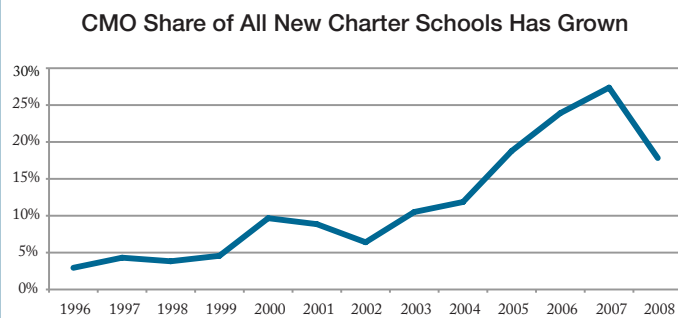
CMO Share of All New Charter Schools Has Grown

SOURCE: National Database of all known CMOs. Center on Reinventing Public Education. National charter statistics provided by the National Alliance for Public Charter Schools.

EXHIBIT 2.3: NUMBER OF NEW CMOs FOUNDED, BY YEAR, SINCE 1993
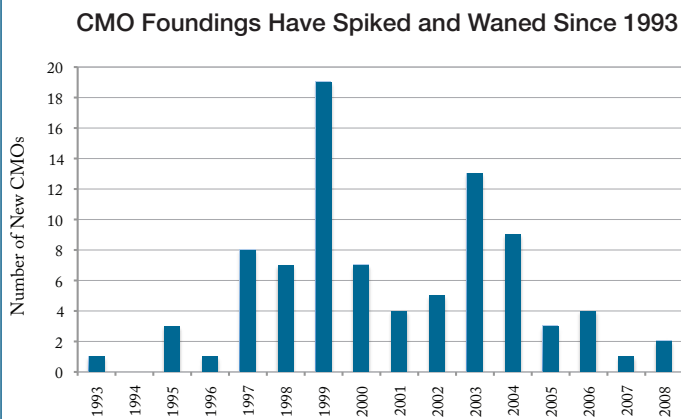
CMO Foundings Have Spiked and Waned Since 1993

SOURCE: National Database of all known CMOs. Center on Reinventing Public Education. National charter statistics provided by the National Alliance for Public Charter Schools.

CMOs REPRESENT SIGNIFICANT PORTION OF ALL CHARTER SCHOOLS BUT ARE A HIGHLY CONCENTRATED PHENOMENON

There are 82 CMOs, broadly defined, operating approximately 562 schools as of fall 2008. This suggests that (as of the 2008–09 school year) CMOs operated about 12 percent of all charter schools and served about 10 percent of all charter school students nationwide.

However, CMOs are not evenly distributed, either across states or within them. CMOs exist in just over half of all states with charter schools (23 states and the District of Columbia). Sixty-seven percent of all CMO schools exist in just five states (CA, TX, AZ, OH, and IL). (See Exhibit 2.4.) Of the 43 CMOs included in our study, 34 percent operate schools within the boundaries of just one state, and most concentrate their schools in a single region or metropolitan area.

Despite the fact that CMO schools are just 12 percent of all charter schools nationwide, they represent a much more significant share of charter schools in some major urban areas. CMOs in some cities now comprise anywhere between 22 percent and nearly 50 percent of all charter schools. This may be because many CMOs and foundations are interested in focusing CMO growth in school districts they see most in need of reform. State laws and the regulatory contexts may also play a role. Exhibit 2.5 shows the share of all charter schools that CMOs represent in ten major cities.

There are two primary reasons that CMOs are so constrained to certain markets. First, regardless of where a CMO begins operations, moving into new states, new cities, or even new districts can entail significant organizational costs. Operating under the auspices of a new authorizer, a new district, and a new political environment can create start-up costs and eat up the time and energy of CMO staff. Researching rules, adapting systems, forming alliances, and contending with a new political landscape while trying to launch a functional organization with a positive brand can require significant time and resource investments. Facing such costs, CMOs may feel that it is more efficient to concentrate their efforts in a very limited number of geographic areas. Indeed, one of the large CMOs in our study recently

CMOs Are Concentrated in a Handful of States
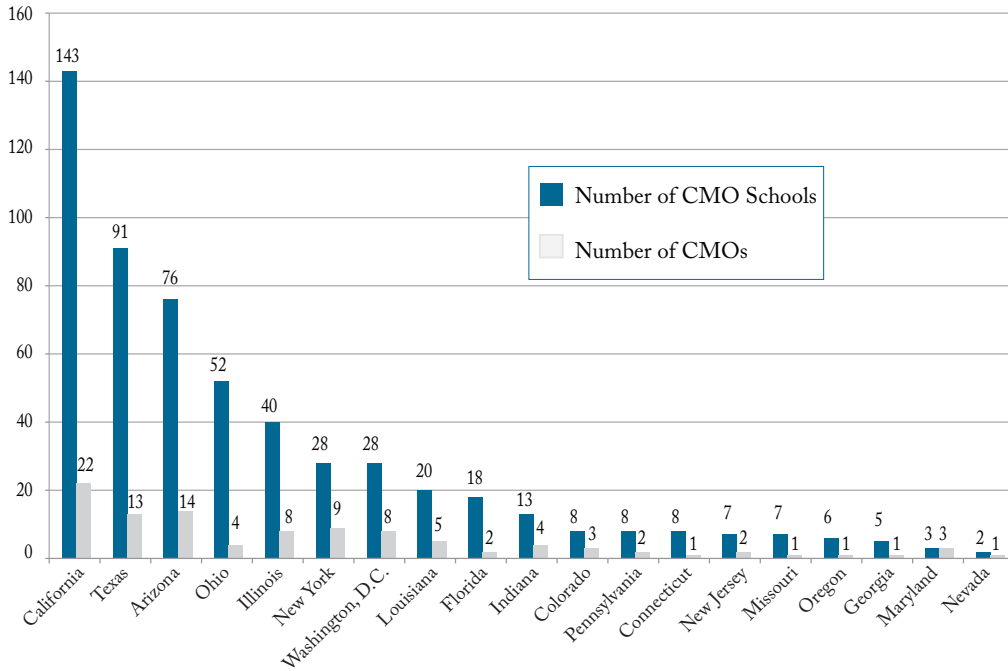
Legend: Number of CMO Schools; Number of CMOs

Data (Number of CMO Schools / Number of CMOs):
- California: 143 / 22
- Texas: 91 / 13
- Arizona: 76 / 14
- Ohio: 52 / 4
- Illinois: 40 / 8
- New York: 28 / 9
- Washington, D.C.: 28 / 8
- Louisiana: 20 / 5
- Florida: 18 / 2
- Indiana: 13 / 4
- Colorado: 8 / 3
- Pennsylvania: 8 / 2
- Connecticut: 8 / 1
- New Jersey: 7 / 2
- Missouri: 7 / 1
- Oregon: 6 / 1
- Georgia: 5 / 1
- Maryland: 3 / 3
- Nevada: 2 / 1

SOURCE: National Database of all known CMOs. Center on Reinventing Public Education. National charter statistics provided by the National Alliance for Public Charter Schools.

EXHIBIT 2.5: CMO SHARE OF CHARTER SECTOR IN TEN CITIES, 2009–10

CMOs Make Up Significant Share of Larger Charter Markets
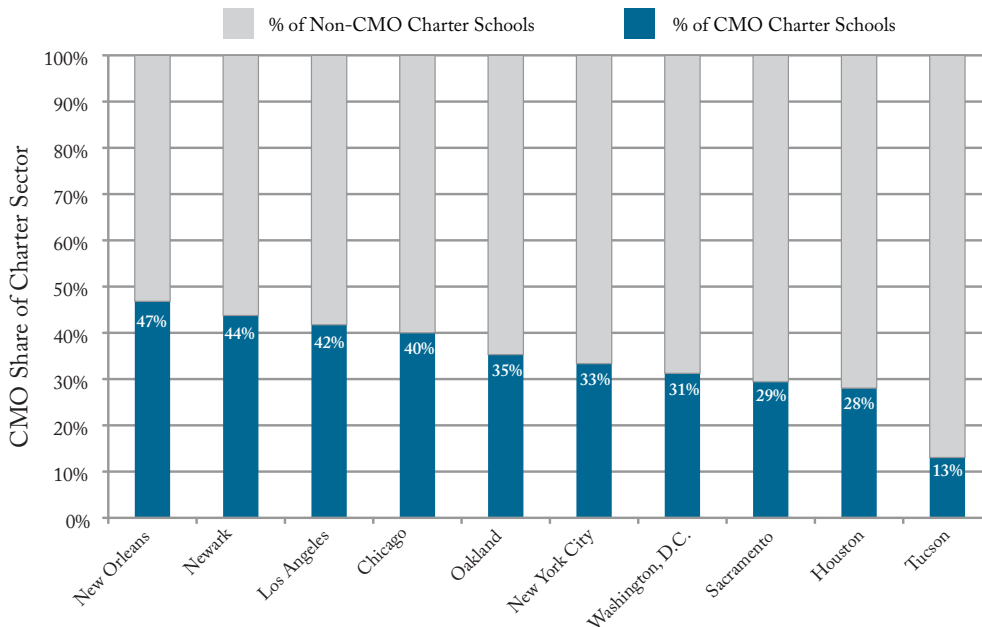
% of Non-CMO Charter Schools | % of CMO Charter Schools

% of CMO Charter Schools:
- New Orleans: 47%
- Newark: 44%
- Los Angeles: 42%
- Chicago: 40%
- Oakland: 35%
- New York City: 33%
- Washington, D.C.: 31%
- Sacramento: 29%
- Houston: 28%
- Tucson: 13%

SOURCE: National Database of all known CMOs. Center on Reinventing Public Education. National charter statistics provided by the National Alliance for Public Charter Schools. Used in combination with information from state and charter agencies.

THE NATIONAL STUDY OF CMO EFFECTIVENESS **REPORT ON INTERIM FINDINGS**

expanded into a second major metropolitan area. The CEO recounted the difficulties this created for the organization and noted that it was a move they would not have taken if not for their goal of influencing education statewide.

Indeed, CMOs report that mission-related factors, such as perceived demand, type of student population, and proximity to existing schools, strongly influence where they open new schools. (See Exhibit 2.6.)

EXHIBIT 2.6: CMOs' MOST INFLUENTIAL FACTORS IN OPENING A SCHOOL

Perceived Demand is Largest Factor in Opening a School

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

access, within a couple hours' drive… So you can get there and know what is going on."

However, in large cities that are home to some of the largest CMOs, local district politics or union opposition sometimes make it impossible for CMOs to expand. This has forced some CMOs to cross county and state lines, increasing the complexity of operating within multiple political environments and forcing the central office to expand to address those concerns. The effects of moving into a new state can be just as demanding as rapid expansion, affecting the CMO's educational program (often requiring curriculum adjustments to meet new state standards), financial reporting systems, communication/monitoring structures, facilities strategies, and other support systems.

In spite of these forces, some CMOs are expanding their operations into new geographic areas, sometimes with adverse effects on consistency of quality. As Section 5 of this report details, many CMOs view growth as a necessity for financial stability, political impact or simply the fulfillment of their mission.

Second, expanding CMOs generally confine themselves to a particular geographic area as a means of maintaining quality control. One CMO whose leaders we spoke with, for instance, tries to keep its schools within a limited radius so that all are accessible by automobile. Operating outside of this range, executives feel, would decrease the frequency of their school visits, reduce the time they spent actually helping schools, and weaken the bond between the CMO and schools. It would also make some functions such as professional development and innovation more costly and less coherent since participants would either have to travel to work together or pursue initiatives more independently. The CEO of that organization explained, "We think you maintain quality by having immediate access or pretty immediate

MOST CMOs ARE STILL SMALL ORGANIZATIONS

Against that backdrop, it is not a surprise to find that most CMOs are still quite small organizations. (See Exhibit 2.7.) Although a few of the most well-known CMOs (such as Aspire and Achievement First, with 21 and 16 schools respectively as of 2008–09) have grown to manage more than 10 schools, the great majority of CMOs (70 percent) are small entities that operate between 2 and 6 schools. Only 12 percent of CMOs operate between seven and ten schools, while 18 percent (or fifteen CMOs) operate more than ten.[30] However, large CMOs do operate a significant proportion of the CMO landscape: the 15 largest CMOs manage 46 percent of all CMO-operated schools, with the largest CMO (Imagine Schools) operating 52 schools in its portfolio as of fall 2008, or about 9 percent of all known CMO schools.

EXHIBIT 2.7: CMO SIZE, BY CATEGORY, 2008–09

Most CMOs Operate Fewer Than 7 Schools

- 2 to 3 Schools
- 4 to 6 Schools
- 7 to 10 Schools
- 11+ Schools

SOURCE: National Database of all known CMOs. Center on Reinventing Public Education. National charter statistics provided by the National Alliance for Public Charter Schools.
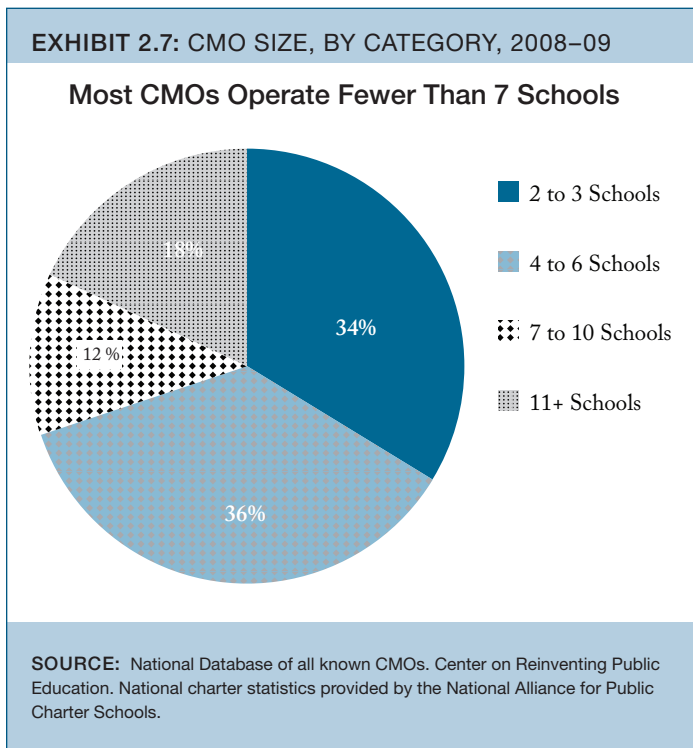
OVERALL, CMOs APPEAR TO SERVE STUDENTS DEMOGRAPHICALLY SIMILAR TO STUDENTS ENROLLED IN DISTRICTS WHERE CMOs ARE LOCATED

Nationally, nearly 54 percent of students in CMO schools qualify for the federal Free and Reduced-Price Lunch (FRL) program, a common proxy for poverty. As Exhibit 2.8 shows, this rate is slightly higher than the FRL rate in the school districts where the CMOs are located, where 52 percent of the students qualify for FRL. The same pattern holds for minority enrollment. CMO schools serve 78 minority enrollment compared to 74 percent for CMO schools' host districts.

As Exhibit 2.8 also shows, CMO FRL rates and minority enrollments are also higher than that of charter schools nationally, but that appears to be largely due to where CMOs choose to locate. U.S. charter schools overall are somewhat more likely than CMO schools to have a higher FRL rate compared to their host districts, but are slightly less likely than CMO schools to serve minority students.

EXHIBIT 2.8: AVERAGE PERCENTAGE OF MINORITY STUDENTS IN CMO, HOST DISTRICT, AND U.S. CHARTER SCHOOLS[31]

	KNOWN CMOs	CMOs' HOST DISTRICTS	ALL U.S. CHARTER SCHOOLS	ALL U.S. CHARTER SCHOOLS' HOST DISTRICTS
FRL	54%	52%	49%	45%
Minority	78%	74%	61%	60%

SOURCE: Common Core of Data (2007–08).

In short, the data indicate that CMOs do appear to be serving the students they profess to serve: by and large, disadvantaged students as defined by poverty and minority measures.

30. As of fall 2007.

31. Does not account for varying enrollment sizes. Host districts were determined by using GIS shapefiles of Unified School districts and locating charter schools within these school district boundaries.

CMOs OFTEN FUNCTION AS START-UP SCHOOL DISTRICTS WHILE SIMULTANEOUSLY DEVELOPING BRAND

Like a traditional school district, a CMO consists of a central office and associated schools. As described above, CMOs tend to follow a regional growth strategy. The "central office" therefore is typically (but not always) in close proximity to the schools it manages. The central office is typically a "soup to nuts" operation, providing the same basic services as a school district: operational support, curricular and instructional development, human resource management, performance oversight, and budgeting and financial services.

Unlike a typical school district, however, CMOs generally exist to replicate, not just to sustain, their existing schools. Replication allows CMOs to propagate their model, and CMOs generally have a target portfolio size at which they believe they will be financially sustainable. Because of this focus on growth, CMOs typically provide start-up services to their schools.

As generators of new schools, CMOs typically pay a lot of attention to their brand. Most want to ensure, in at least some minimal way, that their approach to such issues as instruction and student development is replicated in each new school, although the next section will show that CMOs do differ on how much variation among schools they will encourage or tolerate. If CMOs hope to replicate their brand with fidelity, they emphasize services oriented around their unique approach. They must help schools understand and implement the organization's mission, theory of action, and goals. At the same time, they need to develop a growth strategy of some kind to guide the size and pacing of growth, while providing the operational structures, educational supports, and quality control necessary for schools to operate consistently within the brand. Exhibit 2.9 shows the array of services that CMOs tend to offer schools. Based on our case studies and surveys, most CMOs seem to perform the majority of these functions.

EXHIBIT 2.9: PRIMARY CMO FUNCTIONS

CMOs Try to Provide All School Supports

ESTABLISH PURPOSE	DEVELOP GROWTH STRATEGY	PROVIDE OPERATIONAL STRUCTURES	DEFINE, REFINE, AND ENFORCE EDUCATIONAL MODEL	ASSURE CONSISENT QUALITY
■ Mission, vision ■ Theory of action ■ Goals	■ Size, pacing ■ Grade level strategy (e.g., feeder schools) ■ Location choices ■ Takeovers vs. new starts ■ Partnerships ■ Fundraising	■ Finance and budgeting ■ Organizational structure ■ Operational practices and procedures ■ HR structure	■ Curriculum ■ Instruction ■ Assessment of school/ students ■ Expectations for student behavior and performance ■ Instructional time	■ Professional development ■ Replicate schools with fidelity ■ Accountability for schools/ individuals ■ Incentives for staff and students to work productively ■ Interventions in performance problems ■ Organizational culture

SOURCE: Center on Reinventing Public Education.

ESTABLISH PURPOSE. Because they exist to run nonprofit school systems, CMO leaders must articulate a mission, a theory of how schools are expected to improve student learning, and goals for the organization (and, in some cases, for the individual schools).

DEVLOP GROWTH STRATEGY. Each CMO's central office develops a growth strategy—a plan detailing how many schools it will open and how quickly, where it will open schools, and which grade levels and populations the schools will serve. It may form partnerships with local districts and may contract to take over failing schools.

The central office is typically heavily involved in school start-up. In our survey, 72 percent of CMO leaders report having a staff member dedicated to start-up support. Individuals in this role may help secure facilities, recruit students, hire teachers, develop the education program and work with local organizations. In addition, 75 percent of these CMOs have developed a comprehensive start-up manual or standardized start-up process.

PROVIDE OPERATIONAL STRUCTURES. Nearly all CMOs appear to provide basic operational services,[32] such as fundraising and back-office functions (including payroll and budgeting) to their schools.

DEFINE, REFINE, AND ENFORCE EDUCATIONAL MODEL. CMOs may decide which curriculum is taught in the schools they manage, the methods by which it is taught, and how the school day is structured. They may also provide schools with expectations for student behavior and assessments to measure whether schools are meeting their goals.

ASSURE CONSISTENT QUALITY. Central offices attempt to assure school quality by recruiting and retaining high-quality leaders and teachers, providing training and incentives to improve and motivate them, and by holding them accountable for individual and school performance.

CMOs try to ensure that new schools effectively carry the CMO's brand, or educational approach, through in-house

principal training: 75 percent of surveyed CMOs provide a training program for principals who are opening a new school. Finally, a CMO may draw from its existing pool of talent by selecting known principals, teachers, and other school staff to "seed" new schools. More than half (55 percent) of surveyed CMOs report seeding schools with experienced principals, and 53 percent with experienced teachers.

EXHIBIT 2.10: HOW CMOs VIEW IMPORTANCE OF VARIOUS CENTRAL OFFICE FUNCTIONS

Setting and Maintaining High Standards Viewed As Most Critical Central Functions

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.
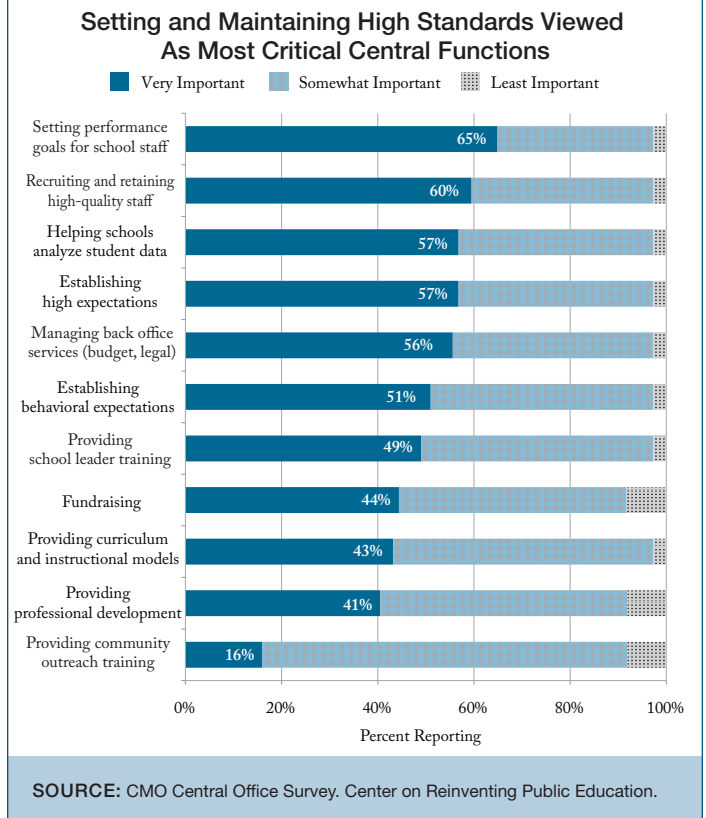
Surveyed CMO leaders prioritize the relative importance of some of these services over others. As Exhibit 2.10 shows, they cite as "most important"[33] accountability mechanisms (i.e., setting performance goals for school staff and establishing high expectations); recruiting and retaining high-quality staff; and helping schools analyze student data. CMO leaders view back-office services as fairly important functions of the central office.[34] Principals in our site visits

32. According to our review of business plans and phone interviews with CMO leaders.

33. For each type of support, respondents were asked to rate the support on a scale of one to five, with one being "least important" and five being "most important."

34. According to information researchers collected from site visits, business plans, and brief phone interviews with CMO leaders.

said they appreciate these supports, reporting that this assistance freed up their time to focus on instruction, the school's central mission. Ranked less highly were such supports as providing effective curricula and instruction and professional development to teachers.

