

Charter School Replication in Colorado

Prepared for the Colorado Department of Education by

**Dick M. Carpenter II, PhD
Krista Kafer**

November 7, 2011

Charter School Replication in Colorado

Introduction

In recent years, a common question has coalesced among charter school proponents, educational reformers, policymakers, and educational leaders at various levels—How can we increase the number of high performing charter schools in the United States? In the state of Colorado, one response to this question has been the replication of existing charter school models. However, as the rate of replication has increased in the state, questions have been raised regarding the quality of such schools. Prior to the release of this study, there had been no Colorado-specific research regarding student achievement at replication schools as compared to non-replication schools, the existence of district and state policies governing replication, or the perspectives of charter school leaders at replication schools and their authorizers.

In 2011, the Colorado Department of Education Schools of Choice Unit solicited this study to examine these issues. *Charter School Replication in Colorado* provides lawmakers, reformers, school leaders, prospective board members, parents, and the research community with a first-ever examination of charter school replication in the state. Beginning with a review of existing national research, the paper provides statistics regarding the location of replication schools, demographic information about the students they serve, and the schools' achievement levels relative to non-replication charter schools. In a separate section of the study, the authors provide a summary of charter school leader and authorizer perspectives regarding the process of replication and its challenges. The study concludes with recommendations for future replication efforts.

Charter School Replication in Colorado defines a replication charter school as one that is modeled after an existing school and is connected to its sister school(s) through a central organization. The organization may be a for-profit education management organization (EMO) or a non-profit charter management organization (CMO). The CMO or EMO may be state specific or national. This definition excludes schools that are replicated from other school models but operate independently of those schools. For example, Colorado's 70 Core Knowledge charter schools share the same curriculum but are independent schools. Their leaders and teachers may informally network or attend Core Knowledge conferences, but there is no Core Knowledge CMO or EMO. The state's six Expeditionary Learning charter schools have similar pedagogy, curricula, training, and program components, but like Core Knowledge schools, they are not part of a CMO or EMO network. Similarly, schools whose founders participated in the Building Excellent Schools Fellowship share many common elements but remain independent organizations. The Global Village Charter Collaborative (GVCC) supports two Global Village charter schools in two districts. While the GVCC provides some CMO-type services, the collaborative arrangement is comparatively smaller than a typical CMO. The collaborative may become a CMO as the organization and number of schools expands.

In still other cases, charter school founders may model their school off of an existing model with the encouragement and advice of the original school's board and administration, but the replication school remains a separate entity. Many Colorado charter schools have been

established through such informal replication efforts or through the independent adoption of a national curriculum or school model; however, since they are not part of a CMO or EMO, they are not the subject of this study.

Literature Review on Charter School Replication

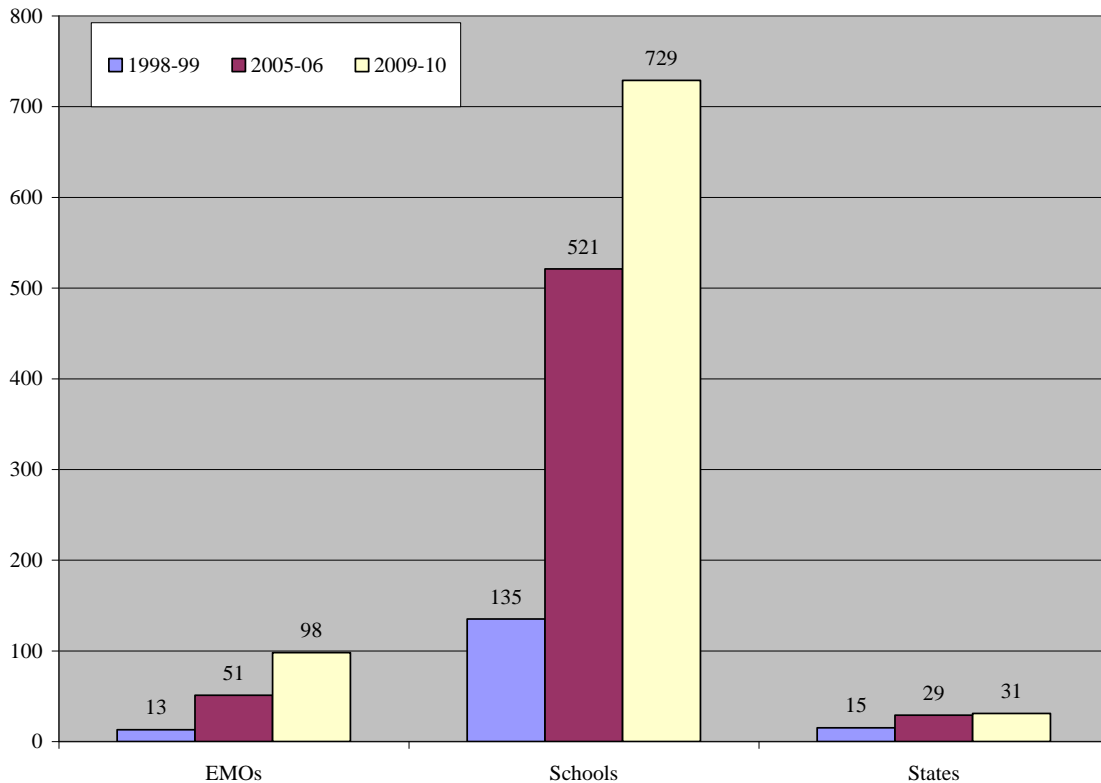
Nationally, charter schools have enjoyed bipartisan support from policy leaders as an agent of change in the public school system and demand for charters on the part of parents remains robust, but some scholars have noted that the charter sector is presently too small and not sufficiently prepared to go to scale to serve levels of demand or to spur change in the public school system (Greene et al., 2010). Although there are many possible reasons for this trend, one part of the explanation is potential charter school operators' increasing awareness of the difficulties of opening and managing such schools (Wells, 2002), particularly those that use resource-intensive educational strategies (Education Sector, 2009). Compounding this is the fact that the great majority of charter schools are single institutions, founded by local educational reformers (Bennett, 2008). Those running such schools often lack the resources or even the interest in replicating their models through new school creation.

In response, for-profit and nonprofit organizations—educational management organizations (EMOs) and charter management organizations (CMOs) respectively—stepped in to facilitate expansion in the charter sector. The working model for these organizations drew on market expansion techniques in non-educational sectors. Through economies of scale and centralization of certain services, management organizations set out to increase the number of new charter schools by taking their models “to scale” (Bennett, 2008; Lake, Dusseault, Bowen, Demeritt, & Hill, 2010).

The first type of management organization to enter the charter market was EMOs. These companies provide “whole-school operation” services (Bulkley & Hicks, 2005) but also have executive authority over the operation and management of schools, including decisions about curriculum and instruction (Garcia, Barber, & Molnar, 2009). In general, charter schools are smaller than traditional public schools, but EMO-managed charter schools are larger than other charter schools. Among the charter schools managed by large EMOs, 66% have enrollments exceeding the average U.S. charter school enrollment, and the schools often serve larger percentages of racial and ethnic minority students (Miron, Urschel, Mathis, & Tornquist, 2010). EMOs tend to emphasize standardized curriculum across campuses in an effort to differentiate their schools from others through “branding.” Examples of EMOs include Edison Schools, Mosaica, and Chancellor Beacon (now called Imagine Schools, Inc.) (Bulkley & Hicks, 2005).

Similar to branding in other corporate contexts, the primary motive is to draw more students by providing an identifiable product (Garcia, et al., 2009), and numbers appear to indicate that it may have worked. In 1998–1999, for example, 13 EMOs operated 135 schools in 15 states (See Figure 1). By 2005–2006, 51 EMOs managed 521 schools, with a total enrollment of 237,179 students across 29 states and the District of Columbia (Garcia, et al., 2009). And by 2009–2010, 98 EMOs ran 729 schools, serving 353,070 students in 31 states (Molnar, Miron, & Urschel, 2010).