As Exhibit 2.11 shows, most CMO central office staff (nearly 60 percent) work in educational support, operations, and finance/accounting. Human resources and data analysis departments together make up just 16 percent of total full-time equivalents (FTEs). This staffing pattern is not obviously consistent with the central office functions that CMOs say matter most to school improvement (setting behavior expectations, hiring, and data analysis), but it may be that CMOs feel they can provide their most critical functions with few staff. CMOs' staff investments vary tremendously in every functional category with little apparent pattern to that variation.
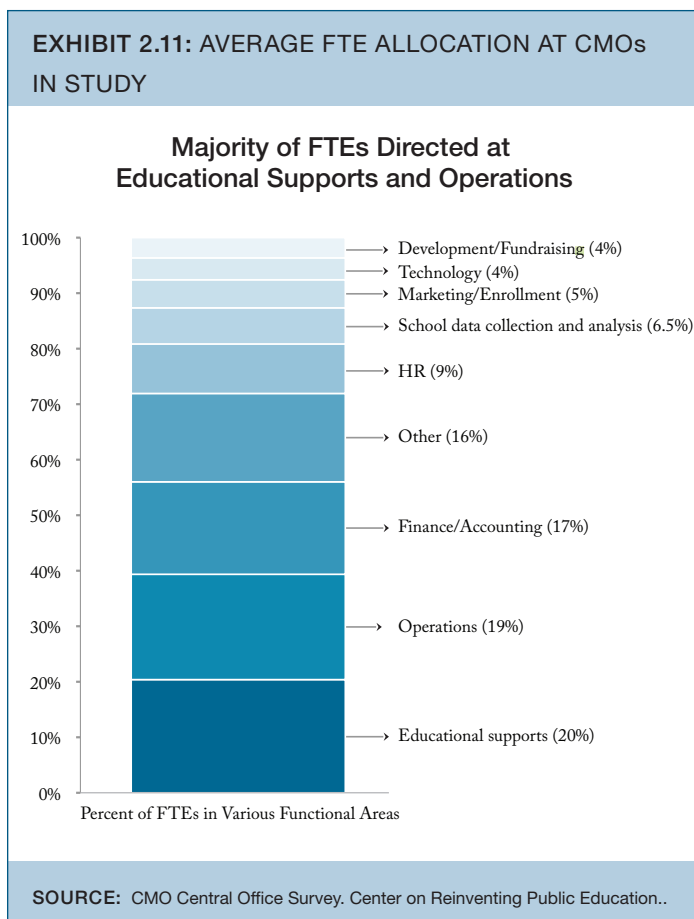
Summary and Implications

These findings indicate that although CMOs are still an emerging phenomenon in the school firmament, they represent a significant proportion of all charter schools in concentrated areas. They are also typically quite small organizations, serving students who are demographically similar to those enrolled in the districts where they are located. Meanwhile, CMOs must often start schools as quickly as possible while also trying to develop, implement, and perfect a consistent brand, i.e., their own unique approach to teaching and learning.

CMOs are specific to certain states and to cities within those states. As discussed earlier, CMOs and their funders may focus CMO growth in districts in need of reform and in which state laws create a favorable environment for growth. Because of the organizational and fiscal costs of starting up in new policy contexts and because of the implications for quality control, only 9 out of the 43 CMOs in our study sample operate across state lines. On the other hand, where CMOs choose to locate, they often establish themselves as a significant presence.

The implication for cities wanting to attract CMOs may be that they will have to create their own. They can do so either by growing their own CMOs, perhaps by asking high-performing schools to form a CMO and replicate themselves, or investing in developing more high-quality stand-alone charters. Section 7 suggests specific ways this might happen.

EXHIBIT 2.11: AVERAGE FTE ALLOCATION AT CMOs IN STUDY

Majority of FTEs Directed at Educational Supports and Operations

- Development/Fundraising (4%)
- Technology (4%)
- Marketing/Enrollment (5%)
- School data collection and analysis (6.5%)
- HR (9%)
- Other (16%)
- Finance/Accounting (17%)
- Operations (19%)
- Educational supports (20%)

Percent of FTEs in Various Functional Areas

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education..

SECTION **3**

Similarities and Differences Among CMOs

Certain CMOs have dominated media attention in recent years, and some readers may assume that these CMOs are representative of the general CMO population. Many CMOs do, in fact, share common strategies and characteristics, but they also differ more than is commonly understood. Different CMOs have contrasting, and sometimes competing, points of view around organizational designs, degree of control over their schools, and educational strategies they adopt to pursue their goals. Some of these differences may ultimately influence how their schools perform.

This section of the report outlines areas of distinction among CMOs, based on case study interviews as well as a survey of CMO central offices. In addition to our overarching findings, we present short vignettes detailing examples of practices observed during case study visits. The study indicates that CMOs differ in three fundamental ways:

1. **Theory of Action** that defines the approach to promoting effective instruction and drives the CMO's educational design and school-level supports.

2. **Structural Choices** a CMO central office makes to implement its theory of action (e.g., how the central office is designed).

3. **Growth Strategies** to increase the number of schools overseen and to influence the overall quality of education in the communities served.

Exhibit 3.1 shows some notable similarities and differences among the CMOs we studied:

EXHIBIT 3.1: NOTABLE SIMILARITIES AND DIFFERENCES AMONG CMOs IN STUDY

	MOST CMOs	SOME CMOs
Type of educational design	Draw from a mix of educational strategies (78%)	Are driven by a single unifying theory about instructional techniques (e.g., project-based vs. direct instruction)
Ethos of continuous improvement	Employ at least quarterly data analysis (79%) and emphasize ongoing organizational improvement	Test infrequently and do not stress improvement, or test every 6-8 weeks and push expectations for what students can learn
Norms for student behavior	Promote student norms or values (e.g., require schools to conduct advisories or morning meeting groups) (65%)	Employ a highly structured student behavior system (e.g., merits/demerits) or do not require schools to follow a set student behavior plan.
Deference to school-level decisionmaking	Prescribe or centralize many functions (84%)	Encourage schools or teachers to use their own judgment or prescribe only high-priority functions (e.g., interventions for struggling students)
Sources of teacher supply	Draw at least 20% of their teachers from the local labor pool and supplement with other sources (57%)	Rely heavily on national teacher training programs (e.g., Teach for America)
Expansion strategy	Seed new schools with a critical mass of experienced CMO staff that carry the organizational "DNA" (55%)	Staff schools with a principal and teachers who have experience but not in CMO's schools

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

CMO Theories of Action

The core purpose of a CMO is to improve educational outcomes for the children in its schools. Most CMO leaders express strong opinions on what types of educational models work, what kind of curriculum and instruction they want to see in their classrooms, how students are expected to behave, at what level students are expected to perform academically, and with what level of intensity they are working to improve.

CMOs STATE STRONG OPINIONS ABOUT INSTRUCTION AND CURRICULUM. CMO leaders generally see their educational program, that is, their instruction and curricular models, as critical to schools' success: 78 percent of surveyed CMOs say that central office provision of effective curricula and instructional models is "important" or "very important" to their schools' success.[35] However, CMOs differ greatly on the particular instructional or curricular approaches that they ask their schools to employ. CMO philosophies vary from teacher-directed approaches (direct instruction, modeling) to student-directed approaches (project-based learning). Some emphasize the importance of individualized instruction via small groups.

One chief academic officer (CAO) explained his organization's decision to implement a highly teacher-centric model by saying,

> *You have spiraling curriculum, real-world experience, and then you have drill and kill, right? There's always this kind of left approach and right approach. We are on the right. The schools that produce the highest results are one of two kinds of schools: schools that are significantly leaning to the right or the schools that are selecting their population. We don't select our population.*

Other CMOs we visited have almost the opposite philosophy of what improves student achievement. They believe that student-centered, project-based learning fosters the

creativity and intellectual independence necessary for students to succeed in the long-term. As one CEO put it,

> *We want students to be actively engaged, and to make meaning of their own learning; for them to communicate to peers and others what they're learning. One of the ways to accomplish that is project-based learning. We want our students to be able to apply what they've learned to something in real life, or a real project. It also goes back to the high expectations. It requires critical thinking.*

Another CMO has centered its strategy for student achievement on a Socratic teaching model that requires teachers to use only primary texts and structure classroom lessons around student-generated, teacher-facilitated dialogue. This CMO even won a petition against the local school board for exemption from teaching the state standards in order to preserve its primary texts model. According to the CAO,

> *A great class is a teacher not talking very much, only leading and guiding a discussion that the students are having amongst themselves, trying to collectively discover the truth of the matter.*

MOST CMOs USE MIX OF STUDENT- AND TEACHER-CENTERED INSTRUCTION. Surveyed CMOs ranked elements of both project-based instruction and direct instruction as important. Eighty-one percent of surveyed CMOs believe that it is important for teachers to "explain or demonstrate new content to students before students practice on their own"—a hallmark of a direct instruction approach. However, 68 percent of surveyed CMOs believe that it is important for teachers to "engage students in inquiry-oriented practices," and 69 percent believe it is important for teachers to "regularly engage students in hands-on activities to learn new concepts"—practices that are typically associated with project-based instruction. Most CMOs (78 percent) indicate that they value elements of both approaches. Only 22 percent of CMOs indicated a strong preference for one of the two instructional techniques.

Interviews also indicated that CMOs may move to new places on this continuum as they find the right fit between

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35.   Please see Appendix C for complete questionnaire.

their educational philosophy and the students they serve. For example, one CMO described abandoning its initial project-based approach for direct instruction because students lacked the foundational skills necessary for its project-based curriculum, while another CMO is considering moving away from teacher-centered, call-and-response routines toward more open-ended exercises to encourage the critical thinking needed to succeed in college.

CREATING ORDERLY SCHOOLS A PRIORITY. The vast majority of CMO leaders interviewed in this study believe the students they serve—who often have significant academic challenges—cannot make academic gains in a school with loose expectations for student comportment and effort. Creating a calm, orderly, focused school environment is central to these CMOs' theory of action for improving student achievement, and most CMOs we visited make this explicit when recruiting school leaders, staff, and families. To that point, 84 percent of surveyed CMOs said that "helping schools establish consistent behavioral expectations so students can focus on learning" was an important or very important part of their central office support. Nearly nine in ten CMOs require student uniforms as a tool for creating an orderly learning environment. However, as discussed below, only 43 percent of CMOs require their schools to follow a prescribed student behavior management program.

"INCENTIVES AND CONSEQUENCES" VS. "RELATIONSHIPS AND RESPECT." CMOs may all believe that positive student behavior is a critical contributor to their schools' success, but they do not all agree on what a perfect student behavior plan looks like. As with their education programs, CMOs fall along a philosophical spectrum of what types of tools improve student behavior. At the far end of the spectrum are CMOs that believe in highly structured, incentive-driven student behavior systems. The first vignette in this section describes a CMO from our site visits that exemplifies this approach. At the other end of the spectrum are CMOs that believe in student behavior programs that generally build positive relationships between adults and students. These relationships, they believe, drive internal student desire and accountability to behave well, respect adults, and focus on schoolwork. These CMOs rely heavily on structured advisories and morning meeting groups to

promote strong student-adult and student-student norms and interactions. It is worth noting that although a spectrum of approaches exists, these extremes are not mutually exclusive, and CMOs may choose to use both models, as we describe below.

Some CMOs, such as those following the KIPP model, have received national attention for their highly structured and strict behavior systems, but their approach to classroom management and school culture is not representative of all CMOs.[36] In fact, just a little more than half of all CMOs (54 percent) require their schools to use a schoolwide behavior plan based on incentives and consequences (e.g., merits/demerits). Sixty-five percent of surveyed CMOs require schools to conduct advisories or morning meeting groups, which are normally meant to establish strong relationships with students.

Nearly half of CMOs (41 percent) require their schools to use both of these strategies—schoolwide behavior plans and conducting advisories and morning meeting groups—to set norms for student behavior and culture. Even more CMOs endorse a values-driven approach to student behavior management, with 76 percent of surveyed CMOs requiring schools to incorporate socio-emotional skills and values (such as honesty, achievement, and perseverance) into coursework.

Despite the apparent focus on student culture, few CMOs (only 14 percent) report that decisions about student behavior management programs are made primarily in the central office. CMO leaders we interviewed additionally believed that a successful student behavioral program begins with adult behavior and culture, believing that specific student behavior policies cannot succeed if teachers and principals do not fully buy in to that particular approach. They recruit teachers whose values around student behavior are aligned to those of the CMO (such as having high expectations for student behavior and academic ability), and they tend to train new teachers in the "CMO way" during summer professional development. CMOs we interviewed also carefully

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36.   The study considers the KIPP National Foundation to be a franchise, not a CMO. However, the study does consider some KIPP regional offices (including those in Washington D.C., New York City, New Jersey, and Houston) to be CMOs.

A HIGHLY STRUCTURED STUDENT BEHAVIOR SYSTEM

In an ideally run "Excellence School," students have so internalized routines and procedures that they can execute them without teacher guidance or input. Staff describes the culture as "warm-strict" and "very structured." One Excellence School uses a paycheck behavioral system, where students receive "dollars" or deductions based on behavior. Students can, and often do, get demerits for low-level behaviors, such as talking out of turn and not following directions immediately. Students who have high paychecks get rewards and students whose paychecks reach zero are put on a different status for two to three days. These students must wear a differently colored uniform, have restricted privileges, and meet with the behavior dean to reflect on their behavior. Anywhere from 20 to 50 students (out of 200) may be on this status at a given time. Students with good behavior receive rewards (limousine rides, trips, ice cream parties). Adult relationships with students are professional and demanding. Teachers may be encouraged to use strong, judgmental tones to correct minor child behavior throughout a lesson. Teachers constantly monitor child behavior and give quick, sometimes severe, feedback and consequences to behavior.

NOTE: Here, and in other vignettes in this report, CMOs were given pseudonyms to protect their anonymity.

recruit and train their new principal hires on cultural expectations. Perhaps it is because CMOs invest in recruiting and training staff in the values of the organization that they report on our survey that student behavior management plans are very important to the their schools' success but do not consider themselves the primary decisionmaker on the design of their schools' programs.

ETHOS OF CONTINUOUS IMPROVEMENT. A defining characteristic of nearly all ten CMOs we visited was a culture of relentless pursuit of organizational goals. This culture was focused on high student achievement but it also frequently extended to establishing goals around student values or behavior, community involvement, or staff buy-in. Our broader survey data also seem to support the idea that most CMOs are concerned with regular analysis and improvement. Survey data indicate, for example, that 92 percent of CMOs require schools to use formative student assessments and 49 percent of CMOs have staff in schools on a weekly or daily basis.

Forty percent of CMOs test students at least every six to eight weeks. (See Exhibit 3.2.) In the CMOs we visited, these rapid assessment systems are intended to quickly inform instruction so that teachers can "re-teach" material that most students did not get the first time or provide more intensive supports to some students. Some of the case study CMOs also trained teachers and school leaders to interpret individual student formative assessments, and some

required student testing at specific intervals and indicated when teachers should review material that students had not mastered. All but a few of the CMOs in our case studies also reported they put a priority on hiring central office and school staff who are open to critique and willing to adapt quickly if something is not working. These intangible attributes are sometimes valued over more specific instructional skills that the CMO believes are easier for teachers to pick up with training and experience.

EXHIBIT 3.2: FREQUENCY OF CENTRAL OFFICE-MANDATED FORMATIVE ASSESSMENT
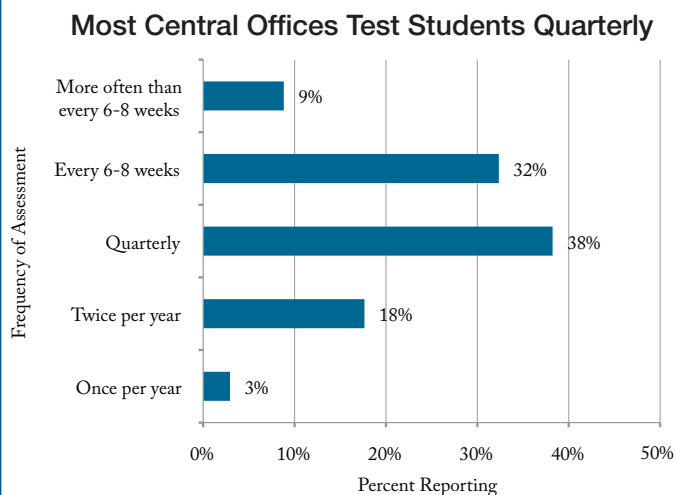
Most Central Offices Test Students Quarterly

Frequency of Assessment	Percent Reporting
More often than every 6-8 weeks	9%
Every 6-8 weeks	32%
Quarterly	38%
Twice per year	18%
Once per year	3%

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.
NOTE: Differences between percentages in exhibit and text are due to rounding.

"EVERY MINUTE COUNTS." Some CMOs seemed especially focused on experimenting with and perfecting their teaching and learning models. For example, new approaches to instruction, curriculum, extended day programs, and training and evaluation programs were all underway at the CMOs we visited. Most of these case study CMOs were just starting new programs, abandoning older ones, and creating new central office or school positions to reflect shifting needs of the organization—all mid-year. These changes were sometimes even modified again when we contacted CMOs for follow-up just a few months later. The sometimes frenetic change encountered in CMOs during the study's fieldwork may simply be a function of their newness; however, the CMO central office staff in the case studies also tended to have a particularly entrepreneurial mindset: most seemed to thrive on problem solving, long hours, and finding a "better way."

A small percentage of CMOs we visited seem to distinguish themselves further with intense self-reflection and a continuous push to help their schools achieve the best possible outcomes. One such CEO explained, "Since we're starting three grade levels behind, every single second is precious. We're literally counting the minutes in a given year to make sure that we are as efficient and focused as we can be." In contrast, a few of the CMOs we visited profess a general level of interest in self-improvement but have done little to encourage organization-wide dedication to continuous improvement. For example, at one CMO, principals and teachers suggested that the CMO central office staff have resisted adjusting their educational program even though staff in more than one school have indicated that it does not produce positive student outcomes.

Another CMO considers itself "college prep," but focuses more on making rigorous content available than on creating a pervasive culture of urgency and on changing students' and teachers' expectations about what is possible. One principal, for example, said that she has pushed the central office to increase students' expectations that they will attend out-of-state and four-year colleges. The central office clearly wants its students to do well, but it lacked the urgency exhibited by some other CMOs.

INSTRUCTIONAL SUPPORT DESIGNED TO ADDRESS NEED

Recognizing the severe academic deficits in their student body, "Student Success" high schools provide 50 percent more core course content over four years than the local district schools. All students have access to an extended school year, and course content is 70 percent prescribed to teachers and mapped tightly to state standards. Explicit instruction in "learning skills" (organization, note-taking, etc.) is provided to all students. In later grades, internships and college coursework are required. College entrance supports are offered to all, with the expectation that all students will go on to some post-secondary education.

The Student Success system is designed to flex to meet student needs. A cornerstone of the support is a triage-like intervention system for struggling students. Student skills are assessed on entry to the school. Entrance assessments place students in an appropriate course level (100 to 700); lower-level courses are simply remediation to help students catch up on basic skills. Upper-level courses focus more on reasoning. Extra learning time, smaller classes, and social skills supports are targeted to the students farthest behind to allow them to catch up quickly. There are mandatory tutoring and intervention classes after school and during the summer for students not mastering content. Students can take 3.5 to 5 or more years to graduate. About 20 percent take longer than five years.

Structural Choices: How CMOs Implement Their Theories of Action

CMOs differ, too, in the organizational structures they use to put their educational designs into practice. These differences are especially evident in how much decisionmaking authority CMOs provide to school leaders and classroom teachers; the means by which they try to assure consistent quality and accountability in schools; and their approaches to recruiting and developing high-quality teachers and principals.

DEFERENCE TO SCHOOL-LEVEL DECISIONMAKING: "PRESCRIPTIVE" TO "PERMISSIVE." CMOs fall along a spectrum of centralization and control, from what we term "prescriptive" to "permissive." Highly prescriptive CMOs view schools as an arm of the central office. For these CMOs, a school's job is to deliver the educational program, not to employ a lot of discretion in thinking about the program or how to deliver it. A highly prescriptive CMO might be inclined, therefore, to tightly dictate teacher hiring, budget, expectations around student behavior program, and most, if not all, aspects of the educational program.

Such CMOs may have very specific and standardized ideals for how students should be educated in every classroom and provide clear expectations of standards to be met, classroom set-up, lesson structure, instructional approach, and collecting student assessments to ensure that all teachers are following the "CMO way." The curriculum may not only be prescribed, but also may be "scripted" through pacing guides, so that teachers are told what the y should be teaching in any given week. As one CMO leader said, "If we hire you as a principal, it's to implement our model."

The goal of prescriptive CMOs is replication of a common set of educational practices and ideals. Instructional coaches trained in the CMO approach often spend a great deal of time working with individual teachers to ensure the model is being implemented faithfully. The most prescriptive CMOs do not necessarily say they centralize all decisions in the home office. In fact, they may more commonly rely on "softer" ways to operationalize their expectations throughout the organization so that school personnel are working as consistently as possible on all fronts. They tend to invest heavily in staff training programs in an effort to increase curricular or instructional consistency.

One chief operating officer (COO) summed up a highly prescriptive educational program approach: "All schools use the same curriculum, use the same assessments, use the same management tools, use the same software. Ideally, all schools have adopted the same approaches." A teacher at another CMO with a prescriptive educational program explained that the definition of good instruction at his school is not up for debate: "The instructional approach here is obvious to everyone; if you don't like it, you leave."

Permissive CMOs tend to have a broad idea of effective instructional outcomes (for example, students are on task, engaged, and can describe what they are learning and why it is significant), but for the most part allow principals and teachers to choose the instructional strategies and materials that they believe will best support those outcomes. There may be a mandated curriculum, but teachers have flexibility over what material they cover in a given week. A lead teacher in such a CMO explained the extent of school-level power at the school:

> We have local autonomy, and the principals have the authority to make a lot of decisions that wouldn't be made under a district model. So he or she can make decisions that are very wise or decisions that are very foolish. And they stand, unless it's life-threatening.

Some CMO leaders say they are permissive for most schools but become more prescriptive in the case of schools that fail to make performance goals; or they may specify curriculum but not instructional techniques (or vice versa). These CMOs may have expectations for instructionalal strategies, but focus on providing professional development opportunities to schools, perhaps on the belief that professional development is a better way to ensure instructional quality than specifying a particular instructional approach.

ALMOST ALL CMOs ARE MODERATELY OR HIGHLY PRE-SCRIPTIVE. To measure the various levels and types of CMO prescriptiveness, the study team created an index[37] of CMO survey responses measuring to what degree CMOs say they allow principals and teachers to make decisions about educational program, student behavior program, support for struggling students, professional development, teacher evaluation/compensation, and teacher hiring. CMOs' prescription scores were determined by statistical analysis of CMOs' responses to questions taken from the CMO central office survey, as described more fully in the Appendix. Our findings follow in Exhibits 3.3 and 3.4.

1. Eighty-four percent of surveyed CMOs received scores placing them in the moderate to highly prescriptive categories.

2. Degree of prescription appears to correlate with the size of CMO: Large CMOs are most likely to rank "high" on prescription, medium-sized CMOs are most likely rank "moderate" and small CMOs are most likely to rank "low." (See Exhibit 3.3.)

3. Overall, CMOs are more likely to prescribe how schools should intervene with struggling students than to prescribe highly specified curriculum and instructional strategies. They are more likely to maintain central control over how teachers are paid and evaluated than to control which teachers are hired. (See Exhibit 3.4.)

4. A number of CMOs (slightly fewer than half of CMOs falling in the "moderate" category) appear to follow a "tight-loose" strategy, taking a prescriptive approach in select areas. CMOs that are more prescriptive about their education program also tend to centralize professional development (perhaps following a "good instruction strategy") and those that prescribe student behavior plans also prescribe student academic supports (perhaps following a "student behavior and support" strategy).

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37. See Appendix B for a brief explanation of the method of index construction.

EXHIBIT 3.3: DEGREE OF CMO PRESCRIPTION, BY CMO SIZE

Larger CMOs Are Proportionally More Prescriptive
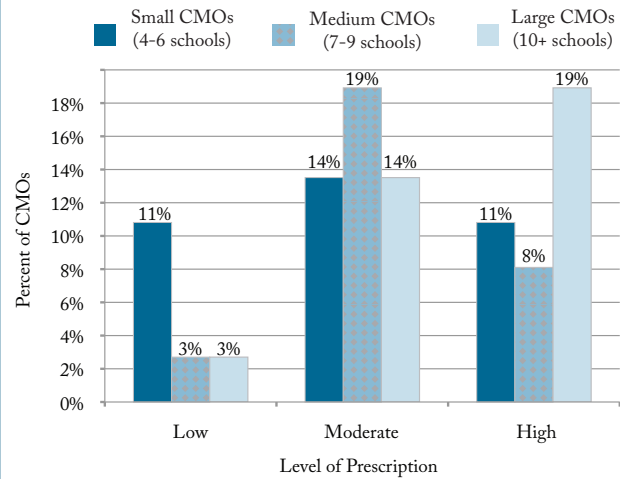
SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.
NOTE: Differences between percentages in exhibit and text are due to rounding.