Figure 1: EMO Growth Over Time



Despite such growth, however, there remains disappointment among observers with what is perceived to be lackluster quality in EMO expansion. Many early EMOs expanded quickly and opportunistically to meet aggressive investor growth targets and imploded as a result. EMOs also struggle with local community politics because state charter laws require them to contract with nonprofit governing boards rather than run schools directly (Hall & Lake, 2011). Garcia (2009) also notes that academic achievement results have been mixed at best. Among students who remained in the same sector (i.e., EMO charter versus non-charter public) for three consecutive years, there appeared to be no consistent advantages in academic achievement relative to traditional public schools in total scores. Moreover, among students who remained in the same sector and same school for three consecutive years, EMO-managed charter schools exhibited a modest positive and statistically significant effect in reading vocabulary but a small and negative effect in reading comprehension.

The second type of management organization—CMOs—entered the market after EMOs; indeed they were developed, in part, in response to the problems that plagued the latter (Education Sector, 2009). Like EMOs—but as nonprofit organizations—CMOs 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 (Hendrie, 2005; Lake, et al., 2010). They do so by providing educational leadership and an array of services ranging from payroll and recordkeeping to regulatory compliance and teacher credentialing (Hendrie, 2005).

Compared to EMOs, CMOs are still a relatively young and regionally concentrated phenomenon. According to Lake et al. (2010), the majority of CMO-affiliated schools operate primarily 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, and Houston. However, national leaders see CMOs as an important part of larger plans for educational reform. For example, U.S. Secretary of Education Arne Duncan has explicitly cited a number of leading CMOs in describing his plans to fix the 5,000 worst schools in America and has made CMOs eligible for unprecedented access to federal dollars (Education Sector, 2009).

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 (Lake, et al., 2010). Examples of CMOs include Aspire, Green Dot, and Lighthouse Academies..

Advantages of CMOS include filling some of the roles played by central offices for district-run public schools, softening some of the pain of starting new schools and running them without outside support, and dealing with complex regulatory issues that small, stand-alone schools find overwhelming (Hendrie, 2005). Nevertheless, in some cities CMOs have expanded slower and required more resources than originally hoped. The extraordinary demands of educating disadvantaged students to higher standards; attracting the talent required to do that work; finding and financing facilities; extending their designs, most of which are based on elementary and middle school education, to work effectively at the high school level; avoiding excessive bureaucracy and organizational rigidity as CMOs grow larger; and overcoming often-aggressive opposition from the traditional public education system have made scale, quality, and financial sustainability hard to realize (Education Sector, 2009; Hall & Lake, 2011; Lake, et al., 2010).

Consequently, skeptics have begun to wonder if CMOs can fulfill the expectation of economies of scale without recreating the pathologies of school districts, specifically organizational rigidity, complexity, and bureaucracy (Hall & Lake, 2011; Hendrie, 2005). Other critics see CMO replication as a threat to the charter sector's role as an engine of ideas and a vehicle for grassroots empowerment (Hendrie, 2005), with the eventual effect being isomorphism (Education Sector, 2009; Lake, et al., 2010). Finally, Hall and Lake (2011) note that despite the hope that by replicating high-performing schools CMOs will provide more consistent results than stand-alone charter schools, there is no rigorous evidence yet to support that claim nationally. In fact, it is not clear that management organizations, as a rule, produce more consistent quality than does effective authorizing and oversight of "one-off" charter schools.

The Method of Replication

Whether via stand alone schools, CMOS, or EMOs, the method of replication tends to conform to two models— corporate-style management or franchising (Bennett, 2008; Rhim, 1998). In a corporate model, a central organization exerts substantial management and control over schools' operations, including both academic and non-academic functions. In a franchise model, schools

implement a common “brand” and receive certain services from a “franchisor,” but the schools each operate with greater autonomy under the auspices of separate boards of directors.

Although some management organizations initially adopted a franchise model to replication, most now adopt more of a corporate model in order to “grow the brand” while maintaining quality (Bennett, 2008). This means management organizations oversee the building and operation of each new school themselves to ensure each school replicates the organization’s standards for building design, staffing, and programs. Yet, within the corporate model, there remains variation in the methods of replication and operation. Some management organizations emphasize seeding new schools with the “DNA” of existing schools by training and sending experienced staff to start new schools that replicate the organization’s 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 (Lake, et al., 2010). Nevertheless, most management organizations are moderately to highly prescriptive in curriculum and instructional techniques, human resource functions, and student behavior and support programs (Lake, et al., 2010).

Knowledge Is Power Program (KIPP) schools provide a good example of a “franchise” replication school. All KIPP charter schools share a set of operating principles known as the Five Pillars (High Expectations, Choice and Commitment, More Time, Power to Lead, and Focus on Results) that create a common school culture and philosophy across all KIPP schools. The national KIPP organization provides training for leaders, research and evaluation, and fundraising but does not prescribe a curriculum or provide direct services to its schools. The 109 KIPP schools across the nation are largely independent. KIPP Sunshine Peak Academy in Denver, CO opened in 2002. As of 2011, there are three KIPP schools in Colorado supported by a local KIPP CMO.

West Denver Prep, a Colorado CMO, exemplifies corporate-style management. West Denver Prep opened in 2006, has expanded to four middle schools, and plans to open a high school in 2012. The schools are supported by a central office that provides strategic planning, technology, communications, finances, operations, curriculum development, faculty and staff recruitment, student enrollment management, and network expansion. The schools are so similar that they share the same calendar, student handbook, and student application form.

State and Local Guidelines and Resources Regarding Replication

Although Colorado state law does not address charter school replication, the state government does provide guidance for the growing EMO and CMO sector. Specifically, the Colorado Department of Education (CDE), Colorado Charter School Institute (CSI), and the Colorado League of Charter Schools (CLCS) have created resources to aid charter school boards as they consider replication or contracting with an EMO and authorizers as they examine charter school contracts and applications for approval or renewal. The CDE, CSI, and CLCS developed these responses in response to the growing number of EMO and CMO schools.

- *The Standard Application, Checklist, and Review Rubric*

(http://www.cde.state.co.us/cdechart/download/BOOTC_JD&NF_ComAppRubric060910.pdf) to provide guidance to founding charter school boards and authorizers in the writing and review of new charter school application submissions. The document communicates the minimum standard for producing a comprehensive, high-quality, and complete charter school application. Authorizers are encouraged to adopt and modify the template according to their needs. The Standard Application contains a section on education service providers (ESP). If a proposed charter school intends to contract with ESP, such as an EMO or CMO, the Standard Application requires the school to provide an explanation of how and why the ESP was selected; an explanation of the company's success in serving student populations similar to the targeted student population, including demonstrated academic achievement and successful management of non-academic school functions (e.g., back-office services, school operations, extracurricular programs); an extensive description of the terms of the relationship; and other important details. The section contains a checklist of required and supplementary information and an evaluation rubric with which to judge the quality of the section.

- *The Education Service Provider (ESP) Agreement Guidelines* (See Appendix A of this report)

This part of the *Colorado Charter School Sample Contract Language and Attachments* (www.charterschoolquality.org/media/2294/bcsqcontract.doc)—a contract template for authorizers. Authorizers and charter schools can use these guidelines to ensure that a charter school's contract with an EMO or other service provider is unambiguous and does not disadvantage the charter school board. The CSI, for example, adopted and expanded upon the guidelines to create the *Charter School Institute Guidelines on ESP Agreement Provisions*. Contracts between CSI charter schools and EMOs must conform to the provisions and receive approval by the CSI Board of Directors.

- *The Sample Renewal Framework*

(<http://www.cde.state.co.us/cdechart/download/BCSQRenewalFrameworkdocx.docx>), This provides a Colorado-specific guide to charter school renewal. The Framework recommends that authorizers examine how CMO/EMO is meeting its legal obligations.

- *Replication Readiness: A Colorado Guide*

The CLCS developed this document (See Appendix B) for schools considering replication and their authorizers. CLCS defines replication as the act of establishing “one or more additional schools using the same educational model and where there will be an ongoing relationship between the schools [such as]...[o]ne governing board overseeing two or more schools; [a]n educational service provider contracting for services with two or more schools; [a]nd shared services among schools.” According to the guide, a school should be at least three years old and serving all of the grade levels specified in its charter before considering replication. The school should be designated by its district as at the “Performance” level in terms of its Unified Improvement Plan. It should be meeting or

exceeding all applicable Colorado performance indicators (academic achievement, academic growth, academic growth gaps, and postsecondary and workforce readiness), exceeding achievement levels at comparable schools, and meeting its charter objectives. In addition to having a strong academic track record, the school should also have a strong operational history with unqualified annual audits, solid financial systems and reserves, timely reporting, and compliance with contract, health, safety, and other legal requirements. The governing board should demonstrate strong leadership in line with best practices. Lastly, the CLCS recommends that the school develop a replication plan that addresses the financial arrangement, human resources, and educational program, and defines the target population including evidence of demand.