EXHIBIT 3.4: PERCENT OF CMOs CONSIDERED "HIGHLY PRESCRIPTIVE," BY CMO FUNCTION

CMO's Are Most Prescriptive Around Student Support
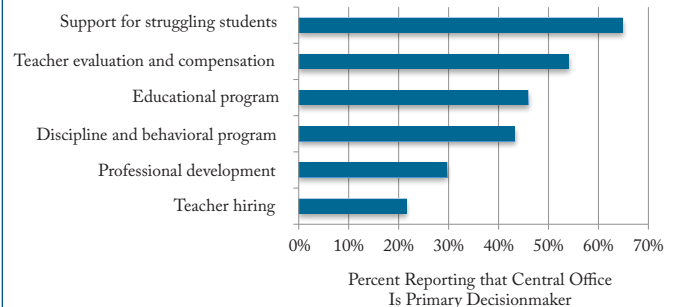
SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

QUALITY CONTROL PURSUED FORMALLY AND INFOR-MALLY. All CMOs assess the quality of their schools and most use both formal and informal processes. Formally, CMOs gather and analyze interim and state test scores for all their schools; informally, CMO leaders are regularly in schools to assess classroom instruction and school culture. Forty-nine percent of CMOs report having staff visit schools daily or weekly. The vast majority of quality control processes are very hands-on, reliant upon CMO lead-

ers' relationships and informal communications with school leaders and staff.

Leaders in the CMOs we visited typically said that if one of their schools is struggling, they know about it right away because central office staff members are in schools frequently doing walk-throughs, observing classrooms, and discussing data to see and address problems. (See Exhibit 3.5.) Once a school is identified as struggling, CMOs typically begin to provide individualized, intensive coaching to principals and, if necessary, teachers. If those supports fail, the principal is eventually replaced—though this can take anywhere from a few months to a few years, depending on the CEO's leadership style.

EXHIBIT 3.5: DISTRIBUTION OF REPORTS ON FREQUENCY OF CENTRAL OFFICE STAFF VISITS TO SCHOOLS

Central Office Personnel Are in Schools Frequently

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.
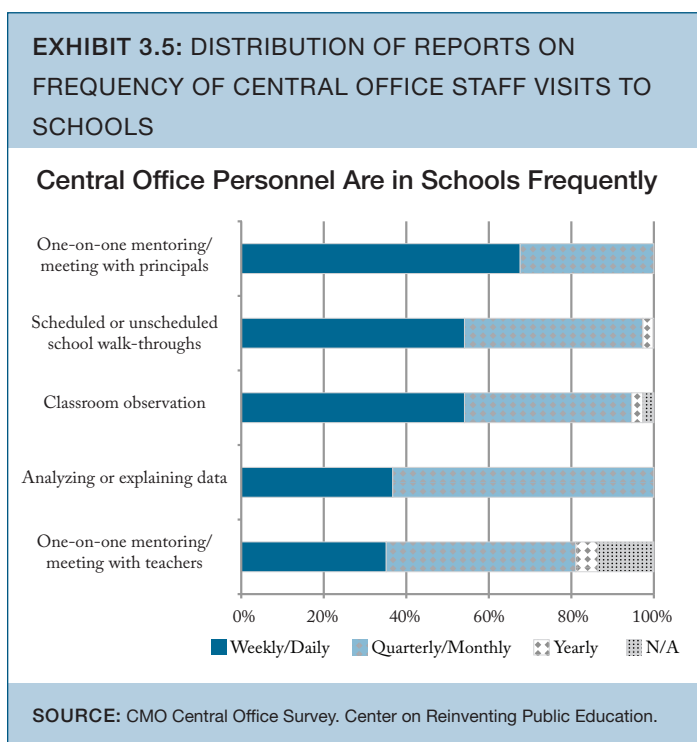
This intensive approach to school oversight is in large part a philosophical choice. Based on our site visits, some CMO leaders tend to favor a highly structured and policy-oriented organizational culture. One CMO, for example, creates individualized, measurable goals for each school leader, as well as a common dashboard of performance metrics that drive weekly walk-throughs.

Other CMOs favor a more personalized, family-like organizational culture. Systematizing oversight, they believe, would inevitably lead to a bureaucratic, district-like culture that would emphasize "rule following" over problem solving and could undermine the entire organization. One CMO relies on the CEO's personal connections with school leaders to determine how well each school is doing. The CEO communicates with each school leader over email or the phone regularly (daily to weekly) to gauge schools' health. When a school is struggling, the CEO customizes a solution based on his understanding of the school leader's needs—for example, convening a panel of experts to hold a daylong workshop with staff.

RELATIONSHIPS OVER STRUCTURE

Still a relatively small, but growing, organization, "Rigor Schools" has not needed a lot of formalized structure. The central office places a high priority on the importance of good relationships and seems to actively resist unnecessary formalized structure, fearing such formality will drive out strong relationships and empowered employees. There are few policies or forms and no organizational chart. Collaboration and strong adult relationships are favored over processes and policies. Many teachers participate in committees and collaborate informally.

According to the CEO, the focus on people is a direct result of the chief academic officer's belief that the organization would only succeed if staff felt respected and were satisfied with their job. The CAO, a former teacher herself, believes that an overly bureaucratic structure takes away from a culture of trust and respect. This belief is supposed to extend to students. The CAO emphasizes the importance of classrooms where the children are happy and well cared for.

ORGANIZATIONAL SIZE CREATES PRESSURE FOR MORE FORMALITY. A large body of literature suggests that organizations face pressures to adopt more formalized control mechanisms as they grow,[38] and CMOs appear to be no exception. In spite of different philosophical approaches to management, the larger CMOs we visited appeared to be converging at least to some degree on the recognition

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38.   E.g., Weber, 1978; Chandler, 1962.

that scale produces new coordination and quality assurance problems, which require higher levels of bureaucratic control. Having relied upon personal relationships and simple oversight in the past, several organizations had moved towards standardized roles and formalized evaluation procedures in an attempt to ensure high quality.

EXHIBIT 3.6: AVERAGE FREQUENCY OF CENTRAL OFFICE VISITS, BY CMO SIZE

Smaller CMO Central Office Staff Visit Schools More Often

■ Visit schools weekly or daily   Visit schools monthly   Visit schools quarterly or less frequently

Small CMOs (4-6 schools)

Medium CMOs (7-10 schools)

Large CMOs (11+ schools)

0%   20%   40%   60%   80%   100%

Percent Reporting

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

We saw examples of this variation by size in CMOs' quality assurance approaches. Central office staff members from larger CMOs are in schools less frequently than those from smaller CMOs. Exhibit 3.6 shows the frequency of central office visits to schools on average, broken apart by CMO size. Smaller CMOs (four to six schools) are most likely to visit schools weekly or daily (58 percent), while larger CMOs with more than ten schools are just as likely to visit schools monthly (42 percent) as they do weekly or daily (41 percent).

Survey data also indicate that CMOs with more than 10 schools dedicate less time to mentoring principals one-on-one than smaller CMOs, but invest more time (with a mean

difference of 40 hours a year) in principal professional development. A lament from one CEO over loss of management via close personal relationships at his CMO suggests why growth changes organizational culture: "Nine [schools] was doable … I could still get all the teachers in one room ... If you get many more than twelve [schools], you start to get too many teachers, and you lose the culture."

EMPHASIS ON NEED TO FIND GREAT PEOPLE. CMO leaders interviewed for this study overwhelmingly expressed belief that their success hinges on the strength of their people, primarily in schools, but also in the central office. These CMOs actively recruit and screen for high-quality teachers and principals. However, human resource strategies—although founded in the same belief in the power of human capital—can look quite different across CMOs.

The search for leaders who "fit." CEOs of CMOs we visited regularly explained variation in their schools' performance as a function of the strength of the school principals. These CMOs reported that they actively seek out the best possible principals, believing that a school's success directly hinges on the ability of its leader. Most CMOs are trying to grow their own leaders rather than relying on local labor force as a way to ensure that their school leaders act as carriers of the organization's "DNA." The importance placed on finding the right principal "fit" is demonstrated in the ways CMOs report that they screen principal applicants. CMOs are more likely to screen for "certain beliefs or values" (80 percent) than anything else.

Based on our interviews, an increasing number of CMOs are turning to internal training programs to equip potential school leaders with the skills necessary to run CMO schools. (Seventy-two percent of CMOs reported the importance of principals' experience apprenticing within the organization prior to his/her hiring.)

Such programs train aspiring school leaders for up to a year prior to opening their own schools. The training programs vary from one CMO to the next but generally involve internships in one of several network schools and one-on-one mentoring to the aspiring school leaders. CMOs use this year to equip aspiring school leaders with

the necessary skills, experiences, and organizational values. CMOs pursuing this approach view the yearlong training programs as critical aid to the continued and future success of their schools. Some CMOs also recruit principals from national programs—e.g., Teach For America (TFA) alumni and New Leaders for New Schools. However, those who thought they could "plug in" leaders trained in generic leadership programs have found they have to go back and create more supports and/or better hiring systems. In fact, more than one CMO leader talked about the need to increase and/or improve the principal hiring pool in anticipation of bringing their organization to scale. CMOs interviewed as part of this study also sought outstanding district principals to fill their ranks.

Teachers who will commit to mission. To obtain teachers, CMOs draw from many sources. According to the survey data, more than four in ten hires come from non-traditional sources, such as other charter schools, parochial schools, and alternative certification programs. (See Exhibit 3.7.) This heavy reliance on non-traditional pipelines may reflect the substantial commitment CMO schools require from their teachers given their longer school day, extended school year, and adoption of specific educational programs. CMOs also sometimes ask teachers to perform various "extra" responsibilities, like designing curriculum, regularly assessing students and analyzing data, tutoring students, and mentoring other teachers. Hence, these CMOs seek to recruit mission-driven teachers willing to take on these extra responsibilities, often for no extra pay.

EXHIBIT 3.7: TEACHER HIRING SOURCES USED BY SURVEYED CMOs, 2008–09 (AVERAGE)

TEACHER HIRING SOURCES	PERCENTAGE OF TEACHERS IN CMO SCHOOLS
Traditional education programs	28.5%
Local district schools	28.2%
Other charter schools	9.5%
Teach for America alumni	9.1%
Teach for America corps	5.6%
Private or parochial schools	4.8%
Teaching Fellows or The New Teacher Project	2.7%
Other staff source	9.8%

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

Given the heavy demands on their teachers, some CMO leaders noted the importance of finding teachers willing to invest a great deal of effort into their jobs. As one CMO leader said,

> *We hire tough. One of the first things I always talk about is, I let them know we're hard workers. We're not a 9:00 to 5:00 organization here. And if you're not willing to put in extra hours beyond the school day here then generally this is not going to be the place for you. I often tell them that you have to put the children's needs before your own.*

Some CMOs are especially reliant on non-traditional sources, seeming to follow a "great people" strategy. The presence and growth of TFA has fueled the expansion of many of these CMOs. About a third of CMOs in our study (35 percent) report that 20 percent or more of their 2008–09 teacher workforce came from the TFA ranks. CMO leaders using this strategy talked about the benefits of the "TFA culture," including possessing a sense of urgency, holding high expectations, high levels of intelligence, and a strong work ethic. CMO leaders admit that they depend on being able to tap into TFA's alumni network, which provides

teachers already screened through TFA's rigorous recruiting process and trained to hold high expectations that often align with those of CMOs.

A larger group of CMOs focuses more on a "good to great" strategy, hiring select local (often district) teachers and providing systematic professional development to teach the "CMO way." The majority of CMOs in our study (57 percent) report that 20 percent or more of their 2008–09 teacher workforce came from local school districts. Often, this strategy is born of necessity. CMOs located in some areas simply cannot attract a lot of new teachers from alternative programs. According to one CMO leader,

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

CMOs relying on a local labor force feel their professional development programs and positive internal culture can serve a wider range of teachers so long as they possess some talent and believe in the CMO mission. In the case studies, CMOs using a local market strategy tend to have more permissive approaches to instruction and more of a traditional district-like work environment, both of which may be more compatible with expectations of teachers coming out of a traditional training program or from a local district school.

CMOs VARY ON HOW MUCH PROFESSIONAL DEVELOPMENT THEY PROVIDE. CMOs vary greatly in the number of hours they expect teachers to engage in professional development activities. According to the survey data, CMOs provide anywhere from 20 to 300 hours a year of professional development for new teachers and 10 to 260 hours a year of professional development for returning teachers. The average CMO expects new teachers to engage in 96 hours a year of professional development, while returning teachers are expected to put in 73 hours. (See Exhibit 3.8.)

EXHIBIT 3.8: AVERAGE CMO PROVISION OF TEACHER AND PRINCIPAL PROFESSIONAL DEVELOPMENT (PD)

	AVERAGE NEW TEACHER PD HOURS	AVERAGE RETURNING TEACHER PD HOURS	AVERAGE PRINCIPAL PD HOURS
Minimum	20	10	0
Maximum	300	260	410
Mean	96	73	111
Median	65	48	95

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

CMOs also vary in how they approach principal professional development. Although the average number of hours that CMOs say they provide to principals is around 110, roughly 15 percent of respondents say they provide as little as 0 to 20 hours annually of professional development for principals, while at the other extreme, 15 percent also say they provide 200 hours or more. Overall, CMOs report that their teachers spend almost twice as much of their professional development time in workshop-based activities than in-class coaching (54 percent versus 28 percent).

According to central office leaders (see Exhibit 3.9), most required principal professional development time involves formal meetings and mentoring. Other less frequently used strategies include attending outside conferences, visiting schools outside the organization, and university coursework. Smaller CMOs are more likely to provide principals with professional development than are larger ones. And, as discussed above, CMOs tend to shift their principal professional development strategies as they grow, with smaller CMOs focusing more on mentoring and larger CMOs focusing more on pre-service training and in-service professional development.

MOST CMOs VIEW PRINCIPALS AS INSTRUCTIONAL LEADERS AND MANAGERS, CARRIERS OF "DNA." Both in our site visits and in survey results, CMO leaders said they want the job of the principal to be focused on instruction. CMO leaders consistently said they want their principals to be responsible for setting instructional goals, coaching teachers, and working with data. During the hiring process, 65 percent of CMOs report that "mastery of partic-

ular instructional strategies" is one of the most important attributes they look for. During the interview process, many CMOs ask candidates to give a sample lesson (48 percent), critique a lesson (50 percent), and provide evidence of past success in raising student test scores (69 percent).

EXHIBIT 3.9: NUMBER OF REQUIRED PRINCIPAL PROFESSIONAL DEVELOPMENT HOURS PER YEAR, BY TYPE

Principal Professional Development Focuses on Meetings, Mentoring

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.
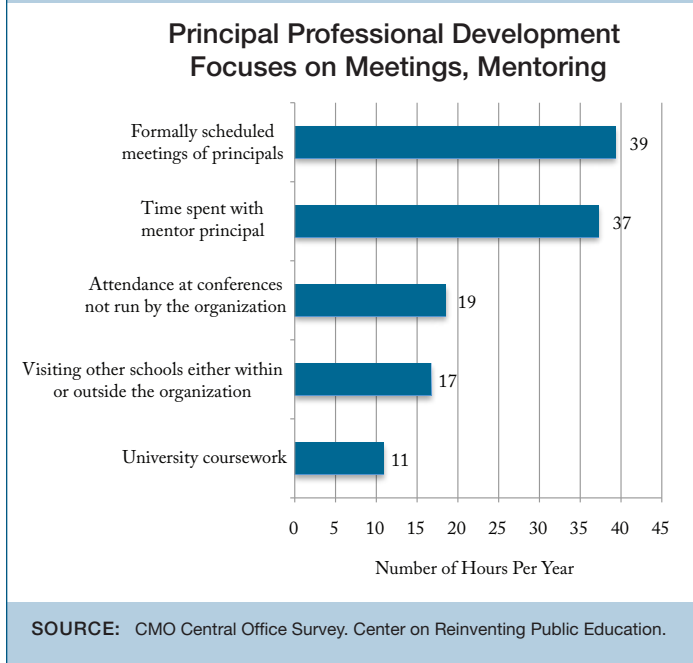
School districts often assert that they want their principals to be instructional leaders but are often unable to relieve principals of compliance and managerial responsibilities.[39] Our case study visits suggest that, as they grow, CMOs sometimes find themselves adding to managerial responsibilities rather than taking them away. Leaders of larger CMOs told us that that they are increasingly forced to shift more operational duties to principals in order to reduce central costs.

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39.   Consortium on Chicago School Reform, 1992; Morris, Crowson, Hurwitz, Jr., and Porter-Gehrie, 1982.

EXHIBIT 3.10: AREAS OF IMPORTANCE IN PRINCIPAL HIRES

CMO Central Offices Most Value Ability to Manage Staff, Personal Attributes

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.
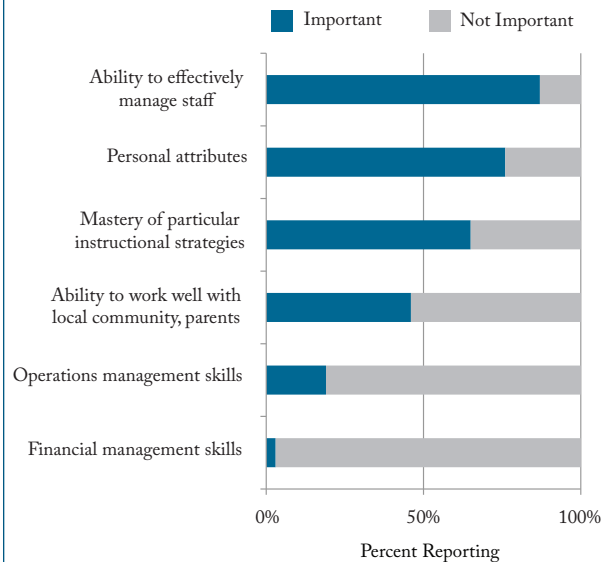
CMO Growth Strategies

CMOs take quite different approaches to growth depending on the kind of impact they hope to have on school districts and how quickly they plan to grow.

VARIED AMBITIONS FOR GROWTH AND IMPACT. Leaders and individuals launch CMOs because they want to extend their impact beyond simply one school, but CMOs differ in how much impact they want to have in their communities and surrounding school districts. Based on conversations with CMO leaders and a review of CMO business plans, many CMOs are satisfied with serving as many students as they can, as well as they can, with no particular interest in influencing the practices of surrounding schools or districts. Other CMOs see it as part of their mission to demonstrate to districts that it is possible to run large systems of schools with high-quality results for students. In addition, some CMOs consider it to be part of their mission to engage and empower their local communities. One CMO, for example, plans to build an "education corridor" where half of a targeted neighborhood's underserved students will be part of the CMO's schools. This CMO's commitment to

community extends beyond its families to include investing in locally run businesses in hopes of rebuilding the neighborhood's economy.

OPPORTUNISTIC EXPANSION STRATEGY; PROACTIVE CAPACITY BUILDING

"College Bound Schools" describes itself as an adolescent child going through physical changes and starting to think, "What do I want to be when I grow up?" The CMO hopes to add two to three new schools per year, expecting the majority of its expansion to be driven by outside groups approaching the CMO with new school or turnaround school proposals. Though it would like to remain regionally focused, it will ultimately go where the opportunities are. The central office prioritizes proposals along criteria such as cultural fit with approaching groups, whether the school's mission is related to that of the CMO, whether it is interesting to them, and whether there is strong political support (such as mayoral buy-in). Schools must also agree to uphold College Bound educational and behavioral non-negotiables (i.e., follow required curriculum and instruction, uniforms, etc.), and to let College Bound select the principal.

College Bound takes a proactive stance toward structuring its organization in anticipation of this growth. It has used a regional manager system to oversee small clusters of schools (roughly three schools per manager), and recently added a new executive-level position to oversee these regional managers' consistency and fidelity to the model. The organization has intentionally devolved decisionmaking down to regional managers and principals as it expands. Principals now fully oversee hiring and their budgets, and regional managers have been given approval authority over school purchases up to a certain amount. Professional development of principals has been adjusted accordingly, especially around budgeting and financial management. College Bound also requires its school leaders to engage in more formal reporting as the network grows. In addition to monthly meetings with the CEO and weekly meetings with the regional manager, school leaders are expected to formally report to the CMO once a month on problems, resources, and academic program.

What level of influence CMOs hope to have informs many of their strategic choices, such as where they locate their schools, how quickly they grow, and what political alliances they form with the district, other CMOs, and stand-alone charter schools. Some CMOs tend to be ambitious, wanting to start as many schools as possible without compromising quality. Differences in ambitions for growth reflect their opinion about the tradeoff between scale and quality and hopes for influencing others. For example, one large CMO made the decision to move into a second market before its leaders felt ready to do so, because opening this second school was an important consideration in their effort to influence education at the state level.

Some CMOs are more interested in growth than others, believing there is either a political or financial advantage to growing quickly. According to surveyed CMOs, the average rate of growth for a CMO was 1.3 schools a year, with four rapidly expanding CMOs growing by an average of two schools a year. One CMO grew at a rate of 2.7 schools a year. On the other side of the continuum, six CMOs reported opening four or fewer schools during the time period.

One CMO chose to open a large number of schools in its first few years of operation and then worked to perfect its model once preliminary growth goals were met. A member of the executive team explains this approach:

> If we had opened one school a year, many foundations would not have paid any attention to us. Funders and other organizations think it's great if you have a high-performing school but want to see if you can do it again, if it's something that could have the potential of impacting a large organization. If you can't repeat your model in multiple schools with different people, you can't prove that.

Most CMOs expand via a different sequence: slowly at first and then more quickly once the model is deemed effective in multiple schools.

Looking to the future, CMO aspirations vary for how many schools they eventually hope to serve. (See Exhibit 3.11). Some have no intention of growing beyond four or five schools. Others want to keep expanding until they see evidence that surrounding districts are changing in response to their presence. From our survey, 14 CMOs plan to open up to ten new schools by 2025. Five CMOs outline much more ambitious growth goals, aiming to open 30 or more new schools in that same period.[40]

EXHIBIT 3.11: CMO GROWTH GOALS (NUMBER OF NEW SCHOOLS PLANNED) BY 2025[41]

Most CMOs Aim for Moderate Growth

Number of CMOs (y-axis: 0 to 16)

Number of New Schools CMOs Plan to Operate in 2025 (x-axis: 0 to 10, 11 to 20, 21 to 30, 31+)

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

## COMMON STRATEGIES FOR COPING WITH GROWTH

Growing pains are common as CMOs expand and work to maintain quality and financial viability across their network, as Section 5 describes in more detail. We found that the most experienced CMOs in this study have begun to gravitate toward similar strategies to deal with growth.

ANTICIPATE SCALE. CMO growth is in large part a systems gamble. To keep central office costs low, CMO leaders seek to limit their expenses. They note, though, that it is usually less costly to build support capacities in anticipation of growth, both in terms of actual financial expenses and in terms of the strain on school staff when services are inadequate. The challenge for CMOs is in appropriately judging how much capacity is really needed at different stages of growth and not overcommitting resources on overly expensive or unnecessary central systems.

Some CMOs have prioritized the central office systems that deal with student achievement (namely, assessment and data management systems) at the expense of back-office systems, such as payroll and benefits, during their initial push for growth. Two CMOs that had taken this approach felt that this was an advantageous strategy through their first 10 schools, but that they would have to assign a higher priority to these back-office systems in order to grow further, perhaps at significant cost.