Perspectives on Replication in Colorado

Given that more than two dozen Colorado charter schools opened through the replication process and the aforementioned documents and guidelines exist to facilitate more, it is worth examining perspectives about the replication process in Colorado thus far as a way to understand better what has worked and what might be inhibiting further growth through replication. To do so, we contacted each EMO (EdisonLearning, Inc., Mosaica Education, National Heritage Academies, White Hat Management, K12, Inc., Rites of Passage, Inc., and Imagine Schools), each CMO (Denver School of Science and Technology, GEO Foundation, KIPP Schools, New America Schools, SOAR Schools, and West Denver Prep), and the districts that authorized these schools (Adams 12, Brighton 27J, Aurora Public Schools, Poudre School District, St. Vrain Valley School District, Charter School Institute Colorado Springs District 11, Denver Public Schools, Jeffco Public Schools, Mapleton Public Schools, and Falcon School District 49). Response rates were 57%, 66%, and 90% respectively. Two of the EMO representatives responded in writing, and two spoke to the researchers by phone. Three CMO respondents discussed their answers on the phone and one by email. Each respondent was told that answers would be summarized and provided without the names of the representatives or their schools.

Charter school liaisons at the authorizers were asked the following questions:

1. Do you have any policies governing management organizations or charter replication?
2. Do you have incentives in place for successful charter schools to replicate?
3. Are replication charter schools treated differently than other charter schools? If so, how?
4. Has your experience with replication been positive, negative, or neutral?
5. Have your replication schools exceeded, failed, or met your expectations?

CMO and EMO directors were asked the following ten questions:

1. Does your district have any policies or procedures related specifically to replication?
2. Does your district treat your school differently than non-replication charter schools?
3. Why did you decide to replicate your model?
4. Were there any barriers or incentives to replicate at the district, state, federal or philanthropic model?
5. Do you have a management organization? Would you characterize your management organization as having a franchise model or a corporate model?

6. What, if any, organizations assisted you in replication?
7. Do you plan to open additional schools? If so, how many?
8. If you could capture the central elements of your school model or brand in two sentences, what would they be?
9. What are the most significant challenges to your replication efforts and the overall success of your operation?
10. Is replication more challenging, less challenging or about as challenging as you expected it would be?

School District Perspectives

District Policies Regarding Replication

Beginning with the district level, few distinguish between CMO/EMO schools and other charter schools. Moreover, as with the state more broadly, school districts do not typically have formal policies governing charter school replication. Many districts, however, are examining the issue in light of their experience with EMOs and CMOs. Four of the districts have adopted the CDE/CSI/CLCS *Standard Application*, which requires that school founders provide extensive information about the EMO or CMO involved in the replication. Two districts have established a right to review an ESP contract. One district has completed a charter renewal using the *Sample Renewal Framework*.

No districts provide incentives for replication, although one district regularly works with CMOs to find school facilities. One district requires charter school boards to complete a quality check on their EMO's performance as a way to monitor ongoing performance. This district also works with the charter school boards in their district and the EMO representative to ensure that boards are receiving unbiased information about school performance. Another district encourages its charter school board to complete training with CLCS on how to work with an EMO while retaining its independent decision making authority. All of the districts stated that they had a mostly positive experience with their EMO and CMOs.

District Perceptions of EMOs and CMOs in the District

The majority of district representatives (five) had a mixed or neutral experience with CMOs and EMOs in their district. Three had positive experiences, two had negative experiences, and one did not answer the question. Two district representatives stated that the replication school exceeded their expectations, two stated that they met their expectations, and three stated that they failed their expectations. Two district representatives did not answer the question. In two cases, the district representative had some negative initial experiences with the EMO but said that the schools themselves surpassed their expectations.