Some CMOs believe that anticipating scale also involves making organizational design models that can function at very large scale. One CMO that has always planned to operate more than 30 schools, for example, has purposefully stayed away from what the CEO calls a "command and control" design (i.e., highly centralized central office). This CEO says, "We started with manifest destiny: to be big." He argues that many CMOs that function well at small scale are now encountering problems as they grow larger and must begin delegating decisions without a culture and systems that can support decentralized quality control.
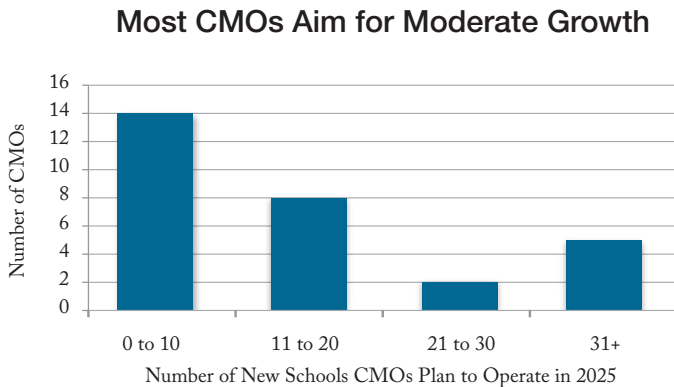
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40. Conversations with CMO leaders indicated that, at least at several of the sites we visited, they have had to temper ambitious growth goals in the face of various financial, political, and other barriers. These barriers are discussed further in Section 5: Challenges.

41. CMOs with fewer than four schools were not surveyed.

SEED NEW SCHOOLS WITH THE "DNA" OF EXISTING SCHOOLS. To ensure that new schools develop the same cultural norms and instructional strategies as older schools, experienced CMOs have learned to move a trusted principal, and, when possible, a critical mass of experienced teachers, to new schools so they can mentor and coach teachers new to the CMO. More than one CMO voiced this CEO's conclusion that "ideally, we'd do what we did this year, having each of our four schools started by an experienced [CMO] administrator." As reported in Section 2, more than half of CMOs (55 percent) report seeding schools with experienced school leaders, and 53 percent with experienced teachers.

GROW YOUR OWN LEADERS AND TEACHERS. CMOs tend to believe that their best leaders come from within their own ranks. For this reason, experienced CMOs rely heavily on an internal career ladder to move effective teachers into coaching or administrative positions. As one CMO leader explains,

> Our top three schools were all internal promotions … it's certainly an indicator that we did better once we hired people who already knew and understood our way. We've tried to replicate that and that's why last year we instituted a principal intern program where we essentially were able to hire principals a year in advance. They served as assistant principals, but visited and stayed in different schools for a couple of months to really learn the way of our schools.

The internal career ladders possible in CMOs have the added benefit of allowing teachers growth opportunities that they might not otherwise have in a stand-alone charter school. Savvy CMO leaders use career advancement opportunities strategically to keep their best people.

CMOs are also taking teacher training into their own hands. Many CMOs fear that existing and widely used teacher pipelines (e.g., TFA, teacher training programs) will not produce enough high-quality candidates to match the rate at which CMOs are opening new schools. Many independent charters are now competing amongst themselves

for qualified teachers. To address this problem, some larger CMOs have created their own teacher training programs. In one case, several CMOs with similar educational programs banded together to create their own teacher training program at Hunter College to produce teachers steeped in the culture and expectations of those CMOs.[42] CMOs elsewhere are now contemplating this approach as well.

DEVELOP FEEDER SCHOOLS TO LIMIT NEED FOR REMEDIATION. Many CMOs target students with significant academic deficiencies. Many also underestimate the challenge of bringing these students to a point where they can meet demanding graduation standards.[43] This seems to be especially true at the high school level. As a result, many CMOs have decided to expand downwards to serve earlier grades. Their hope is that by intervening earlier in students' lives, they will have more time in the upper grades to teach advanced content. In contrast, some CMOs that began by serving elementary grades have expanded into establishing middle and high schools. For some CMOs, a feeder system was always the plan. Others expanded in response to parent demands, interest from funders, or the realization that their targets would be more likely met if they had more time to work with students.

Summary and Implications

What the study reveals so far is that while CMOs resemble each other on some dimensions, they frequently differ on the theories of action that define how they approach instruction and structural choices, especially with regard to school-level autonomy and growth strategies. Some CMO leaders drive change from the top down; others encourage it from the bottom up. Some are intent on influencing district change, and even hurrying local districts into reform; others prefer to tend to their patch of the educational world.

In many ways, of course, differences between CMOs are shades of gray. This is not really surprising though, since many CMO founders borrowed from existing CMOs' business

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42. Teacher U was founded by leaders from Uncommon Schools, KIPP, and Achievement First, http://www.teacheru.org/.
43. Harvey and Rainey, 2006.

plans, listened to the same advice from major funders, and visited each others' schools during start-up. Still, despite the similarities, there are real differences that might influence outcomes. It may be the case, for example, that more highly centralized CMOs have more consistent results, or that CMOs that depend on non-traditional teacher pipelines are more, or less, likely to succeed. The efficacy of different strategies and practices will be the subject of the next phase of this research project.

The fact that larger CMOs are more likely to be centralized and formalized is somewhat predictable given how organizations tend to grow, but CMOs also encounter problems associated with those attributes (discussed in Section 5: Challenges). The management strategies described here also beg comparison to traditional school districts. How do CMO approaches to instructional support compare to districts? Do districts view CMOs as potential models for reform? The next section delves into those questions.

SECTION **4**

The Complex Relationships Between CMOs and School Districts

The relationship between CMOs and traditional school districts is complex, rife with both possibilities and tensions. Many CMOs hope to use their autonomy to demonstrate how to run school systems more effectively than traditional school districts. Other CMOs hope they will force school districts to improve by openly competing for their students. In many cases, however, school districts are the very entities that must approve applications for CMO charter schools and hold them accountable for results. Districts therefore often have political and regulatory power over the very CMOs that hope to influence them.

This section addresses three questions: (1) Are CMOs overseeing their schools in new ways or are they simply recreating district central offices? (2) Are districts responding to competitive pressure from CMOs? (3) Do districts view CMOs as examples they can replicate?

To compare CMOs with school districts, the study analyzed data from the case study interviews, the CMO central office survey, and financial records. Where possible, study staff compared CMOs to nearby school districts and to districts overseeing similar numbers of schools. To learn how districts perceived CMOs, study staff interviewed district officials in more than a dozen school districts that enroll a significant number or proportion of CMO and charter school students.

The study indicates that many CMOs adopt central office practices that would not be feasible within a traditional district structure. Much of that advantage could be lost,

however, if CMOs evolve over time to look more like school districts, a possibility raised by CMO leaders and staff. For their part, the school district leaders we interviewed generally respect CMO academic results, but, to this point, most do not appear to view CMOs as significant competitors or as exemplars to be imitated.

How CMOs Differ from School Districts

Though there are notable exceptions, the goal of most CMO executive leadership teams is to improve on public education systems, rather than completely replace them. On the surface, CMOs appear to be quite similar to school districts. Many CMO organizational charts, for example, are nearly indistinguishable from those in school districts of similar size. Though they may have different titles, most CMOs have the equivalent of a superintendent, a chief academic officer, a chief financial officer, personnel directors, and the like. CMO central offices also tend to perform many of the same basic functions and processes as school districts (e.g., human resources, budgeting and finance, special education services, staff development workshops, instructional coaching, etc.). As they grow, CMOs typically develop at least some managerial layers and processes similar to those of school districts (including regional directors and technology chiefs).

Despite many striking similarities, there also seem to be notable differences. CMO leaders, many of whom had worked in or led district central offices, report that CMOs are:

- less political and more mission-oriented than traditional school district central offices and governing boards;

- more responsive to school needs; and

- more determined to attract executive and school-level talent from external sources.[44]

In addition to central office distinctions, there are also noteworthy differences between CMO- and district-managed *schools*. Based on our CMO survey results, case study visits, and financial analysis, schools overseen by CMOs are more likely to:

- offer more instructional time and smaller schools;

- reward teachers and principals for performance, not experience;

- emphasize teacher accountability for performance over parent/community involvement; and

- enjoy greater flexibility to allocate school resources.

DIFFERENCES IN ROLE, ORGANIZATION OF CENTRAL OFFICE

LESS DISRUPTION DUE TO POLITICS. Several CMO senior managers who previously worked in school districts report that they felt positioned to make quicker decisions that were more in line with the organization's mission than they were in their previous jobs, mainly because of the absence of traditional school board politics. A chief operating officer at one CMO noted that in his former position with a major urban district, he had to get school board approval for any purchase over $15,000, whereas a similar-sized purchase at the CMO would only require permission from the CEO—a much quicker process. The chief academic officer at another CMO said that as superintendent at a mid-size district she was unable to mount a consistent academic strategy because

the school board was continually distracted by members' personal agendas and differing opinions on the mission of the district:

> *Having an appointed board versus an elected board is a benefit. [Appointed boards have] no agendas, no axe to grind. For example, they aren't on the board to get the football coach fired. [At the CMO], we have a supportive board that shares the same mission. This is vastly different.*
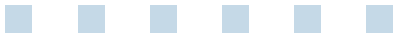
CENTRAL OFFICE AIMS TO SERVE SCHOOLS. Most of our case study CMOs set out to avoid pathologies they perceived in large district central offices, such as central office personnel who are viewed by school staff as being "out of touch" or dictatorial, by establishing a different relationship between the central office and the schools. They are actively trying to cultivate a service mentality among central staff, one in which the schools are viewed as customers. Although CMOs might require their schools to follow certain educational or student behavior programs, the central office staff, at least in our case study sites, are generally interested in hearing feedback on the effectiveness of CMO-mandated programs and in improving efficiencies of back-office functions like payroll and benefits.

One CMO leader said the CMO is trying to follow the "Nordstrom model" (a department store known for excellent customer service), orienting central office services around the needs of schools rather than assuming the central office has the correct answers.

At the school level, many CMO teachers and principals who had previously worked in district schools also said they saw differences between the two systems. Although their views may not be objective, the CMO teachers and principals claimed that school staff in the CMO had more points of contact with central office staff. Teachers at more than one CMO spoke about their central office's interest in hearing teacher feedback on things like professional development. Principals and teachers often had personal relationships with at least one high-level CMO staff member (e.g., the chief academic officer, the human resource director, etc.) Perhaps because CMOs are often smaller than surrounding districts

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44.   The study recognizes that CMO leaders' views regarding the differences between school districts and their own organizations are simply their own perceptions. Wherever possible, the study analyzed financial or other data to test those perceptions.

or simply place more emphasis on cultivating stronger ties with school staff, school staff felt like they had a dynamic and generally positive relationship with their central offices. One teacher who had worked in a district school prior to joining the CMO school explained,

> *I really feel like they do listen. I feel like every-one who works here is extremely dedicated. No one's here because it's a [cushy] job.*

While CMO organizational charts look similar on paper to school districts, CMO leaders suggested that the work they do is driven more by what the schools need at any moment rather than what their job descriptions dictate. The CMO staff interviewed spoke about regularly taking on additional job duties or changing positions as the organization grew and schools needs shifted. Staff members have specific titles and responsibilities, but they find themselves assisting each other on various tasks as urgency arises. As one CMO staffer put it, "In the office, everyone wears different hats all day long."

THE ROLE AND ORGANIZATION OF SCHOOLS

Although CMO schools do not always look radically differ-ent from traditional district schools, survey responses show that CMOs clearly have departed from traditional school structures in some areas, especially in matters of time for instruction, smaller learning environments, and the role of principals, teachers, and parents.

MORE TIME FOR INSTRUCTION. Some CMO leaders believe strongly that additional time is needed to ensure that their students, especially those needing a lot of remediation, can catch up with their high-achieving peers and go on to college. That belief is borne out in practice.

While CMOs reported that schools are open an average of 184 days per year[45] (just 4 days more than the average for traditional public schools), the average school day is much longer: 7.4 hours compared to 6.2 hours for traditional

public schools.[46] The incremental differences in time spent in school add up to the equivalent of an additional 30 days in class for the median CMO.

A subset of CMOs is providing an extended school day *and* an extended school year. The average school day for the CMOs who report 190 days of instruction or more is 8.25 hours, which amounts to an extra 72 days of potential instructional time compared to the typical district school.

SMALLER SCHOOLS. The majority of CMOs have reduced the typical number of students per school. The average CMO school size is currently 296 students, which com-pares to an average of 443 students in traditional public elementary schools and 751 students in public secondary schools.[47] As they mature, many CMOs are adding grades and students, so this size differential will likely shrink some over time. However, case study interviews suggest that many CMOs intend to keep their schools small, hoping to main-tain strong student-teacher relationships and be responsive to individual student needs.

TEACHER ACCOUNTABILITY OVER PARENT/COMMUNITY INVOLVEMENT. Our survey of CMO leaders shows that CMOs consistently rank parent/community involvement lower than almost every other barrier to growth or suc-cess factor. Whereas school district personnel and schools often have parent/community programs and devote a lot of resources to developing partnerships to help students succeed,[48] the CMOs we interviewed did not appear to place a high priority on these functions or feel that their absence was a hindrance to growth.

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45. CMOs reported school years that range from 170 days to 210 days, with a median of 180 days.

46. CMO school days range from 6–10 hours, with a median of 7.25 hours (and average of 7.4 hours). District numbers come from 2003-2004 SASS (U.S. Dept. of Ed., NCES, SASS 2003–04).

47. The relatively smaller size of CMO schools is apparent in this context; however, it may be that a direct comparison between grade levels served would reduce or eliminate that size difference. At this point in the study, we do not have the data to support that analysis. Our field visits, however, suggest that even CMO high schools are typically smaller than their district public school counterparts. CMO school size data are from Miron and Urschel, 2009; district school size data are from Education Sector, 2009.

48. Consortium on Chicago School Research, 2008.

Interviews with CMO leaders suggested that CMOs de-emphasize parent involvement because they place primary responsibility for student achievement on their school staff, not on parents. One CMO leader we spoke with, for instance, only hires teachers screened for the belief that they are the "locus of control"—that they are fully responsible for and capable of overcoming whatever challenges the student body presents, often termed a "No Excuses" approach[49]. CMOs do not necessarily have less outreach to parents than do traditional public schools. In fact, many CMOs have thoughtful parent education programs and may even require teachers to make regular home visits or calls. The difference is that many CMOs do not see parent involvement as critical to student success, especially when compared to practices like intensive tutoring, regular assessments, and re-teaching.

TEACHER AND PRINCIPAL COMPENSATION STRATEGIES REWARD PERFORMANCE, NOT EXPERIENCE. The majority of CMOs report that they offer beginning teachers a base salary that is on par with (or slightly lower than) teacher salaries in the local district. Unlike school districts, however, CMOs are likely to report basing compensation at least partially on performance, rather than merely years of experience. According to our survey, nearly half of all CMOs (46 percent) provide bonuses to teachers based on individual performance (where teachers are measured for their individual performance, rather than grouped with other teachers across the school). For a rough point of comparison from the national Schools and Staffing Survey (SASS), 6 percent of districts and 21 percent of all charter schools report rewarding "teacher excellence." A larger number (28 percent of districts and 18 percent of all charter schools) report higher compensation for teachers with National Board Certification.[50]

The majority of CMOs report using value-added measures or growth in student achievement to measure performance for the purpose of bonuses. Eighty percent say they use principal or other school staff observations to determine bonuses. Forty-six percent of CMOs also reported offering individual performance-based bonuses to principals.

EXHIBIT 4.1: CMO METHODS FOR MEASURING INDIVIDUAL TEACHER PERFORMANCE

METHOD	YES	NO
Principal observations	80%	20%
Value-added measures/growth in student achievement	69%	31%
Percent proficient or other end-of-year measure of performance	51%	49%
Student attendance	23%	77%
Observation by central office staff	20%	80%

SOURCE: CMO Central Office Survey. Center on Reinventing Public Education.

In addition to bonuses for performance, CMOs focus on rewarding and retaining good teachers and principals by creating internal career ladders that allow teachers to move into mentor teacher or department head positions. Eighty-three percent of surveyed CMOs say they provide teachers the incentive to earn promotions to such a leadership position.
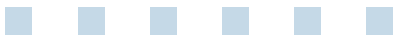
CMO leaders told us that they use internal career ladders to keep their most effective and ambitious teachers from leaving the organization. At one CMO, the chief academic officer is known for his ability to identify talented, but burnt out, teachers and offer them promotions to coaching and management positions. The new challenge and additional pay is often enough to keep those teachers motivated and committed to the organization. Several CMO leaders mentioned that starting new schools every year allows them to offer principal positions to excellent teachers who otherwise would have to leave the organization to lead schools elsewhere.

Career ladders across schools or from schools to central office positions also allow CMOs to spread their more veteran, higher-salaried teachers across new schools rather than concentrating them in a few schools. If compensation is at all tied to seniority, a school with a very young teaching staff likely cannot afford for all of those teachers to stay long term, earning increasingly higher salaries. CMO career ladders, then, may serve as essential tools that allow CMOs to retain excellent people without compromising individual, site-based school budgets (presumably by moving excellent teachers into accounted-for administrative positions and replacing them with younger, less expensive teachers).

49.   Mathews, 2009; Whitman, 2008; Carter, 2000.

50.   SASS, 2007–08.

of CMOs actively working with districts, sometimes at large scale, to replace failing schools.

It is less common to find districts actually adopting CMO instructional or human capital strategies. When that happens, it is usually because district officials were personally impressed by effective classroom practices. While there are some instances of CMOs and districts actively working together, and of districts intentionally adopting CMO practices, our interviews revealed that, more commonly, districts dismiss local CMO achievement results, believing that CMOs are creaming students and teachers. While some districts seem more willing to partner with CMOs than with independent charters, others are concerned that CMOs are monopolizing philanthropic and entrepreneurial resources that could be better used to create new charter schools and reform districts.

PARTNERSHIPS BETWEEN CMOs AND DISTRICTS RARE, BUT PROMISING

In the districts most affected by charter and CMO competition, approximately half report that they are either trying to partner with CMOs or are using them as a source for ideas about districtwide improvement. If these partnerships succeed, they will provide significant evidence that CMOs can play an important role in urban districts and such evidence might inspire more districts to follow suit.

Only in two cases did district leaders openly admit to imitating CMO practices. One large urban district has begun to incorporate a CMO's balanced literacy model in a small number of struggling district schools. Explained one district official, "Over the last six months, we've engaged pretty much the entire leadership team—the school board, the principals, instructional staff—to pay attention to [the CMO]… to analyze what supporting conditions we are not able to provide that [the CMO] has been able to provide." The official described the relationship as "about as real and as deep as I could imagine," attributing much of its fledgling success to the CMO's organizational mission—improving public education through collaboration with school districts.

Another district has shown interest in working closely with a local CMO, expressing respect for the strength of the CMO's schools and its strong student performance results. However, a recent proposal for that CMO to take over one of the district's low-performing schools broke down in part due to questions over how hiring authority would be shared between the CMO and the district. Despite the apparent lack of progress on a direct partnership, the district may still benefit from the CMO's presence: one district official said that the pressure created by the CMO's results was a factor encouraging the teachers union to come to the table and negotiate a new contract in good faith.

An official in one large urban district described why he sees CMOs as an essential tool for district reform:

> *We want to be able to take our folks who are really producing the outcomes and pushing the envelope and doing great work to more scale. It's a much safer bet to go with someone who has outcomes, so we want to see [CMOs started in this city] grow, and we also want to take bets on other CMOs if we can bring them to our sector [our district]. It's one of the core strategies that we have.*

Some major urban school districts, while not directly incorporating CMO practices into their own schools, view CMOs as important partners in providing quality public education to a diverse range of students. For example, in Los Angeles, CMOs such as Green Dot Schools and the Alliance for College-Ready Schools are now widely viewed as sources of high-quality school options in poor neighborhoods. In New Orleans, where the public school system came under state control and was rebuilt after Hurricane Katrina, CMOs are viewed as essential to the Recovery School District's efforts to supply high-quality schools to all its students. Other large districts have partnered with CMOs to "turn around" failing schools. In Washington, D.C., and Philadelphia, for example, CMOs have taken over the management of small numbers of chronically low-performing district schools.

In other districts, examples of influence were on a small scale or often ad hoc. For example, officials in several cities gave examples of collaboration or transfer of practice between schools that shared common facilities. Others suggested areas where they would like to collaborate—developing a common human resource pool, for example, or establishing

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teacher exchanges where teachers can move between CMOs and districts—as a means of spreading promising ideas.

DISTRICTS RESPOND TO QUALITY INSTRUCTION AND SYSTEMS PRACTICES

In the cases where district staff reported partnerships with CMOs, district staff said that it was not the CMO schools' test scores that got their attention. Instead, officials who visited the schools as part of their oversight functions were so impressed with the quality and consistency of instruction that they were moved to try to adopt those practices themselves.

Some district officials respected CMOs' abilities to build streamlined systems that manage school performance at a larger scale. Some spoke of CMOs' ability to build strong teacher recruitment systems and attract a new pool of teachers; others suggested that (in contrast to independent charters) local CMOs were able to provide substantial back-office support that freed principals and other personnel to respond thoughtfully to oversight requests. Going a step further, one suggested that the CMOs' more nimble organizational structure was an advantage in an economic downturn, since CMOs had greater flexibility when it came to reducing staff or sharing responsibilities across organizational lines.

One district official believed that the key lesson that the district should take away from charters and CMOs was about central office management practices (e.g., oversight and accountability) rather than educational practice:

> I actually think, in terms of basic instructional practice in charter schools, we have district schools that run similarly. You can find [district] schools across the instructional spectrum where people are experimenting with programmatic elements that have many things in common with schools run by CMOs.

> In my mind the key distinction between charter and public schools is less the practice of schooling and more the organizational management of school, and the fundamental construct of

> empowerment and accountability. So it's misplaced to think that charters' primary impact is and should be on school practice. We should think instead about its impact on district practice, and the evolution to a portfolio approach. I think that this is a much more interesting area of cross-fertilization between charters and districts.

PERCEPTION OF CREAMING CREATES RESENTMENT, WORKS AGAINST DISTRICT IMITATION

Perhaps the greatest barrier to district interest in working with CMOs or adopting their practices was the perception among many district officials that CMOs fail to educate the districts' neediest students, especially students with identified special needs. There is a perception among over three-quarters of district officials interviewed that "CMOs don't have it as tough as we do." These officials suggested the CMOs drew students from the most motivated families and, in some cases, defined their missions in ways that excluded students with special needs.

Others cited high rates of expulsion or overly strict promotion policies as mechanisms by which CMOs shed their responsibilities for serving the most challenging students. In one case, a district official reported that a CMO school principal counseled two struggling students to leave the charter school, suggesting that while these students had not met the school's standards for promotion, district schools would be lenient and allow them to pass. Incidents like these made some district leaders question both CMOs' commitment to educating the most challenging students and the fairness of comparisons across schools.

Whether or not these criticisms are valid, district perceptions of creaming seem to provide an excuse for some school districts to explain away differences in achievement results rather than try to learn from CMOs' different approaches.

SOME DISTRICT OFFICIALS SEE LIMITS TO ROLE OF CMOs IN CHARTER SECTOR

District officials were quick to note that they paid attention to independent charters as well as CMOs when looking for examples of best practice. In particular, they sought to identify schools where student academic achievement appeared to be substantial. One official said: "No matter how big the CMO, the biggest way it can have an impact is results—numbers.... It wasn't about the clout, etc., but what they were able to do in a deliberate, sustained fashion." An official in a second city was even more cautious, citing an example where the stress of expansion had compromised what had been a very successful independent charter school.

Some otherwise charter-friendly district officials expressed concerns that CMOs are beginning to dominate the charter landscape. As they considered the repercussions of an expanded CMO presence, some feared the philanthropic support dedicated to scaling up CMOs risked crowding out promising independent providers and could in the long run reduce diversity within the market of educational providers. One official noted that the independent charter schools themselves are increasingly considering joining CMOs as a way of attracting philanthropic dollars:

> Smaller schools know that they are competing for dollars from philanthropists and foundations, etc., and that they can't get as much action as CMOs.

> I would say, frankly … some of the small charter organizations have expressed fear that the wave of the future is consolidation. I would say that they don't want that, and are going to fight that, but that it is all out there.... It's not just a theory, it is something that is taking place.

One district official expressed discontent with some CMOs coming from another city that are, in his view, not always able to recognize or adapt to the needs of students in his district:

> Some charter petitioners assume that since they have opened schools in [another district in the same state], they can open schools here. Sometimes they just cut and paste; and we say, we don't have the kind of kids that you want to serve in our district; we are a very diverse district; 30 percent Asian/Pacific islander—they are targeting Hispanic kids—if a CMO comes, hopefully they know the demographics of our district.

Other concerns centered on transparency. One official cited a CMO board's resistance to comply with a state open meetings law, and another expressed concern that a CMO's central offices, often located in offices distant from school sites, could be adequately responsive to parents. Another official noted he increasingly faces a political challenge involved in recruiting CMOs to his district because some in the community view CMOs as more "corporate" or privatized than independent charter schools.

Summary and Implications

Districts and CMOs have a complex relationship, with fairly positive relations in some communities and much more unsettled ones elsewhere.

What seems clear is that CMO leaders themselves believe that they are able to do some things that are not possible in a traditional district structure. They say they are able to make decisions more quickly, without the aura of politics hanging over them. They are able to provide longer school days and more instructional time, without contractual flare-ups with unions. In short, CMO leaders suggest they are able to establish the conditions for demanding improved performance from schools and school personnel to a greater extent than leaders in traditional school districts. (Whether that translates into improved achievement is an issue that will have to await this study's final report.)

Productive partnerships between CMOs and districts are rare but promising. Districts do seem to respond to CMO and charter evidence of quality, however the perception of creaming is a significant impediment to district acceptance of charters and CMOs, and even charter-friendly district leaders are ambivalent about the long-term possibility that CMOs might dominate the charter market.

To some extent, some measure of resentment and mis-trust may be an inevitable corollary of CMOs and school districts living side by side. In a very real sense, no matter how friendly they are, they compete both for students and the public money that follows them. They also compete for media and policy approval, and for precious philanthropic dollars.

It should not be surprising, then, that while some school districts take advantage of CMOs, others resist the notion that CMOs can teach them anything. In reality, though, maybe they can. CMOs are using their freedom from elected school boards and teachers unions to differentiate themselves by hiring outside the traditional labor pools and by making decisions quickly and in line with the organiza-tion's mission. The differences may have real implications for schools and students. It is also promising that positive CMO performance seems to have captured the attention of some school district leaders. The question is whether these differences will hold long enough to capture the attention of greater numbers of forward-thinking superintendents who may want to partner with CMOs to replace failing schools.

A related, and conceivably even more important, issue is addressed in the following section: Can the CMO model grow fast enough and demonstrate its effectiveness quickly enough to become a viable tool for replacing and reshaping low-performing schools in large urban districts, including those most resistant to change? As the following section suggests, a positive answer to these questions should not be taken for granted. In fact, findings in the next section raise the possibility that, with time, growing size and increased formalization of structure and procedure in some CMOs may erase some of the advantages that CMOs bring into the school reform discussion. The next section describes the significant challenges CMOs face in their drive to expand and compete.

SECTION **5**

Challenges

Site visits to CMOs and schools made it clear that all CMOs, even those with reputations for consistent school quality, likely face many challenges, especially as they grow. CMO leaders are generally quite optimistic about their organizations' futures but are also concerned about many issues. Their anxieties about growth and achieving their missions revolve around several conflicts, cited fairly consistently across case study CMOs. They:

■ Want to expand to serve more grade levels, but struggle to adapt methods developed for elementary and middle schools to the needs of high school students.

■ See a need to build systems to deal with inconsistent quality, but fear they will become the bureaucratic organizations they sought to escape.

■ Want to have national impact, but fear that growing too quickly will compromise quality.

■ Want to be responsive to funders and board members, but worry that "mission expansion" can stretch central office capacities and compromise school quality.

■ Must supplement public funding with philanthropy to build systems, but then must commit to ambitious growth in hopes of becoming financially sustainable.

■ See talented people and intensive workload as essential to their success, but many are encountering turnover and unions (which may limit their ability to retain quality people and require those workloads in the future).

Some CMO challenges are manageable, requiring increased efforts to operate more efficiently or with more attention to quality. Others are more difficult because they are endemic to large centralized organizations such as CMOs, school districts, and other institutions attempting large-scale

operations. All warrant attention from funders and policymakers who are interested in taking effective charter schools to scale.

CONSISTENT SCHOOL QUALITY AN ELUSIVE GOAL, ESPECIALLY AT HIGH SCHOOL LEVEL

All but one of the CMOs visited in the course of this study, even those with award-winning schools in their portfolios, had at least one school that was "struggling" by the CMO's own account. Many of these "struggling" schools were secondary schools.[55]

It is notoriously difficult to build and sustain successful urban high schools, and many CMO leaders admit they are still figuring out their high school models. In most cases, central office staff pointed to weak school-level leadership as the cause for variation in quality. In some high schools, CMOs described challenges with student behavior; in others, instruction did not appear to be as well organized and intentional as it was in CMO-affiliated schools serving lower grade levels.

One CMO leader, who considered his organization to have mastered the K–8 model and described his elementary schools as "running like clocks," confessed that the CMO had been unable to "crack the high school model," due in part to an effort to use a K–8 professional development program

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55. According to the Center on Reinventing Public Education's National CMO School Database (2010), 38% of CMO schools serve high school grades either alone or in combination with earlier grade levels, with 16% of all CMO schools serving strictly grades 9–12.

that was untested in the 9–12 grades. Other CMOs did not seem to have in-house expertise in high school design and were experimenting to find an effective model. One CAO bluntly said, "I don't know anything about the high schools. I just don't know. I've got to figure it out."

Even cases where high school level test scores seemed impressive, some CMOs are beginning to worry that good test scores are not enough. One of the best-established and most experienced CMOs in the case studies reported impressive test scores, graduation rates, and even college acceptance rates. But the CMO's leader worries that school graduates are still not fully equipped to succeed in college. The leader explained,

> *We have gained some sense of success and notoriety doing things a certain way … But what if those aren't right? Or what if those aren't enough? … One [student scored] in the 92nd percentile … on Stanford 10. But if you took his writing and compared it to an average kid at [a private school], no way. Not even close.*

Another concern, raised by teachers we interviewed, is that a highly prescriptive education model that works for middle school students may become a liability in high school. They worried that older students accustomed to highly structured courses can become too dependent on their instructors. If that happens, these students are unlikely to acquire the skills needed to navigate the more independent educational environment they will encounter once in college.[56]

ATTAINING SCALE WITHOUT INCREASING STANDARDIZATION IS A CHALLENGE

CMO leaders want to be large enough to demonstrate success at scale and to reach as many students as possible. As they add schools, most tend to move toward more formalized organizations out of necessity. They create systems, structures, and policies designed to ensure greater consistency and quality. CMOs we visited were experimenting with more centralized professional development programs; teacher observation and evaluation systems; teacher recruitment and, in one case, teacher hiring systems; and on-site support systems for operations like maintenance and transportation. Some CMOs (even as they were increasingly centralizing) still worried about the downsides to standardization.

CMO LEADERS FEAR CREEPING BUREAUCRACY. As noted earlier in the description of "prescriptive" CMOs, many CMO leaders see the need to standardize school and classroom practices to ensure consistent quality, contribute to efficiencies, and disseminate lessons learned. At the same time, there is a fear that such standardization will stultify the organization over time and squash innovation. One CMO executive said that standardizing policies across the organization "strikes me as the antithesis to why many of our school leaders got involved in the charter movement and education reform." In an effort to promote more innovation, the largest CMO we visited is now contemplating new central office strategies to identify school-level "best practices" and spread them across the network—aiming to strike a marriage between standardization and innovation.

Many CMO leaders' fears about increasing centralization come from their experience in large bureaucratic organizations, which they hoped to escape by working in the charter sector. (Most CMO executive teams in our case studies include at least one person who came to the CMO from a public school district.) They especially worry about the organization becoming impersonal and inflexible. One chief operating officer explained, "We try not to create too many policies. I want to make sure that we don't become a traditional district central office. And so I don't want to be a place where we are writing policies on paper and then just stamping them and sending them to schools."

Many CMOs thus see the need to build systems but, cognizant of the danger of impersonal organizations, they are resistant. This resistance to systems creates vulnerabilities as CMOs struggle to balance the tension between structure and flexibility.

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56. In Lake's *Hopes, Fear, & Reality, 2009*, Harvard's Katherine Merseth raises a similar issue. Even in high school charter schools designated as "high performing," she notes, success in passing state assessments (which are used to identify high-performing secondary schools) is not matched with similar success on college entrance exams (which are presumably designed to assess capacity to do college-level work).

Some teachers interviewed in larger CMOs said they felt that central offices were "out of touch" with what was going on in the schools, and that they consequently provided either way too much or not enough direction and oversight. While some teachers were aware of the difficulty of striking the right balance between standardization and autonomy and were sympathetic to the challenges, others were not as understanding. One CMO we visited has intentionally grown quite large while eschewing the creation of many formal systems, such as pacing guides and curriculum units, leading its teachers to question why an organization of its size does not have the basic systems in place to make their jobs easier. As one teacher there said,

> *[The CMO central office] believes in giving the schools freedom to run things as they see fit, but that means that while the instructional strategies are consistent, the actual materials aren't consistent. I can understand why, but it kind of boggles my mind how an organization that's been around as long as it has doesn't have things that you can easily just grab and say, 'Oh, this works, this works, this works.'*

Delaying system building due to fears about recreating a bureaucracy can also lead CMOs to be in a constant state of catch-up on system investments, ultimately an inefficient operational approach. As put by the HR director of one large and rapidly expanding CMO: "Forward thinking? We don't do that too often. It's always reactive."

ATTEMPTS TO REGIONALIZE SCHOOLS CAN PRODUCE UNINTENDED CONSEQUENCES. To maintain control over quality as the organization expands into new markets, some larger CMOs are experimenting with clustering schools into regional networks of anywhere from three to ten schools in different cities and, in some cases, different states. While this approach may address the issue of span of control, it also creates a new layer of regional management. In some cases regionalization has created its own problems by placing a new reporting layer between schools and the central office of the CMO. One principal, for whom the regional manager is now a third layer of supervision (in addition to the CAO and CEO), said, "We don't need that person ... Most of what we need, we already have in place." In another

CMO, a principal felt that the new regional manager position served mainly to filter communication between principals and the CEO, without providing any additional supports. Another principal in the same CMO complained about the organization's move from a "little mom-and-pop shop" to an organizational design that looks like "the new healthcare management chart."

Of the four CMOs we visited that rely on regional managers, the effectiveness of the system was brought into question in all but one. In two cases, principals were not inclined to follow CMO mandates and the managers were not even aware of their non-compliance. In these cases, organizational communication seemed to suffer; one principal said that questions warranting CMO approval which once were answered in hours could take weeks to answer due to the new, multiple layers of management. The one CMO we visited that seemed to have a workable regional management system had staffed regional "mini-CEOs" over their schools—managers who wield significant decisionmaking control and hold many years of management experience but are still supervised and held accountable by the CMO central office. This CMO's success with a regional manager system implies that simply adding layers of management without devolving any real authority serves only to create a filter though which communication from top to bottom must pass, thereby diluting schools' relationship with their central office without creating any real efficiencies.

TENSIONS BETWEEN GROWTH AND QUALITY

While some CMOs are experimenting with expansion into new regional markets, most CMOs follow a regional growth strategy, trying to stay within the boundaries of a particular state, city, or even neighborhood. The idea is to capitalize on the economies of scale involved in dealing with only one "market" and to be able to carefully oversee schools by having central office personnel in close proximity. This is a distinct strategic difference from the national coverage strategy that Education Management Organizations followed in the early 1990s. (EMOs are the for-profit counterparts of CMOs, like Edison Schools.) The decision to set

boundaries on their growth may provide CMOs with both financial and quality control advantages.[57]

Most CMO leaders also have strong opinions about how quickly they can start new schools without severely compromising the quality of their existing schools. How that belief is manifested differs from CMO to CMO. Some leaders are confident they can open as many as five schools a year, assuming effective principals and central office staff are available and in place. Others believe they need to wait until they have perfected their model, even if this means opening no new schools for a few years.

Whether bullish or cautious, most CMO leaders feel an almost constant pressure to push the boundaries of their planned growth strategy—a phenomenon one CMO termed as "the seduction of growth." Some CMOs feel pressure from funders or board members who want to expand as quickly as possible or move into particular cities. Other CMOs with a lot of media attention quickly experience a barrage of requests from city or district leaders who want a new school opened. In one case, a CMO expanded to another state for no other reason than that one of its major funders was headquartered there. In another case, a CMO that failed to make growth goals lost critical philanthropic funding in the midst of severe state budget cuts:

> *Because we didn't grow last year, funding was pulled. And [the funder] was so disconnected from the reality of what was happening to our organization … I'm not sure they're even aware of the implications of what they're doing.*

CMOs are often driven to operate in new cities out of financial or geographical necessity. If a given school district refuses to allow a CMO to open more schools within its boundaries, for example, CMOs must seek out another district, possibly farther away, to meet its growth goals.

In other cases, CMOs see political advantages that they consider to be worth the risk of possibly premature expansion. One CMO we visited is currently expanding very rapidly because its local school district is interested in partnering

on a school turnaround strategy. The CMO sees this as an important political opportunity to demonstrate its impact, worth the risk that it will expand too fast to support quality across its portfolio.

Mission plays a significant role in growth strategy as well. CMO founders typically are in the business to make a real difference for as many students as possible. Although they see the advantage of staying committed to regional growth, they also want to have impact nationally. According to the CEO of a high-profile CMO, when a high-profile urban superintendent like Michelle Rhee in Washington, D.C., announces interest in recruiting the best CMOs from around the country, the "seduction of growth" becomes almost irresistible, even if it means launching a school across the country from the CMO's headquarters.

EXTENDING BEYOND ORIGINAL MISSION MAY STRETCH CMO CAPACITIES, THREATEN SCHOOL QUALITY

Pressures from funders and board members, such as those described above, can also lead CMOs to take on new roles and develop new expertise. The latest "call" to CMOs is for school turnarounds. With increased federal policy attention via Race to the Top and School Improvement Grants, more districts and states may become interested in working with CMOs as potential partners in turning around chronically low-performing schools.

Many CMO leaders have very little interest in turnarounds, viewing them as a "different ballgame" and outside the CMO's realm of expertise. They believe they will not be able to establish a strong school culture if they have to take over an existing school rather than building a new school, perhaps grade by grade, or abide by what they consider restrictive district policies.[58] On the other hand, at least one CMO among the ten case studies is considering building the expertise needed to do turnarounds in order to have significant impact in the community it wants to serve.

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57. National Charter School Research Project, 2007; Gill, Zimmer, Christman, and Blanc, 2007.

58. Mass Insight Education and Research Institute, 2007.

THE RISK OF MISSION AND GEOGRAPHIC EXPANSION

In its tenth year of operations, "Achievement for All Public Schools (AAPS)" has developed a K–8 educational program that has attracted city and state officials' attention across the country. The central office has rejected numerous offers to expand nationally and keeps its focus on regional expansion so that schools can be "within a couple hours' drive" from the central office. CMO officials speak passionately about the strong organizational culture they have intentionally crafted, a product of careful hiring practices, meaningful professional development, and open communication between the central office and all levels of school staff. Many of its executive staff members have backgrounds in either business or management, and the CMO is quite thoughtful about how it is structuring its organizational culture, operations, and decisionmaking through various (and anticipated) stages of expansion.

However, as AAPS prepares to launch a regional management system to oversee its expanding network, certain schools seem to have more tightly bought in to the organizational culture than others. The organization still prioritizes gathering its 12 schools' principals into regular "network" meetings, but regional managers now serve as the principals' access point to the central office. Its geographically separated schools (those that are not located in the same city as the central office) feel that they have different problems and need greater autonomy, and at least one principal questions the ability of the new regional managers to handle the complexity of her school's problems. The central office also feels stretched in serving the needs of older students as it expands into high schools and is questioning its initial strategy of adapting its K–8 program for upper grades. The CMO's executive staff is optimistic that they will figure these problems out, but they are still assessing how to continue expanding without compromising the overall quality of the network.

Several of the CMO case study sites recently expanded their missions in other ways. One has just opened a school serving more economically disadvantaged students than it had served in the past. The change, according to the CEO, was something the organization eventually hoped to take on, but the involvement of a new funder precipitated the CMO's efforts in this direction. The new school has gotten off to a shaky start as the CMO discovered that its curriculum and student behavior plan did not work easily with more economically disadvantaged students whose performance

was far behind the students it was accustomed to teaching. Several other CMOs have expanded to serve new grade levels, motivated by the desire to avoid remediation in their high schools (by working with students at earlier grade levels) or to provide quality middle or high school options (because so few were available to their elementary students).

What remains to be seen is whether those CMOs interested in turnarounds or expanding their missions to serve new demographics or age groups can do so without overextending central office capacities. It does seem apparent that expanding without a clear plan for adapting academic programs to serve new types of students is ill-advised.

FOR MANY CMOs, FINANCIAL SUSTAINABILITY IS AN ASPIRATION, NOT A REALITY

At present, the financial sustainability of CMOs (i.e., the ability to function on public per-pupil revenues alone or with minor reliance on philanthropy) is certainly not guaranteed. CMO financial plans are often built on a daunting set of realities. First, they must create a district-like structure to support the multiple schools they eventually hope to run but receive public funds only for the students they currently serve. They must rely largely on private financing to staff and build out their central offices and pay for school start-up costs. As the CMO adds schools, it expects to capture economies of scale via school management fees generated from surplus school revenues. Eventually, CMOs expect that these school revenue fees will largely support their central office costs. On top of the challenges of startup, CMOs are already fiscally disadvantaged relative to their district counterparts because charter schools do not normally receive public facilities funding or have access to their students' share of local levy funds, providing slimmer school revenues (compared to district-operated schools) on which to generate school surpluses and finance central office costs.

The reality that CMOs articulate is that public funds alone, even including federal charter school start-up funds, are not enough to pay for the initial costs of building an organization that hopes to oversee tens or hundreds of schools. Just as EMO growth was heavily dependent on private

start-up capital, CMO creation relies heavily on easy access to philanthropy. However, sustainability at full scale without continued philanthropy depends on CMOs' developing economies of scale, so they can operate on fees collected from affiliated schools.

It should not be surprising, then, that many CMOs are heavily reliant on philanthropy. According to our survey, the average CMO relies on philanthropy for approximately 13 percent of its total operating revenues, but the number is much higher when central office revenues are isolated. Those CMOs funded by NewSchools Venture Fund report that 64 percent of their central office revenues come from philanthropy.[59] (The other portion comes from management fees collected from schools.) The variation is significant, ranging between 32 percent and 100 percent of CMO central office revenues.[60] At least for now, these CMOs are unable to support their central offices (which often comprise 20 percent or more of total CMO spending) and facilities costs on per-pupil revenues alone. The question is whether they are on track to become self-sustaining over time.
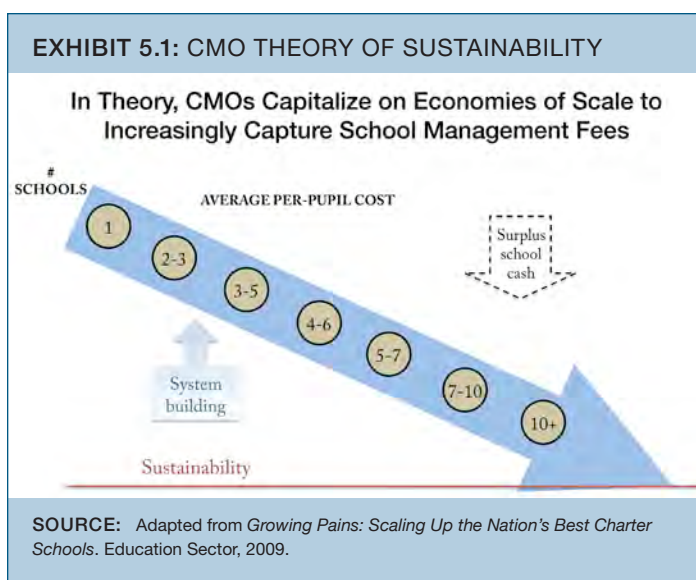
EXHIBIT 5.1: CMO THEORY OF SUSTAINABILITY

In Theory, CMOs Capitalize on Economies of Scale to Increasingly Capture School Management Fees

SOURCE: Adapted from *Growing Pains: Scaling Up the Nation's Best Charter Schools*. Education Sector, 2009.

Exhibit 5.1 is a graphic representation of how a typical CMO in our study describes its plan to reach financial sustainability. The CMO business plans that we reviewed all forecast that the organization will reach financial sustainability within some period of years or at some number of schools.[61] For the first two or three years, CMOs plan on building capacity; at this point they are relying on philanthropic dollars to finance their operations (and may not even have any schools opened). In the following years, as they add schools, they begin hiring and training. CMOs then enter a second stage of work (system building), where they are intent on creating human resource functions, ensuring quality control and the like. Ideally, they are sustainable based on school revenues at this point.

Unfortunately, what looks so promising on paper presents a much different challenge on the ground, based on our field visits and reviews of financial and growth data. The first assumption in most business plans is that CMOs will require only an initial phase of system building. However, the CMOs we visited have found that they often need to build different, and sometimes, larger and more robust systems as they grow, each reflecting unique needs of the organization during different stages of growth. The second assumption is that the CMO will define its needs precisely at start-up, with little need for modification as schools come on line and the realities of operating them become more apparent. However, as missions expand and other challenges outlined earlier come into play, CMOs may find their resources drawn down in unexpected ways. While a CMO expands, its need to "ramp up" systems (that were not earlier considered) for special-needs students, communications, data management, etc., increasingly drive up operating costs. Finally, perhaps most importantly, CMOs tend to find that at larger scale, system capacity needs can grow dramatically and in unexpected ways.

What many CMOs do not anticipate when writing their business plans is that as they grow larger, they can encounter *diseconomies* as well as economies of scale. Earlier investments in quality control, internal communication systems,

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59. Based on 2008–09 school year data for CMOs funded by NewSchools Venture Fund.

60. Three CMOs reported no revenue from management fees. When these are removed from the calculation, the average percentage of revenues that comes from philanthropy drops to 57%.

61. The specific timeline and number of schools assumed in each plan vary by CMO, of course, as each CMO has unique growth goals and operates in different markets with distinct per-pupil revenue levels, labor costs, and other factors.

increased staff development supports, and other central systems can prove inadequate and costly to replace. In our case studies, researchers observed that:

- As some of these CMOs become larger and more formalized, new teachers and principals can become disconnected from the CMO's history, mission, and instructional philosophy. This can require new spending on staff development, better communications systems, and more personalized coaching.

- As CMOs' missions expand to serve new types of students or new grade levels, central offices can require new expertise and methods of support to help schools succeed.[62]

- As CMOs exhaust available local facilities, human resources, or political support, they may have to either develop new sources or expand to new markets.

- As they expand, CMOs that are seeding new schools with experienced staff can struggle to maintain quality in the older schools that lost staff.

Based on our case studies, system building is better thought of as a life-cycle problem with initial systems designed to codify the CMO's educational approach and culture and to set up basic communications, back-office, and data management systems. A second phase (at perhaps four to seven schools) may be needed to refine educational systems based on early mistakes, expand human resource capacities (recruiting, training, evaluation), bring in dashboard systems to monitor larger school-level data loads, and ramp up systems for special education and other areas that may not have been adequately addressed in the first stages of growth. Beyond about eight to ten schools, CMOs may find themselves needing to develop complex communications, data management, and other systems to manage a larger and more geographically dispersed set of schools.

As a result of these pressures on central capacities, many CMOs are finding themselves much more dependent on philanthropy than they or their funders had expected, and for longer periods of time. Surprisingly, the largest CMOs

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62. Adding new grades is sometimes a strategic move, not mission "drift," yet it can still expand the CMOs' mission in ways it did not originally anticipate.

appear to depend most on philanthropy to cover their operating budgets. According to our survey, CMOs with two to six schools draw an average of 9.6 percent of their operating budgets from private funds. That proportion increases to an average of 14 percent for CMOs with seven to ten schools, and to 16.3 percent for CMOs with more than ten schools. Of the CMOs we visited, none had yet reached even their own definition of financially "sustainable."

THE CHALLENGE OF MAINTAINING A LEAN CENTRAL OFFICE

In the fall of 2009, "Reach for College" opened five new schools, bringing its network total to sixteen. It was on a rocket ship expansion ride—only in its fifth year of operations, the CMO had now expanded to become one of the largest charter networks in its urban area. Many of its schools were out-performing area schools, and it was proud to boast one of the leanest operational models in the country. Its central staff was peppered with a mix of former district employees and MBAs who pushed for an intimate, personalized learning environment for all of its students and highly efficient use of central office and school resources.
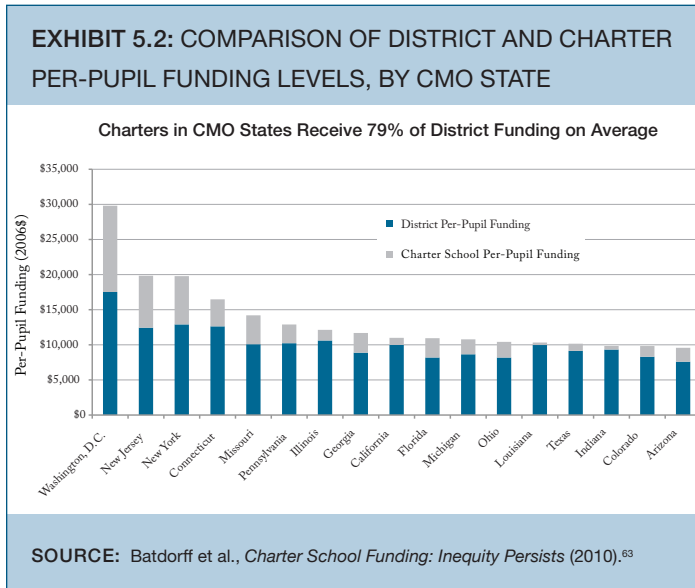
Reach for College may face challenges ahead, however: its founding COO, the mastermind of its lean and efficient central office design, recently left the organization. At the same time, the CMO's recent growth calls for increased yet targeted operational support—no small task for an incoming COO. The organization describes itself as sitting at a reflection point, as it moves from scrappy start-up to the next level of stabilizing the organization. It originally promised to grow to as many as one hundred schools, but even as it meets its growth goals each year it is forced to question the costs and benefits of such a mission. The CMO now contemplates continuing what to date has been a successful growth plan or acknowledging an emerging need to slow down and build systems that were neglected in the face of expansion.

In some cases, this dependence puts CMOs at serious financial risk (especially in the recent economic downturn) as state revenues are often lower than expected and philanthropies may have fewer dollars to give. It is important to note that at least part of the financial sustainability problem for CMOs is that they often implement more expensive school models than public school districts offer, and with less public funding. CMO school models are expensive

due to lower class sizes and more time on task. Yet charter schools typically receive less than their students' full share of public funding, as Exhibit 5.2 demonstrates.

EXHIBIT 5.2: COMPARISON OF DISTRICT AND CHARTER PER-PUPIL FUNDING LEVELS, BY CMO STATE

Charters in CMO States Receive 79% of District Funding on Average

SOURCE: Batdorff et al., *Charter School Funding: Inequity Persists* (2010).[63]

Because public funding for charter schools varies at the state and local levels, it is impossible to say from these data to what degree inequitable public funding contributes to CMOs' reliance on philanthropy. Facilities costs alone, however, can account for a large portion of operational costs and CMOs rarely have access to the same kind of facilities funding (e.g., state capital funding and voter-approved bonds) as school districts. In the case of NewSchools Venture Fund grantees, facilities accounted for an average of 12 percent of operational costs in the 2008–09 school year. (See Exhibit 5.3.)
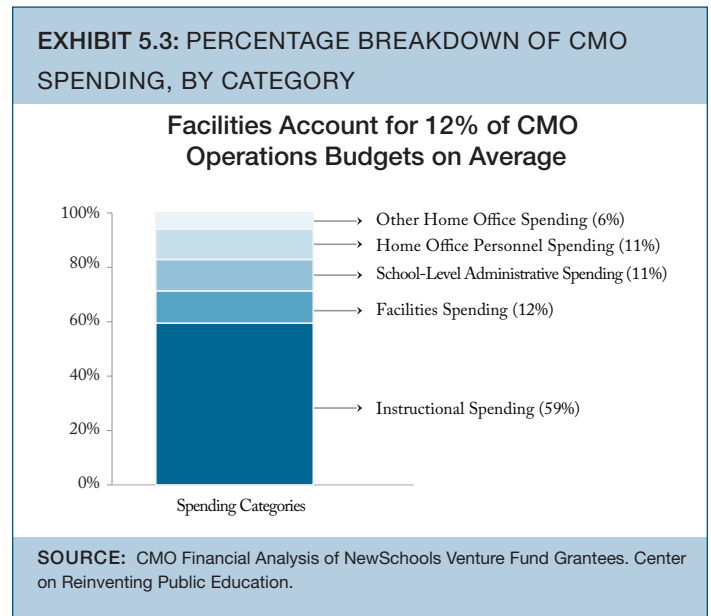
Some CMOs have simply not been able to attract as much private funding as they would have liked and have had to scale back their growth plans or put them on hold.

Other CMOs have tried from the start to limit their reliance on philanthropy. The chief financial officer from one CMO in our case study told researchers that he purposefully kept the central office extremely lean by refusing to hire many staff and by not investing heavily in high-tech management systems. As he said, "We didn't buy into the systems idea that funders were pushing." He also insisted that each school be self-sustaining almost from the start (in contrast to an approach taken by other CMOs to cross-subsidize school facility and other costs for several years or perpetually). As a result, he believes his CMO is better positioned than other nearby CMOs to weather state budget cuts and decreased philanthropic giving.

Unfortunately, the majority of CMO financial statements and business plans analyzed as part of this study indicate that assumptions about CMOs' abilities to reach sustainability are often too optimistic and based on best-case scenarios. One telling example is how one large CMO has had to increase its projected "break-even point," measured by the number of schools it expects to operate in order to reach financial sustainability, from 45 to 65 schools (an increase of 44 percent) as it has implemented its growth strategy.

EXHIBIT 5.3: PERCENTAGE BREAKDOWN OF CMO SPENDING, BY CATEGORY

Facilities Account for 12% of CMO Operations Budgets on Average

SOURCE: CMO Financial Analysis of NewSchools Venture Fund Grantees. Center on Reinventing Public Education.

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63. Figures are weighted to account for total revenues of charter school students' district of residence for all CMO states for which data were available, excluding Missouri and Louisiana. For these states, insufficient data disallowed effective weighting, so 'unweighted' figures were used.

In addition, a minority of the CMOs whose plans we reviewed met their original growth targets. The results, presented in Exhibit 5.4, indicate that growth is often slower than the business plan anticipated. Slower growth places more financial pressure on CMOs and leaves them a very undesirable set of choices: increased dependence on philanthropy, increased growth and compromised quality, or failure to make payroll.

EXHIBIT 5.4: PERCENT OF CMOs THAT MET BUSINESS PLAN GROWTH TARGETS

Most CMOs Did Not Meet Their Growth Target

- Did Not Meet Target
- Met Target
- Exceeded Target

6%
29%
65%
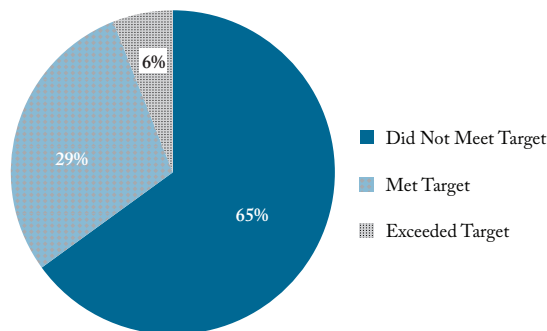
SOURCE: Review of CMO Business Plans. Center on Reinventing Public Education.

Further, what can be seen clearly in Exhibit 5.5 (which displays nearly a decade of revenues and operating costs for four CMOs in different geographies and of different sizes) is that operating expenses, at least in these CMOs,[64] substantially outpace school-generated revenue, a trend that does not foretell near-term sustainability.

All of this could be avoided, of course, if CMOs could perfectly predict all of their future capacity needs and get them all funded at once. Future CMOs could learn from more mature CMOs and EMOs for whom sustainability (or in the case of EMOs, profitability) is a moving target.

64. Researchers were only able to obtain longitudinal financial data on these total costs and revenues for these four CMOs. For obvious reasons, they should not be considered necessarily representative of all CMOs.

EXHIBIT 5.5: DIFFERENCE BETWEEN OPERATIONAL COSTS AND SCHOOL-GENERATED MANAGEMENT FEES AT FOUR CMOs

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

- Total Revenues from Management Fees
- Total Operational Spending
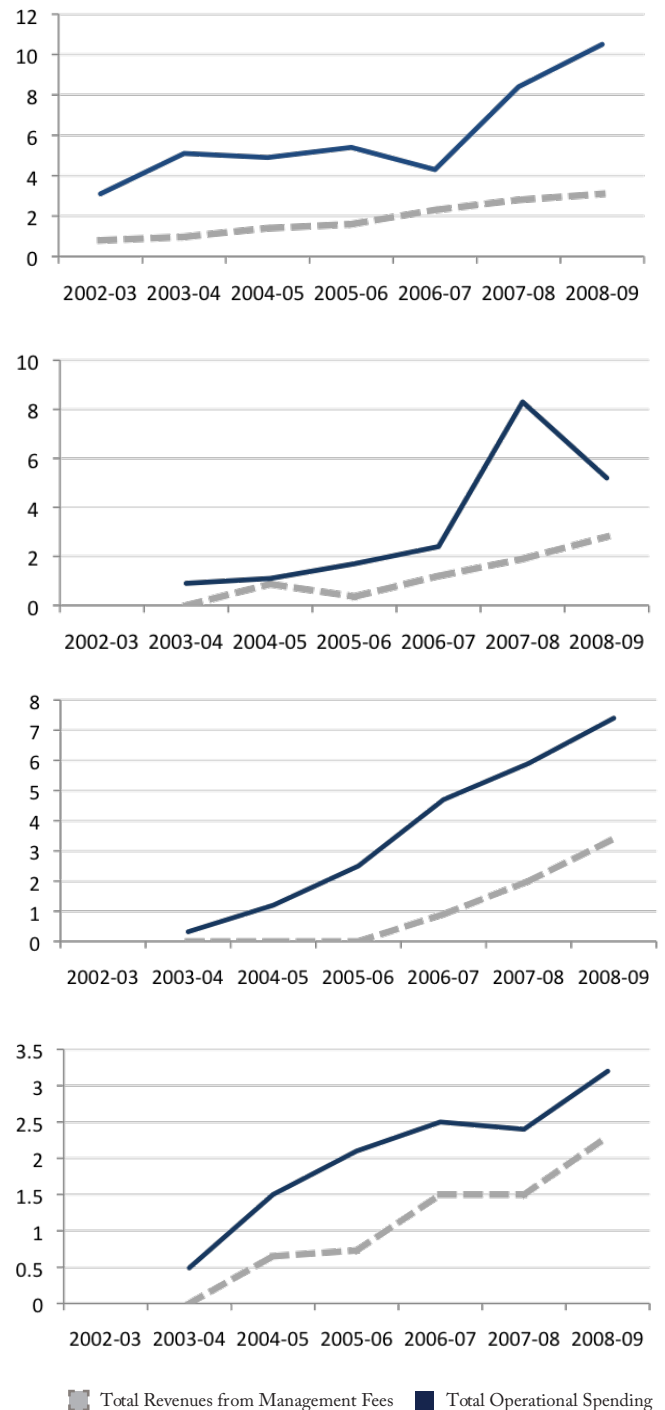
SOURCE: Center on Reinventing Public Education.
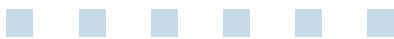
INTENSIVE WORKLOADS IN CMOs MAY LEAD TO BURNOUT, TURNOVER

Many have questioned whether CMO models demanding extraordinary efforts from teachers are sustainable. There are particular concerns about the "No Excuses" model that relies heavily on young, energetic teachers who are willing to work long hours to provide intensive remediation to students and do "whatever it takes" to help students achieve, including giving out their cell phone numbers to students and taking calls at any time of day.[65]

Field visits showed that teachers in some CMOs are regularly working 60-80 hours a week, an intensity of work effort that could translate to teacher burnout and high turnover rates. The NewSchools Venture Fund reports that the 17 CMOs they fund had a teacher retention rate of 81 percent in the 2008–09 school year, or a 19 percent annual teacher turnover rate.

Turnover obviously provides a chance to remove a teacher who is a poor fit and hire a better or more motivated instructor. To some degree, CMOs also rely on turnover to stabilize overall salary costs. As principals told us, it would eventually break a school's budget if they kept most of their junior teachers and continued to give them raises. What is more, a 20 percent-plus turnover rate is typical for high-poverty schools employing younger teachers.[66] However, high rates of teacher churn can create a host of problems, including fragmented instructional programs, the loss of teaching expertise, ongoing hiring and training costs, workplace stress, and low morale.

Teachers in "No Excuses" CMO schools tend to have a missionary zeal and to enjoy the work and challenge, but admit that it requires a schedule that they themselves do not imagine keeping indefinitely. One CMO founder lamented that teachers were struggling to find the "fun" in their work. CMO managers are aware of the risk of high turnover and burnout and it often concerns them. One said, "Does this organization risk losing folks in its two-to-four-year turn-and-burn cycle? Absolutely. Our turnover is horrendous … It's running about 35 percent."

CMOs try to deal with turnover by using an internal career ladder strategy, as described in Sections 3 and 4 (e.g., by moving successful teachers into management or coaching positions or by encouraging them to move to new schools the organization opens and by moving successful principals into coaching and central office positions). Some CMO leaders, however, worry that constant churning of staff is starting to take a toll on organizational culture.

CMOs are also concerned about the potential for growing mistrust between labor and management as a CMO moves from a small organization, focused on responsiveness to schools and personal relationships, to one where teachers no longer feel personally connected to the mission of the organization. Visits to some of the larger CMOs showed evidence of this growing distance between CMO leadership and teachers. Some teachers complained about the long hours, lack of support, and lack of direct contact with CMO leaders. Their discontent has implications for motivation, cooperation, and possibly unionization within the schools. Survey results revealed that nearly one-fifth of all CMOs are aware of efforts to unionize their teachers.

Not all CMOs have this problem, however. We also visited schools where teachers worked a much more limited schedule, typically in CMOs that had a less prescriptive approach to instruction and recruited teachers from the local labor force rather than from Teach for America or other alternate training programs. For example, one CMO visited only loses a handful of teachers a year, placing its attrition rate at 6 percent of staff.

Some CMOs are comfortable with higher attrition, as they are able to rely on their name brand or regenerative staffing networks like Teach For America to attract large swaths of new candidates. However, almost all CMO leaders had reservations about human resource sustainability in the long term, especially in the face of expansion. A general consensus among most CMO leaders interviewed was that expansion and, in some cases, high turnover, was tapping out the local hiring markets, and that new sources of teacher and principal candidates were critical. As one COO said, "Will this model work for … 30+ schools? I think the quality will take a dip…I don't think there are enough people out there." As noted in Section 3, some CMOs are turning to in-house teacher training and certification programs. However, it is

65.   Wilson, March 2009; Woodworth et al., 2008; Whitman, 2008.
66.   Gross and DeArmond, forthcoming.

not yet clear that this approach is sustainable or replicable in smaller markets.

A less discussed but perhaps more critical aspect of CMO sustainability is organizational leadership. As organizations that are generally still in start-up phase, most CMOs are still led by founding CEOs and executive leadership. In some of the best-known CMOs, founding CEOs are charismatic, personable leaders with nearly irreplaceable fundraising, management, and political skills. Though some CMOs have survived the recent loss of their founders, many are challenged by that transition. It is too early to say how these founders' departures will affect the organizations, all of which are already working hard to maintain a strong culture and philanthropic funding.

Summary and Implications

These findings leave a lot for policymakers, philanthropists, and CMO leaders to consider. Expanding charter models into high schools is more challenging than anticipated. The tension between school independence and school consistency is hard to resolve. Growth, when desired, may threaten quality. Mission extension may stretch many CMOs too far. Fiscal projections and business plans are not built on strong financial foundations. And intense workloads threaten rapid turnover among talented staff, leading to the possibility of burnout and collective bargaining. The challenges are sobering.

Nobody should be surprised that CMOs encounter serious problems as they grow. Basic organizational theory and the experience of thousands of school districts, government institutions, corporations and for-profit EMOs predict many of the problems described here.[67] On the other hand, there is considerable evidence that large organizations, properly led, are not necessarily ineffective. It remains to be seen whether CMOs can avoid the organizational stultification that their founders fear and seek to avoid. The next section summarizes the findings of this study and the final section makes suggestions for what they might imply for the future of CMOs.

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67. Weber, 1947; Crozier, 1964; Walberg and Fowler, Jr., 1987; Education Sector, 2009.

SECTION **6**

Summary of Interim Findings

THE NATIONAL CMO LANDSCAPE

CMOs are still a young and regionally concentrated phenomenon. The vast majority of CMO-affiliated schools operate in nine states (California, Arizona, Texas, Ohio, Illinois, New York, Louisiana, Florida, and Pennsylvania) and the District of Columbia. CMO-affiliated schools are also concentrated in big cities, particularly Los Angeles, New York City, New Orleans, Chicago, the District of Columbia, and Houston.

CMO schools serve a primarily low-income and minority population, similar to that of the big city school districts in which most operate. CMOs are also relatively small organizations. On average, CMOs operate slightly fewer than seven schools today. The majority of surveyed CMOs aspire to operate between 10 and 35 schools, and five CMOs aspire to operate more than 50 each.

HOW CMOs COMPARE TO ONE ANOTHER

CMOs differ on the methods they use to create new schools and to support schools once they are up and running. Some CMOs emphasize seeding new schools with the "DNA" of existing schools by training and sending experienced staff to start new schools that replicate the CMO model. Others staff new schools with new hires but exercise a great deal of control over staff hiring and training. Still others emphasize building critical data and financial systems to guide principals.

GENERALLY PRESCRIPTIVE, BUT SOMETIMES CHOOSY ABOUT WHAT IS PRESCRIBED. Nearly all (84 percent) CMOs are moderately to highly prescriptive, trying to make

sure all affiliated schools follow a set design for curriculum and instructional techniques, human resource functions, and student behavior and support programs. The remaining 16 percent prescribe little, preferring to adapt to the talents and preferences of local teachers and administrators. A number of CMOs appear to follow a "tight-loose" strategy, taking a highly prescriptive approach in only some areas. Larger CMOs are more likely to be highly prescriptive across the board.

CMOs are, overall, most prescriptive around supports for struggling students and teacher evaluation and compensation. They are least prescriptive around professional development and teacher hiring.

EMPLOY BOTH STUDENT- AND TEACHER-CENTERED EDUCATIONAL PROGRAMS. Most CMOs (78 percent) say that their provision of effective instructional or curricula models is important to their schools' success. CMO philosophies vary from teacher-directed approaches (direct instruction, modeling) to student-directed approaches (project-based learning), but most CMOs appear to promote elements of both techniques and often shift their education program over time to better meet the particular needs of the students they serve.

EMPHASIS ON STUDENTS AND SCHOOL CULTURE. The vast majority of CMO leaders interviewed in this study believe students with significant academic challenges cannot make academic gains in a school with loose expectations for student comportment and effort. Creating a calm, orderly, focused school environment is central to these CMOs' theory of action for improving student achievement. Most CMOs require schools to adopt student behavior plans

based on building strong adult-student relationships and/or incentives and consequences, and nearly all require their schools to promote certain shared beliefs and values.

FREQUENTLY IN SCHOOLS. CMO central office staff maintains a significant presence in the schools they oversee. Clearly, CMO-affiliated charter schools are not isolated and left to sink or swim on their own, as can be the case with unaffiliated charter schools.

CMOs AND SCHOOL DISTRICTS

CMOs may differ from traditional school districts in important ways, both in terms of central office and school organization.

MORE TIME FOR INSTRUCTION. CMO schools tend to offer significantly longer school days than do traditional schools. While CMO-affiliated schools are open an average of only three more days per year than district-operated schools, the average school day is much longer—7.4 hours compared to an average of 6.2 hours for traditional public schools.[68] These extra hours add up to the equivalent of an additional 30 days in class for students in the median CMO-affiliated school.

EMPHASIS ON TEACHER ACCOUNTABILITY. Many of the CMO leaders we interviewed suggested that they place primary responsibility for student achievement on their school staff, regardless of the involvement of parents. Our survey of CMO leaders shows that CMOs consistently rank parent/community involvement lower than almost every other barrier to growth or success factor.

MORE LIKELY TO REWARD TEACHERS AND PRINCIPALS BASED ON PERFORMANCE, NOT EXPERIENCE. CMOs are likely to report using compensation to reward performance. According to the survey, nearly half of all CMOs (46 percent) provide bonuses to teachers based on individual performance (where teachers are measured for their indi-

vidual performance, rather than grouped with other teachers across the school).

LESS DISRUPTION DUE TO POLITICS. CMO staff, including teachers, principals, and central office staff, tend to believe their organizations are very different from the large urban districts in which they operate—less complex and politicized, more responsive to school-level concerns, and less prone to crises and abrupt policy changes. However, comparisons with similar-sized public school districts (those overseeing the same numbers of schools) may reveal less dramatic differences.

LIMITED, BUT PROMISING, PARTNERSHIPS WITH SCHOOL DISTRICTS. For their part, school district staff generally acknowledge CMOs' academic results, but few view them either as a significant competitor or as exemplars to be imitated. However, in a few cases (New Haven, New Orleans, New York City), district leaders have made CMOs key partners in district-wide reform strategies. Districts in most direct competition with charter schools and CMOs often admire local CMO schools' academic results, especially after visiting schools and conducting classroom observations, but other districts dismiss or discount high test scores, perceiving that CMO schools are creaming students or teachers.
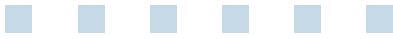
CONCERNS THAT CMOS WILL DOMINATE CHARTER LANDSCAPE IN SOME CITIES. As they consider the repercussions of an expanded CMO presence, some district officials fear the philanthropic support dedicated to scaling up CMOs risks crowding out promising stand-alone providers and could in the long run reduce diversity within the market of educational providers.

THE ECONOMICS OF CMOs

Recognizing the need for new entities to create economies of scale in the charter sector, philanthropies funded the start-up and early operation of CMOs. Most CMO business plans acknowledged early reliance on foundation funding, but projected break-even points when fees from affiliated schools would cover the cost of central offices and services to schools. Attaining fee-based financial equilibrium was seen as a necessary condition for CMOs to meet

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68. CMO school days range from 6–10 hours, with a median of 7.25 hours (and average of 7.4 hours). District numbers come from U.S. Dept. of Ed., NCES, SASS 2003–04.

the anticipated demand for large numbers of high-quality charter schools.

FINANCIAL SELF-SUSTAINABILITY AN ELUSIVE TARGET SO FAR. To date, many CMOs (approximately two-thirds of 17 CMO business plans reviewed) have had difficulty meeting their original growth targets, and many are struggling to create the necessary economies of scale to sustain their central offices without heavy reliance on philanthropy. The average CMO relies on philanthropy for approximately 13 percent of its total operating revenues,[69] but many CMO central offices could not exist today without philanthropy. (NewSchools-funded CMOs rely on philanthropy for an average of 64 percent of their central office revenues.)[70] Moreover, self-funded operations have proven elusive. At least in these CMO financials we have been able to analyze in detail for a number of years, the need for philanthropic support has grown at least in proportion to the number of schools served.

OTHER CMO CHALLENGES

Interviews with heads of CMOs indicate that many are struggling to find a way to operate at scale on fees obtainable from charter schools. Though CMOs were created in part to compensate for the fact that charter schools receive less funding than district-operated public schools, some CMO heads suggest the "scaling up" problem cannot be solved without more equitable public funding or access to district-owned facilities.

CMO leaders also acknowledge that they are struggling with:

- extending their designs, most based on elementary and middle school education, to work effectively at the high school level;

- collaborating effectively with school districts;

- continuing to increase the pool of highly capable teachers and administrators, many from Teach for America

and other alternative sources, on whom CMOs have relied heavily to date;

- stabilizing CMO schools against rapid turnover of high-quality alternative source teachers, and reducing staff burnout problems associated with longer school days and "No Excuses" approaches to instruction; and

- avoiding excessive bureaucracy and organizational rigidity as CMOs grow larger.

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69. Based on central office survey.

70. Based on 2008–09 school year data for CMOs funded by NewSchools Venture Fund.

Discussion and Recommendations

After researching CMOs for nearly two years—including interviews with dozens of CMO executive officers and visits to 20 CMO-operated schools, analysis of business plans and financial documents, and analysis of an extensive survey of CMO practices—we find that some concrete themes are emerging with regard to CMO structures, practices, and growth potential.

First, although the CMO landscape is still relatively new, CMOs are already a significant, but not yet dominant, presence in the charter school movement. For the most part, they are quite small organizations, and most of them, including the largest and best funded, are highly concentrated in certain urban areas. That situation is unlikely to change due to most CMOs' mission to serve disadvantaged youth and to reform large school systems. CMOs also face practical realities: they believe they need to keep schools in close proximity to reduce oversight costs, and they want to locate in cities that attract high-quality teachers and offer reasonable per-pupil public revenues.

Like other charter schools, CMOs serve students who, in terms of income and minority status, are very similar to the students served in traditional urban public schools. They do so while trying to provide the same types of services as school districts, while also starting up a new organization, growing their central offices, and defining their brands.

There are far more differences among CMOs than is evident from media coverage of a few well-known ones. They differ in terms of the theory of action that drives their educational designs, the choices they make about how to structure the central office and how to best support their schools, and their growth strategies.

It is encouraging, as our data show, that although CMOs are similar to school districts in many ways, CMO leaders and staff believe they are less political and more mission-oriented than their district peers, more responsive to school needs, and more likely to cast a wide net beyond traditional public school boundaries to recruit both executive and school-level talent.

CMO schools also tend to offer longer school days and a longer school year than traditional schools, are more likely to emphasize teacher accountability for student performance, and exercise greater flexibility in the allocation of school resources. The most dramatic difference between CMOs and school districts may relate to the potential benefits inherent in the amount of increased instructional time CMO schools provide, the equivalent of an additional 30 days in class (at the district daily rate of 6.2 hours).

What remains unclear, however, is how much of the advantage CMOs might offer over traditional districts can be sustained over time. This study's interim findings also expose serious challenges that CMOs are facing.[71] They often struggle to transfer a model suited to elementary and middle grades to high schools. The desire to grow to scale means the possibility of recreating the very bureaucracy charters were designed to escape, and the related danger of mission dilution puts quality at risk. Financially, CMO growth plans rest heavily on philanthropy, while burnout and overwork may threaten some CMOs' ability to retain talented and hard-working leaders and teachers. None of these challenges can be ignored or wished away; they may seriously limit existing CMOs' ability to expand.

71. National Charter School Research Project, 2007; Education Sector, 2009; Toch, October 2009.

The following sections describe how policymakers, funders, and others interested in the scaling of high-quality charter schools can address the challenges outlined in this report. These recommendations flow from the authors' overall knowledge of the range of policy options available for scaling up effective schools.

POLICY AND FUNDER ACTION COULD IMPROVE EFFICIENCY, EFFECTIVENESS OF CMOs

BETTER HIGH SCHOOL CMO DESIGNS. Demonstrating success at the secondary school level is far more difficult than at the elementary level. One of the more disappointing findings in this research is that the CMOs in this study clearly struggled with (and acknowledged the difficulty of) adapting elementary and middle school methods to the different and more complex needs of high school students. Funders could help by providing a targeted analysis of why some CMO high schools are not working and what could be learned from those that are. Funders might also invest in innovative new high school designs and specialized leadership and teacher training programs to better prepare future CMO leaders and teachers for the realities of urban high schools.

INCENTIVES FOR MORE PRODUCTIVE COLLABORATIONS BETWEEN CMOS AND DISTRICTS. Despite the potential advantages that CMOs offer over traditional school district structures, the two institutions exist in relative isolation. School districts are generally respectful of CMO academic results, but, to this point, few view them either as a significant competitor or as exemplars to be imitated. There is a fair possibility that outcomes for students across the board might be improved if state or federal incentives were established to encourage CMO and district leaders to work out deals and resolve tensions, such as whether CMOs could serve greater portions of local special-needs students in exchange for better special education funding formulas or district support systems.

NEW OPTIONS FOR ADDRESSING TEACHER AND LEADER SUPPLY. CMOs will continue to need help creating or accessing new pipelines of teachers and leaders. New sources of talent could both reduce CMO reliance on a few pipelines of scarce human resources and find new ways to leverage the scarce human resources that are available. One group of like-minded CMOs has taken the initiative to form a new teacher training program housed at Hunter College (of the City University of New York). Schools of education might consider working with local CMOs or local stand-alone charters, to identify what additional training their students would need to succeed as teachers in CMO schools. States might also consider allowing high-performing CMOs to create their own leadership and teacher certification programs. Experiments along these lines could be funded by philanthropists and by state and national agencies.

CMO supporters should consider whether some CMOs are limited in their growth potential due to heavy reliance on teachers from alternative training programs like TFA. Could more CMOs successfully adopt a "good to great" strategy relying heavily on training local talent, as some of our case study CMOs have?

GREATER USE OF TECHNOLOGY IN INSTRUCTION. Those interested in CMO expansion should also not assume that an expanded human resource pipeline will fully address CMO needs. CMOs could be encouraged to find ways to reduce their dependence on scarce human resources. Funders might, for instance, invest in models that experiment with making better use of local labor sources or that, like new "hybrid" or "blended" school models, aggressively employ technology-based instruction to reduce labor costs.[72] Such strategies would allow CMOs to more easily operate in cities that do not offer robust alternative teacher pipelines (like TFA), while simultaneously freeing up school-level budgets to reduce CMO reliance on philanthropy.

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72. Rocketship Education is one such model. It reports that each student attends one block of Math/Science, one block of Learning Lab, and two blocks of Literacy/Social Studies each day. In Learning Lab, students work on computers to focus on individual learning needs. Learning Lab does not require certified teachers and Rocketship reports that its model permits schools to reduce staffing by five teachers and five classrooms per school, saving $500,000 per year. http://www.rsed.org/.

REMEDIES FOR STAFF BURNOUT AND TEACHER DISCONTENT. CMO leaders' and teachers' concerns about burnout (both for building leaders and teachers) are hard to ignore. While some young teachers may thrive in intense working environments, many can be expected to burn out. The CMOs leaders we interviewed almost universally agree they must more creatively utilize resources to reduce teachers' work hours and find ways to either scale back on required instructional time or hire additional staff. Foundations might usefully explore models that promote new ways for teachers and CMO leaders to hold conversations around this critical issue. Another possibility would be to recognize that in a workforce that is typically unionized, the development of "thin" agreements for collective bargaining might prevent more full-scale unionization.

Perhaps even more worrisome for CMOs is the risk that CMOs will, as they grow larger, lose the loyalties and passion of the teachers they employ. As one CMO leader worried, "We could become large and bureaucratic, the very thing we were reacting against. If people somehow perceive themselves as cogs in a larger system, we're dead."[73]

MORE REALISTIC EXPECTATIONS TO STAY CLOSE TO ORIGINAL MISSION, INCREASE CMO EFFICIENCIES. The work to date suggests that CMOs have generally been able to fend off traditional education politics and maintain their commitment to mission and school needs. On the other hand, the tendency of some CMOs to take on challenging new initiatives in response to funder priorities implies the risk that the politics of traditional public education, which is oriented around public and interest group demands, will be replaced by the politics of responding to private and funder demands. Funders should resist the temptation to push CMOs to expand faster than they are ready, to expand into new geographic regions before they are operating smoothly in their original localities, or to serve dramatically different populations of students than those for whom their instructional methods were built. Funders can also help CMOs become more efficient and financially sustainable by conducting due diligence on business plans and by discouraging excessive central office systems and staffing models.

A PUBLIC FINANCE AND FACILITIES SOLUTION. It is clear from the research described above that CMOs as presently organized are struggling to maintain their financial viability. This may not change until charter schools have access to federal, state, and local funding on the same basis as other public schools. As Section 5 indicated, this is rarely the case. Weighted student formulas, in which public funds are allocated to schools on a per-pupil basis and weighted for student needs, could go far toward creating a rational, equitable approach to charter school and CMO funding.[74]

Facilities support has to be a part of the solution. The study will explore this more in the months ahead, but it is apparent from other research that a facilities solution is paramount to the charter sector as a whole.[75] This study's survey results and fieldwork indicate that facilities costs are a critical factor for future CMO growth and financial sustainability. One analyst has urged the federal government to incentivize school districts to give CMOs access to district-owned facilities.[76] Another possibility for cities with significant numbers of students attending schools of choice is to move the provision of facilities out of the hands of school districts and develop real estate trusts that allocate available new or open facilities to high-performing public schools, whether they are run by a district, a CMO, or a stand-alone charter.[77]

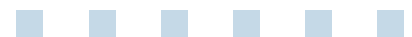## EVEN WITH GROWTH OF CMOs, CHALLENGE OF CHARTER SCALE REMAINS UNRESOLVED

While it is too early for this study to report on CMO effectiveness, at least some CMOs are clearly viewed as a proof point that urban public schools can make dramatic and sustained gains that can then be replicated. However, the scaling-up model on which CMOs are built (central organizations that exercise operational control over affiliated schools, and provide a broad range of assistance for everything from curriculum development, teacher training, and

73.   Robelen, September 8, 2008.

74.   Marguerite Roza and her colleagues at CRPE have written extensively on the promise of weighted student funding. See, for example, Hill, Roza, and Harvey, 2008.

75.   See, for example, Hassel, 1999.

76.   Toch, 2009; Education Sector, 2009.

77.   See, for example, DeArmond, 2004.

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student assessment, to legal and financial services) is just one approach to scaling quality charter schools. Though the CMO model has captured the lion's share of philanthropic investment in the charter sector, there is no way to know if it is the most cost-effective and sustainable approach to achieving quality schools at scale. Realistically, CMOs can only be one part of the solution for the urgent need to replace our nation's worst schools.

It is almost self-evident that existing CMOs alone will not be able to meet the need for new and better schools and address Secretary Duncan's goal of turning around or replacing the 5,000 lowest-performing schools over the next five years. Optimistically, the CMOs surveyed for this study project to provide only 336 more charter schools by 2015. These CMOs will add, on average, about 50 new schools a year and, if our case studies are an indication, few are currently interested in taking over low-performing schools (though that could potentially change in the future).

Without a dramatic influx of new philanthropy or federal funding, policymakers should not expect to see a large new crop of viable CMOs arise, or existing CMOs expand dramatically. In their current forms, and at current levels of investment, CMOs are thus not as much an answer to the scaling problem nationwide as some predicted they would be;[78] indeed, they are no factor at all in certain states and/or districts. It is impossible to know whether the hundreds of millions of dollars of foundation investment in CMOs could have been used more effectively to increase the number of quality schools. It is possible, however, that funders have focused on only one among many possible strategies for increasing the number of quality schools and that expanding their range of investments might better achieve this goal.

Some of the problems current CMOs face might be ameliorated by changes in policies governing charter funding, caps, access to facilities, and stable charter authorizing environments. But many are endemic to the CMO model as it now exists, and solving them will require innovation and problem solving on the part of CMOs and the philanthropies that support them.

A representative set of alternative approaches could be tried at smaller scale and carefully assessed for cost and effectiveness. Many of these would limit the scope or scale of services CMOs are expected to provide to their schools. Others might include experimentation with new technologies or partnerships to reduce CMO labor costs.

OTHER APPROACHES TO SCALE

There may be limits inherent in the current CMO model that the recommendations above cannot address. The urgent need to build a new supply of schools to replace failing ones may call for additional scaling strategies that complement or adapt the current CMO model for quicker and more efficient expansion. Some possibilities include:

- Examining the possibility that cities interested in scaling up successful charter schools may have to create their own mechanisms. They can do so either by growing their own CMOs (perhaps by asking high-performing schools to form a CMO and replicate themselves) or investing in other ways to develop more high-quality independent charters.

- "Unbundling" current CMO services, so that independent vendors would offer financial, legal, and facilities services, and CMOs could focus on curriculum, training, culture development, and assessment.

- Reducing the burdens on CMOs by limiting the time a particular school received intensive assistance. After two to three years, schools could join mutual support networks with other schools that had been through the same formative experience, and the CMO could work with a new group of schools.

- Experimenting with local incubators that prepare schools for opening and then help schools that "graduate" form mutual support networks.

- Creating local organizations that offer some services (e.g., staff recruitment, principal selection, board training, crisis intervention, and links to financial, legal, and facilities services) to all the charter schools in a city or metropolitan area.

- Encouraging more school designs to operate as the KIPP National Foundation does: running a franchise of

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78. See, for example, Kim Smith's projections of the role of CMOs in future new school growth in *Margins to Mainstream: Building a Stronger Charter School Movement,* 2003, p. 20.

schools rather than a centralized model, but encouraging schools to cluster and form local support networks.

None of these mechanisms is guaranteed to work perfectly, and all will have their own start-up pains and learning curves. However, experimenting with new ideas will give philanthropies and charter supporters a more complete set of options for promoting charter school growth.

Next Steps for Research

LEARN HOW DIFFERENCES BETWEEN AND AMONG CMOs AND DISTRICTS RELATE TO OUTCOMES. The preliminary work in this study revealed intriguing differences among CMOs and between CMOs and traditional school districts. What might be most surprising about this were the clear differences between "prescriptive" and "permissive" CMOs, especially with regard to centralized decisionmaking and instructional choices. One of the issues the study will explore in coming months is whether these differences relate to student outcomes. The study should then be able to say more about which approaches are associated with student achievement, both in terms of member schools' ability to organize coherent instructional and staffing strategies and to improve student outcomes. That analysis should yield important lessons for other CMOs, independent charter schools, and school districts.

INVESTIGATE THE COSTS AND BENEFITS OF INCREASED INSTRUCTIONAL TIME. The additional instructional time CMO schools are able to provide is remarkable, amounting to the equivalent of 30 additional traditional school days. This clearly bears further examination and study staff will explore how this has been accomplished with CMO leaders, what stands in the way of wider replication in the charter world, and how traditional districts might learn from the CMO experience.

ANALYZE WHETHER THERE IS AN OPTIMAL CMO SIZE. Optimizing the performance gains and economies of scale of a small network of schools and minimizing diseconomies of scale that undermine positive effects could help funders and CMO founders anticipate how best to support CMO expansion. The answer likely varies by market (e.g., amounts

of per-pupil funding and the authorizing environment), but a more systematic study would be helpful.

ANALYZE CMO COST STRUCTURES AND SUSTAINABILITY. CMOs, their funders, and policymakers could greatly benefit from a more comprehensive understanding of the marginal costs of growth and the extent to which CMOs are sustainable if they were to stop growing. Additional areas of inquiry could include the relative costs of new school creation for CMOs versus individual charters and the costs involved in specializing in school turnarounds.

Conclusion

This phase of our research shows interesting variation among CMOs, their schools, and their surrounding districts. Some of the organizational and financial problems CMOs face might be addressed by changes in policies governing charter funding, caps, access to facilities, and stable authorizing environments. But many of the challenges are endemic to the CMO model as it now exists, and will require innovation and problem solving on the part of CMOs and the philanthropies that support them. Ultimately, this study will be able to say how CMOs perform in terms of student achievement outcomes and how various CMO approaches may relate to those achievement results. But whatever their schools' achievement results may be today, charting a future that encourages ambitious growth of quality CMOs will likely require serious thinking and innovative solutions.

APPENDIX **A**

List of All Identified CMOs as of 2007

UNIVERSE OF CMOs IN 2007	STATE(S) IN WHICH THE CMO OPERATES	STATUS IN CMO STUDY
21st Century Charter Schools/Geo Academies	Colorado, Indiana	In study
Academy of Tucson	Arizona	Not in study; 3 or fewer schools as of 2007
Achievement First	Connecticut, New York	In study
Albert Einstein Academies	California	Not in study; 3 or fewer schools as of 2007
Algiers Charter School Association	Louisiana	In study
Alliance for College-Ready Schools	California	In study
American Quality Schools	Illinois, Indiana	In study
Arizona Agribusiness & Equine Center	Arizona	Not in study; 3 or fewer schools as of 2007
Arizona Community Development Corporation	Arizona	Not in study; 3 or fewer schools as of 2007
Arthur Academies	Oregon	In study
Aspira of Florida	Florida	Not in study; 3 or fewer schools as of 2007
Aspira, Inc. of Illinois	Illinois	In study
Aspire Public Schools	California	In study
Beginning with Children Foundation	New York	Not in study; 3 or fewer schools as of 2007
Betty Shabazz International Charter School	Illinois	Not in study; 3 or fewer schools as of 2007
Bright Star	California	Not in study; 3 or fewer schools as of 2007
CAFA	Arizona	Not in study; 3 or fewer schools as of 2007
California Montessori Project	California	In study
Calvin Nelms	Texas	In study
Camino Nuevo	California	Not in study; 3 or fewer schools as of 2007
Capital One - University of New Orleans (UNO) Charter Network - New Beginnings School Foundation	Louisiana	Not in study; 3 or fewer schools as of 2007
Career Success Schools	Arizona	In study
Casa Gracia/Trinity	Texas	Not in study; serves targeted population
Center for Academic Success, Inc.	Arizona	Not in study; not nonprofit since inception
Cesar Chavez (DC)	Washington, D.C.	Not in study; 3 or fewer schools as of 2007
Cesar Chavez School Network	Colorado	Not in study; 3 or fewer schools as of 2007
Choice Education and Development Corporation (Sequoia)	Arizona	Not in study; not nonprofit since inception
Civitas	Illinois	Not in study; 3 or fewer schools as of 2007
Constellation Schools	Ohio	In study
Crescendo	California	In study
DC Prep	Washington, D.C.	Not in study; 3 or fewer schools as of 2007
Education for Change	California	Not in study; 3 or fewer schools as of 2007

UNIVERSE OF CMOs IN 2007	STATE(S) IN WHICH THE CMO OPERATES	STATUS IN CMO STUDY
Edvantages	Ohio	Not in study; not nonprofit since inception
Envision Schools	California	In study
Firstline Schools	Louisiana	Not in study; 3 or fewer schools as of 2007
Friendship Public Charter Schools	Washington, D.C.	In study
Grant Community Charters Inc. (renamed Gateway Community Charters)	California	In study
Great Hearts Academies	Arizona	In study
Green Dot	California, New York	In study
Harlem Children's Zone	New York	Not in study; 3 or fewer schools as of 2007
Harlem Village Academies	New York	Not in study; 3 or fewer schools as of 2007
Harmony Schools	Texas	In study
High-Tech High	California	In study
Honors Academy	Texas	In study
Humanities and Sciences Academy	Arizona	Not in study; 3 or fewer schools as of 2007
IDEA	Texas	In study
Imagine Academies	Arizona, Colorado, Florida, Georgia, Indiana, Maryland, Missouri, Nevada, Washington, D.C.	Not in study; not nonprofit since inception
Inner City Education Foundation	California	In study
King/Chavez Preparatory Academies	California	In study
Kingman Academies	Arizona	In study
KIPP Bay Area	California	Not in study; no central operational authority by 2007
KIPP DC	Washington, D.C.	In study
KIPP Houston	Texas	In study
KIPP New Orleans	Louisiana	Not in study; no central operational authority by 2007
KIPP NYC	New York	In study
KIPP TEAM	New Jersey	Not in study; 3 or fewer schools as of 2007
Leadership Public Schools	California	In study
Leading Edge	Arizona	Not in study; 3 or fewer schools as of 2007
Lighthouse Academies	Illinois, Indiana, New York, Ohio, Washington, D.C.	In study
Magnolia	California	Not in study; 3 or fewer schools as of 2007
Mastery Charter Schools	Pennsylvania	In study
New City Public Schools	California	Not in study; 3 or fewer schools as of 2007
New Visions	Arizona	Not in study; 3 or fewer schools as of 2007
Noble Network of Charter Schools	Illinois	In study
Not Your Ordinary School	Texas	Not in study; 3 or fewer schools as of 2007
New Options for Youth	California	Not in study; serves targeted population
Partnerships to Uplift Communities	California	In study
Perspectives	Illinois	In study
PPEP Tech	Arizona	In study
Propel	Pennsylvania	In study
School of Excellence in Education	Texas	In study

UNIVERSE OF CMOs IN 2007	STATE(S) IN WHICH THE CMO OPERATES	STATUS IN CMO STUDY
See Forever Foundation	Washington, D.C.	Not in study; 3 or fewer schools as of 2007
Shekinah Learning Systems, Inc.	Texas	In study
South Texas Education Technologies	Texas	Not in study; 3 or fewer schools as of 2007
St. Hope	California, New York	Not in study; 3 or fewer schools as of 2007
Student Alternatives Program Incorporated	Texas	In study
Summit Academies	Ohio	Not in study; serves targeted population
Tracy Learning Center	California	Not in study; 3 or fewer schools as of 2007
Uncommon Schools	New Jersey, New York	In study
UNO Charter Schools Network	Illinois, Louisiana	In study
Uplift Education	Texas	In study
YES Prep Schools	Texas	In study

APPENDIX **B**

Construction of the Survey Indices

Question Choice and Coding Scheme

In order to construct each of the six indices utilized in the report, all possibly relevant survey items were identified. (See Appendix Table.) Each question was coded to conform to a single standard: whereby decisions/provisions made by CMOs alone were assigned a value of '2', decisions/provisions made jointly by CMOs and schools were assigned a value of '1', and decisions/provisions made entirely by school staff were assigned a value of '0'. For each of the six areas of centralization identified in the report, a reliability analysis was conducted that included all possible questions taken from the survey related to each concept. Initial decisions to drop or retain questions for index/scale construction were made based on Cronbach's Alpha values for each item, if dropped, and the scale overall.[79] This step facilitates greater certainty in the validity of subsequent factor analysis utilized to construct the indices used in the report.

Final Variable Selection

Subsequent to the initial selection of variables resulting from analysis of reliability of each scale, a principal components analysis was conducted on each set of variables to determine whether each set of variables is appropriate to create a centralization typology.

A set of statistical indicators was used in order to adjudicate the inclusion or exclusion of variables into the final index.

First, the Kaiser-Meyer-Olkin test of sampling adequacy was used to determine whether the data are likely to factor well. Values above 0.6 were considered adequate based on standards used in social science literature. A test of sphericity (Bartlett's) was also used to determine whether variables were collinear.

The principal components were identified using eigenvalues (of above 1) and scree plots. Finally, a rotated principal component coefficients table was produced in order to identify clustered patterns of responses underlying each component. Variables that loaded at adequate levels[80] and did not cross-load were selected (with some exceptions,[81] where substantively-based reasons for variable inclusion were used[82]).

Once all variables composing each index were identified, responses to each of these were summed. Summated scores rather than the factor scores were used because this is the recommended approach for exploratory analysis and construction of scales.[83] This is an approach facilitated by the standardized coding of all variables described above.

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79. Supporting tables can be provided upon request.

80. Although certain rules of thumb have been developed (ranging from .3 to .4), the prevailing view in social science literature is that any given cut-off applied to factor loading scores is arbitrary. This is due to the highly variable meaning of factor loading magnitudes depending on the research context. Most factor loading scores were 0.6 and above, with some exceptions.

81. As is at times acceptable practice in the social sciences, especially when small Ns prevent full reliance upon principal components analysis results.

82. Supporting tables can be provided upon request.

83. See *Multivariate Data Analysis*, 6th ed.

APPENDIX TABLE: SURVEY QUESTIONS UTILIZED IN CONSTRUCTION OF SURVEY INDICES

INDEX NAME	ALL QUESTIONS POSSIBLE TO USE IN INDEX CONSTRUCTION (BOLDED QUESTIONS SELECTED FOR INDEX CONSTRUCTION)	
	SURVEY #	**QUESTION WORDING**
EDUCATION PROGRAM	09a	Primary decision maker on core curricula (course offerings, scope of courses) used in classrooms
	09b	**Primary decision maker on instructional techniques**
	09c	**Primary decision maker on academic grading/promotion standards**
	10d	How important cent office for providing effective curricula and instructional models
	10e	How important cent office for helping schools establish a culture of high academic expectations
	14a	**Does the central office provide core curriculum**
	14b	**Does the central office provide scope/sequencing materials or pacing guides**
	14c	**Does the central office provide examples of what good teaching looks like**
	14d	Does the central office provide examples of good student work
	15e	Does your organization ask schools to use a set of learning standards developed by your organization to guide curriculum and instruction
TEACHER HIRING	26	Which statement best fits how the staffing mix is determined within the schools you manage
		Central office allocates positions to schools
		Principal determines staff mix based on budget
		Central office allocates positions, principals may trade-off positions with central office approval
		Central office allocates positions, principals may trade-off positions without central office approval
		Staffing is determined differently for each school
	27a	**Primarily responsible in teacher hiring process for recruiting**
	27b	**Primarily responsible in teacher hiring process for screening**
	27c	**Primarily responsible in teacher hiring process for interviewing**
	27d	**Primarily responsible in teacher hiring process for final selection**
	09l	Primary decision maker on teacher recruiting
	09k	Primary decision maker on teacher hiring
PROFESSIONAL DEVELOPMENT	**10j**	**How important central office for providing professional development to help teachers implement your academic model**
	10k	**How important central office for training school leaders to implement CMO model**
	10i	How important central office for providing training on management of parent/community relations and outreach
	09i	**Primary decision maker on professional development content**
	04c	**Organization provides training program for founding principals**
TEACHER COMPENSATION AND EVALUATION	09j	Primary decision maker on teacher compensation
	09h	Primary decision maker on criteria for teacher evaluations
	39e	Teacher performance is measured using observation by central office staff
	36	**Does your organization set teacher salaries at the central office level, at the school level, or jointly**
	10h	**How important is the central office for setting performance goals and holding school personnel accountable**
	20a	How often is central office staff in schools for classroom observation
SUPPORT FOR STRUGGLING STUDENTS	**22a**	**Central office requires after-school requirements/extended day (academic, extra-curriculars, tutoring)**

INDEX NAME	ALL QUESTIONS POSSIBLE TO USE IN INDEX CONSTRUCTION (BOLDED QUESTIONS SELECTED FOR INDEX CONSTRUCTION)	
	SURVEY #	QUESTION WORDING
	22b	**Central office requires pull-out tutoring**
	22c	**Central office requires summer school/extended year**
	22d	**Central office requires individualized learning plan (beyond IEP)**
	22g	**Central office requires literacy and reading remediation during school day**
	09e	Primary decision maker on levels of support for struggling students
STUDENT BEHAVIOR/DISPLINE PROGRAM	**21a**	**Does the central office require the use a school-wide student behavior plan based on incentives and consequences (e.g., merit/demerits)**
	21b	**Does the central office require schools to hold student advisories, morning meeting groups, or some equivalent**
	21c	**Does the central office require schools to incorporate socio-emotional skills and values (such as honesty, achievement perseverance, etc.) into regular coursework**
	21e	Does the central office require that all students or parents sign a contract or letter of commitment
	21f	Does the central office require student uniforms
	09f	**Primary decision maker on student behavior management/discipline program**
	10f	How important cent office for helping schools establish consistent behavioral expectations so students can focus on learning
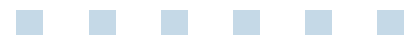
APPENDIX **C**

CEO Survey

Page 1 (left):

CMO Central Office Questionnaire

Welcome to our survey for Charter Management Organizations. We deeply appreciate your time spent on this. Your responses will directly impact our national study of CMOs.

This survey is designed to take 20-30 minutes. Because this survey covers several functions of your organization, you may want to ask other executive staff to complete certain sections of the survey. **Please feel free to share the survey password with other central office members if this is the case. You may save and revisit the survey as much as you need, and each time your progress will be saved and an updated link sent to you.**

All your responses will be confidential. We will not identify CMOs, schools, or individuals by name when we report the impact findings, and all data will be aggregated.

The first ten questions will ask you about your start-up practices, central office staffing arrangement, and growth strategies.

Start-up/Marketing

1. How many schools did you open/close in the following school years? For years when you did not open/close schools, please enter 0.

Year	Number of Schools Opened	Number of Schools Closed
2000 and earlier		
2001-02		
2002-03		
2003-04		
2004-05		
2005-06		
2006-07		
2007-08		
2008-09		
2009-10		

2. *At the time you opened your first school* did you have plans to add additional schools? (Yes/No)

   If so, how many additional schools did you plan to open at that time?

3. As of 2009-10, how many schools are in your network?

Page 2 (right):

Do you *currently* have plans to grow? (Yes/No)

If so, how many schools will you have once you have met your growth target?

By year 2010, how many schools do you plan to have?

By year 2015, how many schools do you plan to have?

By year 2025, how many schools do you plan to have?

4. Which services does your organization provide to start-up schools? (Check all that apply.)

   ☐ Central office staff member formally dedicated to supporting start-ups.
   If yes, please provide total number of full time equivalents (FTE):

   ☐ Start up manual or standardized process

   ☐ Training program for founding principals

   ☐ Seed school with experienced principal

   ☐ Seed school with experienced teaching staff

   ☐ Other (please specify)

   ☐ None

5. Please indicate how the following factors influence your decision about where to start new schools.

	1 Least Influential	2	3	4	5 Most Influential
Proximity to existing schools	○	○	○	○	○
Friendly authorizer	○	○	○	○	○
Per-pupil revenue amounts	○	○	○	○	○
Type of student population	○	○	○	○	○
Availability of capable school personnel	○	○	○	○	○
Perceived demand	○	○	○	○	○
District request/takeover options	○	○	○	○	○
Available facilities	○	○	○	○	○
Other (please specify below)	○	○	○	○	○

Please specify other factors.

Panel 1 (top-left)

6. To what extent is each of the following a barrier to growth for your organization?

	Not a barrier	Somewhat of a barrier	Strong barrier
District or state opposition	○	○	○
Opposition from teachers' union	○	○	○
Opposition from local community group	○	○	○
Cap or moratorium on charters	○	○	○
Scarce facilities	○	○	○
Limited supply of high-quality teachers	○	○	○
Limited supply of high-quality principals	○	○	○
Limited supply of high-quality CMO-level talent	○	○	○
Lack of philanthropic support	○	○	○
Lack of per-pupil funding/revenue	○	○	○
Principal/teacher burnout	○	○	○

13%   (Save) (Next)

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Panel 2 (top-right)

CMO Central Office Questionnaire

Central Office Characteristics

7. Please indicate approximate total full time equivalents (FTE) for your central office staff, by functional area. You can designate partial or part-time FTEs with a decimal equivalent.

Functional Area	Total FTE
Finance/Accounting	
HR	
Operations	
Marketing/Enrollment	
Educational supports (Curriculum, PD)	
School data collection and analysis	
Other (please specify below)	

Please specify other functional area/positions.

8. Does the central office directly contract with third party providers for any services? (Check all that apply.)

☐ Technology/IT   ☐ Food services
☐ Transportation   ☐ Janitorial
☐ Payroll/benefits   ☐ School and/or principal evaluation
☐ Professional Development ☐ Other (please specify)

17%   (Back) (Save) (Next)

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Panel 3 (bottom-left)

CMO Central Office Questionnaire

Organizational Decision-Making and Support Structure

9. For each of the following, who is the primary decision-maker on:

	Central office staff	Principal	Teachers
Core curricula (course offerings, scope of courses) used in classrooms	○	○	○
Instructional techniques	○	○	○
Academic grading/promotion standards	○	○	○
Scheduling (configuration of school day, length of classes)	○	○	○
Levels of support for struggling students	○	○	○
Student behavior management/discipline program	○	○	○
Drafting/setting school budget	○	○	○
Criteria for teacher evaluations	○	○	○
Professional development content	○	○	○
Teacher compensation	○	○	○
Teacher recruiting	○	○	○
Teacher hiring	○	○	○

10. Please indicate how important the following central office supports are to your schools' success.

	1 Least Important	2	3	4	5 Most Important	N/A
Fundraising	○	○	○	○	○	○
Recruiting and retaining high-quality school staff	○	○	○	○	○	○
Managing school budgets and back office services (legal, payroll, etc.)	○	○	○	○	○	○
Providing effective curricula and instructional models	○	○	○	○	○	○
Helping schools establish a culture of high academic expectations	○	○	○	○	○	○
Helping schools establish consistent behavioral expectations so students can focus on learning	○	○	○	○	○	○
Helping schools analyze and act on student performance data	○	○	○	○	○	○
Setting performance goals and holding school	○	○	○	○	○	○

Panel 4 (bottom-right)

personnel accountable	○	○ ○ ○	○	○	
Providing training on management of parent/community relations and outreach	○	○ ○ ○	○	○	
Providing professional development to help teachers implement your academic model	○	○ ○ ○	○	○	
Training school leaders to implement CMO model	○	○ ○ ○	○	○	

21%   (Back) (Save) (Next)

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CMO Central Office Questionnaire

Educational Program

11. How many instructional days are in the school year for a typical student in your schools?

12. How many hours are in the typical school day for a student in one of your schools?

13. Please rate each of the following in terms of its importance for effective instruction in your schools.

	Not Important	Somewhat Important	Important
Teachers engage students in inquiry-oriented activities	○	○	○
Teachers follow structured lesson plans that may include scripting	○	○	○
Teachers align instruction to measurable, daily objectives	○	○	○
Teachers use portfolio-based assessments or student expositions	○	○	○
Teachers regularly engage students in hands-on activities to learn new concepts	○	○	○
Teachers explain or demonstrate new content to students before students practice on their own	○	○	○
Teachers utilize co-teaching methods	○	○	○

14. Does your organization's central office provide any of the following instructional materials to schools? (Check all that apply.)

☐ Core curriculum   ☐ Scope/sequencing materials or pacing guides
☐ Examples of what good teaching looks like   ☐ Examples of good student work

15. Does your organization ask schools to use a set of learning standards to guide curriculum and instruction? [Yes/No—●]

If yes, please indicate which of the following standards inform your schools' curriculum. (Check all that apply.)

☐ District   ☐ State
☐ National (NCTM, NCTE, etc.)   ☐ College entrance requirements
☐ Developed by your organization   ☐ Other
☐ No specific standard used   ☐ Schools may choose their own standards

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CMO Central Office Questionnaire

Use of Data

16. Does the central office give each of your schools formative student assessments (i.e., assessments designed to measure student progress toward a standard or goal) that teachers administer?
○ Yes
○ No

17. If you offer formative assessments, how often are your schools expected to administer formative assessments?
○ Once per year
○ Twice per year
○ Quarterly
○ Every 6-8 weeks
○ More often than every 6-8 weeks

18. If you offer formative assessments, to what extent are the formative assessments your schools use linked to state tests?
○ Designed to predict student performance on state tests
○ Not designed for this purpose but is a fairly good predictor
○ Not a good predictor, assesses different knowledge and skills

19. On average, how often is at least one staff member or contractor from the central office in a typical school?
○ Yearly
○ Quarterly
○ Monthly
○ Weekly
○ Daily

20. On average, how often does CMO staff engage with a typical school in the following activities?

	Yearly	Quarterly	Monthly	Weekly	Daily	N/A
Classroom observation	○	○	○	○	○	○
One on one mentoring/meeting with teachers	○	○	○	○	○	○
One on one mentoring/meeting with principals	○	○	○	○	○	○
Scheduled or unscheduled school walkthroughs	○	○	○	○	○	○

Analyzing, explaining data	○	○	○	○	○	○

43%   (Back) (Save) (Next)

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CMO Central Office Questionnaire

Student Behavior and Supports

21. Does your central office require that schools do the following?

	Yes	No
Use a school-wide student behavior plan based on incentives and consequences (e.g., merit/demerits)	○	○
Hold student advisories, morning meeting groups, or some equivalent	○	○
Incorporate socio-emotional skills and values (such as honesty, achievement perseverance, etc.) into regular coursework	○	○
Visit or make regularly scheduled calls to most students or parents at their home	○	○
Ask all students or parents to sign a contract or letter of commitment	○	○
Require student uniforms	○	○
Display student work in hallways and classrooms	○	○
Coordinate with a social service or other community group	○	○
Other (please specify below)	○	○

Please specify other student behavior practices.

22. Does your organization require schools to offer any of the following student supports?

	Yes	No
After-school requirements/extended day (academic, extra-curriculars, tutoring)	○	○
Pull-out tutoring	○	○
Summer school/extended year	○	○
Individualized learning plan (beyond IEP)	○	○
Ability grouping	○	○
Tutoring/intervention for parents	○	○
Literacy and reading remediation during school day	○	○

47%   (Back) (Save) (Next)

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CMO Central Office Questionnaire

Budgets/Financial Management

23. Are schools charged a percentage of their budgets to support central office costs? [Yes/No ▾]

If Yes, what percentage? [____]%

24. Roughly what percentage of the CMO's operating budget in 2008-09 was covered by private funders? [____]%

25. Please fill in your 5 most substantial sources of private (non-governmental) funding. Indicate name of funder and approximate amount of grant or donation.
Reminder: This information will be aggregated with other CMO survey responses; it will not be reported for your individual CMO. *All information you provide will be kept strictly confidential.*

Funder (i.e., name of foundation or donor)	Dollar amount of grant	Duration of grant (e.g., three years)

26. Which statement best fits how the staffing mix (the types of positions funded) is determined within the schools you manage?
- ◯ Central office allocates positions to schools
- ◯ Principal determines staff mix based on budget
- ◯ Central office allocates positions, principals may trade-off positions with central office approval
- ◯ Central office allocates positions, principals may trade-off positions without central office approval
- ◯ Staffing is determined differently for each school
- ◯ Other (please specify below)

Please specify other determinant of staffing mix.

56%

(Back) (Save) (Next)

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CMO Central Office Questionnaire

Teacher Recruitment and Retention

27. For each step of the teacher hiring process, please indicate who of the following is primarily responsible. (Please select one response per row.)

	Central office staff	School personnel (principal, teachers, school governing board)	Joint process (decision equally shared between central office and school)
Recruiting	◯	◯	◯
Screening	◯	◯	◯
Interviewing	◯	◯	◯
Final selection	◯	◯	◯

28. How many teachers total did your schools employ as of fall 2008? [____]

29. For the last school year (2008-09), please indicate approximately what percent of your teaching staff came directly from the following sources. Please omit the percent (%) symbol.

Staff Source	Percent of Staff
Traditional education programs (e.g., university or college schools of education)	
Teaching Fellows or New Teacher Project	
Teach for America Corps	
Teach for America Alumni	
Local district schools	
Private or parochial schools	
Other charter schools	
Other (please describe below)	

Please specify other source.

30. How many teachers did your schools hire in the 2008-09 year? [____]

31. Of the teachers who left their posts in the 2008-09 school year, please indicate what percent left for the following reasons. Please omit the percent (%) symbol.

Reason for Departure	Percent of Teachers Leaving
Dismissed or did not have contracts renewed for poor performance	
Left voluntarily	
Were promoted to another position within your organization	
Moved to another position within your organization (teaching at another network school, moved into network administration, joined central office, etc.)	
Other (please specify below)	

Please specify other reasons for departure.

32. Are teachers in any of your schools unionized? [Yes/No ▾]

If not, are you aware of local unions actively trying to recruit your teachers to form a bargaining unit? [Yes/No ▾]

69%

(Back) (Save) (Next)

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CMO Central Office Questionnaire

Principal Recruitment and Retention

33. Which of the following practices are used in the principal hiring process?

	Yes	No
Candidates interview with school staff	◯	◯
Candidates give a sample lesson	◯	◯
Candidates critique a lesson	◯	◯
Candidates screened for certain beliefs or values	◯	◯
Candidates role-play to demonstrate interpersonal skills	◯	◯
Candidates required to provide evidence of past success in raising student test scores	◯	◯
Other (please specify below)	◯	◯

Please specify other hiring practices.

34. How important is each of these prior experiences when hiring a new principal?

	Not at all important	A little important	Somewhat important	Very important
Worked in this organization (e.g., former teacher, administrator)	◯	◯	◯	◯
Apprenticed with this organization	◯	◯	◯	◯
Trained through leadership program (such as education school, private, or state-run principal training program)	◯	◯	◯	◯
Has connections to local community	◯	◯	◯	◯
Has proven experience running a successful school	◯	◯	◯	◯
Worked with similar student population	◯	◯	◯	◯

35. Which attributes are most important when hiring principals? Please choose up to three responses.
- ☐ Mastery of particular instructional strategies
- ☐ Operations management skills
- ☐ Financial management skills
- ☐ Ability to work well with local community, parents

Top-left panel

☐ Ability to effectively manage staff   ☐ Personal attributes (e.g., flexibility, ability to motivate)

76%   (Back) (Save) (Next)

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Top-right panel

CMO Central Office Questionnaire

Compensation

36. Does your organization set teacher salaries at the central office level, at the school level, or jointly?

- ○ Central office
- ○ School
- ○ Jointly decided between central office and school

37. How does the normal base pay (not including bonuses) for a full-time teacher with a BA and no teaching experience compare to that of your surrounding district?

- ○ CMO teachers' pay is more than 10% *below* district salary
- ○ CMO teachers' pay is 0-10% *below* district salary
- ○ CMO teachers' pay is roughly equal to district salary
- ○ CMO teachers' pay is 0-10% *above* district salary
- ○ CMO teachers' pay is more than 10% *above* district salary

38. Please indicate whether your organization offers the following types of bonuses or incentives to teachers?

Bonus Type	Yes	No
Hiring or transfer bonus	○	○
Retention bonus	○	○
Bonus to teach a particular grade level or subject	○	○
Individual performance-based bonus	○	○
School performance-based bonus	○	○
Stipend for performing extra duties, such as mentoring or leading professional development	○	○
Stipend for leading extracurricular activities (including coaching)	○	○
Teaching summer school	○	○
Promotion to leadership position (e.g. mentor teacher, department head)	○	○
Other bonus, incentive or stipend (please specify below)	○	○

Please specify other bonus, incentive or stipend.

39. How is teacher performance measured for the purpose of determining pay increases or bonuses? (Check all that apply.)

Bottom-left panel

☐ Value added/growth in achievement of students   ☐ Percent proficient or other end of year measure of student performance

☐ Student attendance   ☐ Observation by principal or other school staff

☐ Observation by central office staff   ☐ Other (please specify below)

Please specify other criteria of performance.

40. Please indicate whether your organization offers a bonus or incentive to **principals** for any of the following in 2008-09.

Bonus Type	Yes	No
Hiring or transfer bonus	○	○
Retention bonus	○	○
Individual performance-based bonus	○	○
School performance-based bonus	○	○
Other bonus, incentive or stipend (please specify below)	○	○

Please specify other bonus, incentive or stipend.

86%   (Back) (Save) (Next)

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Bottom-right panel

CMO Central Office Questionnaire

Professional Development

41. In a given year, what is the total number of hours that teachers spend in professional development activities provided by your organization's central office? Please include workshops, in-class coaching, etc.

	Teachers new to CMO (hours per year)	Continuing Teachers (hours per year)
Total professional development activities		

42. For the hours indicated above, please indicate what percent of time do teachers spend in the following professional development activities? Please omit the percent (%) symbol.

	Teachers new to CMO (percent of time)	Continuing Teachers (percent of time)
Workshops outside of the classroom		
In-class coaching		

43. How frequently are teachers observed formally or informally?

	Yearly	Quarterly	Monthly	Weekly	Multiple times per week
By the principal	○	○	○	○	○
By a coach, specialist, or master teacher	○	○	○	○	○
By a peer	○	○	○	○	○

44. In a given year, what is the total number of hours that principals spend in professional development activities *provided or paid for* by your organization's central office? ___ hours per year

45. Of these hours, how many are spent in the following activities? Place a 0 in categories not used.

	Hours per year
Training sessions/workshops	
Formally scheduled meetings of principals	
Time spent with mentor principal	
University coursework	
Attendance at conferences not run by your organization	

CMO Survey   9/23/09 10:29 AM

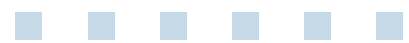Visiting other schools either within or outside this organization

46. We are very interested in any additional information not covered in the survey. Please use the space below to share your comments, questions, suggestions or concerns.

100%   (Back) (Save) (Finish)

Center on Reinventing Public Education

APPENDIX **D**

Case Study Protocol

Field Visit Protocol for CEO Interview

Desired outcomes:

1. Theory of action: intended influence of CMO on school structure, policies ad practices

2. Intended value of CMO services (e.g., financial, instructional, HR, and community relations) in promoting instructional coherence, organizational health, and student achievement

3. Intended division of roles and responsibilities among home office staff and between CMO home office and schools

4. How context influences perceived CMO effectiveness and whether and how CMO hopes to influence district-operated public schools

Key themes to address

1. CMO's theory of change, "brand"

2. Degree of centralization

3. How CMO holds schools accountable

4. Decisionmaking structure

5. Home office functions and services

6. Growth strategy and challenges

7. Influence of context/environment on operations

INTRODUCTION

Thanks for taking time to speak with us today. This case study is part of a much broader study of CMOs. The overall study is looking at how CMO schools are performing and how different CMO structures and practices contribute to performance. We're looking at a lot of data sources to inform these questions—surveys, test scores, etc.

These case studies, however, have a narrower focus—they are designed to help us much more deeply understand how CMOs differ in their practices and how various CMO home office strategies play out in schools.

Our questions today will try to cover a lot of ground. Basically, we are trying to learn about how your CMO home office is working to promote high performance in the schools you run. We want to better understand what kinds of support you offer to schools; what you believe is most helpful; how you see the divisions of responsibility between the CMO home office and the schools; and how policy and community context influences your efforts.

I have a copy of a consent form for you to read and sign. This form explains how we'll protect your confidentiality and explains that you're free to decline answering any questions and can end the interview at any time if you wish.

With your permission, I'd like to tape record the interview so that I can concentrate on what you're saying, rather than on note taking. The tape recording will remain confidential. We'll never identify any individuals, schools, or CMOs in this study by name. Is that ok?

[PROVIDE CONSENT FORM AND DESCRIBE IT. GIVE TIME TO READ AND SIGN THE FORM]

Do you have any questions before we begin? Okay. Let's start.

QUESTIONS

EDUCATIONAL DESIGN AND PRIORITIES

1. If you had to choose your CMO's specific curriculum, instruction, culture, or something else as being the most critical ingredient in your schools' success, what would it be? Why?
2. How likely is it that if you visit any given [CMO] school you would see the same approach to teaching and learning? Why is that the case?
3. Are there any non-negotiables in your model—things that every school is expected to do or be in order to remain part of the CMO? What are they? How do you communicate these expectations to school leadership? What are the consequences if that does not happen?
4. Overall, how do you define a "successful" [name of CMO] school?
5. What do you see as the weakest elements in your CMO?

DECISIONMAKING STRUCTURE

6. How are decisions about teaching and learning made? Who's involved? What's the process – is it more bottom up? Top down? How are new ideas/practices spread throughout the CMO?
7. Do principals or teachers participate in the any other decisionmaking processes within the organization? If so, in what ways and on what types of decisions?
8. Has this changed during your growth? How? What lessons have you learned?

9. What works well about your decisionmaking process? What does not work well?

CORE FUNCTIONS OF CMO HOME OFFICE

10. How is the home office similar or different than the districts that would have otherwise served your students?
11. What are the most critical functions of the home office? What do you do best? Least well?
12. What capacities have you tried to build in your home office as you have grown? What strategies have you used? (e.g., How much of your capacity is in-house vs. contracted out?)
13. Are there particular attributes or values that you have tried to promote to guide how the home office functions?

SCALE/CONTEXT

14. How many schools have you added each year in the past? How many do you plan to add?
15. Have you had to adjust your pace of growth or growth strategy over time? How? Why?
16. What factors do you consider when making decisions about where to operate?
17. What factors outside the control of your home office and schools are the greatest barriers to the growth and effectiveness of your CMO?
18. What are your goals for the financial sustainability of your schools? Is there a plan for reducing the CMO's reliance on philanthropy? What is the plan to get there?
19. Is the presence of your CMO affecting surrounding districts? Can you provide specific examples?
20. Do you have any interaction with a local teachers union? If so, how would you characterize the relationship? Have there been conversations about unionization for your teachers?

THANK YOU FOR YOUR TIME.

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