EMO Perspectives

District Treatment of EMO

From the EMO perspective, all of the EMO representatives stated that their districts did not treat them differently from other charter schools or erect barriers to operating their school model in the district. Consistent with the district responses above, three EMO representatives said that their districts did not offer incentives for replication. One of the EMO representatives, however, said that one of the districts provided a type of incentive: When the district needed to open a neighborhood school but lacked sufficient capital funds, it partnered with a developer and the EMO to create the school.

Resources for EMOs

Many of the EMO schools have instead received Federal Charter Schools Program grants. Another source of replication funding is private foundations. Relative to that source, CMO schools were more likely than EMO schools to receive private philanthropic support, which is not entirely surprising given the former's nonprofit status.

Consistent with a slower rate of replication growth nationally, three of the EMOs are not planning to expand the number of charter schools in Colorado at this time. The third EMO is working to improve its current schools and plans to pursue opening new schools in the future, although the EMO provided no details on what constitutes "the future" or how many schools that might be.

Important Steps in Replication

In terms of the most important steps in replication, one EMO representative stated that it is important to "utilize a proven formula effectively," and another stated that "fidelity to the model" is essential. A third EMO stated that it is important to have a strong team in place from the beginning because it takes years to overcome a difficult start-up. The fourth EMO representative stated that two steps were important—finding an authorizer with which the organization can build a good relationship and having a strong curriculum and technology platform.

CMO Perspectives

District Treatment of EMO

Turning to CMOs, while CMO representatives said they knew of no district policies regarding replication and CMOs, one representative stated that they were required to answer questions regarding the readiness of the board to manage multiple schools and had to provide financial and academic records prior to replication. Three of the four CMO respondents said that they have a strong relationship with their district, which has been helpful throughout the replication process.

Reasons for Replication

Three of the CMO representatives stated that demand for their model was an important reason behind their decision to replicate. These schools have experienced positive results, and their boards and directors felt a sense of urgency to serve more students. The fourth CMO

representative stated that the organization was invited by community leaders to bring the model into the district.

Support for Replication

All four CMOs have received financial support from foundations and/or federal grants, but the degree of support varied. Both in terms of creating their original models and in executing replication, many of the CMOs reached out to successful schools with similar models and target student populations for guidance. Several respondents said the Colorado League of Charter Schools had also been helpful.

Governance Model

There was some variance in the degree of school level autonomy, with one CMOs stating that they preferred to give their school leaders greater autonomy—somewhat similar to a franchise model—and two others preferring more centralized authority—akin to a corporate model. The fourth CMO representative did not answer the question. Governance is still a work in progress, however, several of the CMO leaders stated that they are still refining their governance structures and determining the degree of flexibility at the site level. The most common board structure was to have a single CMO board and a site board or school accountability committee at the school level, which sends representatives to the CMO board.

Components of Successful Replication

Finally, each CMO representative was clearly able to define the school's unique model and said that having a clearly defined model was essential to successful replication efforts. Other vital steps in replication were said to be building high quality systems to support the schools; defining and staying true to the model, finding and training staff, and locating the right authorizer; determining the relationship between schools and CMO and degree of site based autonomy; and possessing a clear process for scaling up of culture. Three of the four CMOs would like to double the number of schools in the network, although the respondents provided no timelines for this growth. The fourth CMO representative stated that the organization would like to open five new schools in ten years across the nation, and the decision to open additional schools in Colorado is in the discussion stage.

The State of Replication in Colorado

To complement the aforementioned perspectives on charter replication in Colorado, we also examined the state of replication schools in the state by the numbers. According to the Colorado Department of Education, as of 2009-2010, 27 of Colorado's 155 operating charter schools were created through replication. All but four of those were created by either EMOs or CMOs. Over the past 15 years, approximately 17% of Colorado's charter's were created through replication. Only one charter school created through replication closed.

Table 1 disaggregates replications by year. As indicated in the percentages column, school creation through replication has increased over time. In some years (2006 and 2007) half of new charter schools were created through replication. On average, replication produces between one and two schools per year.

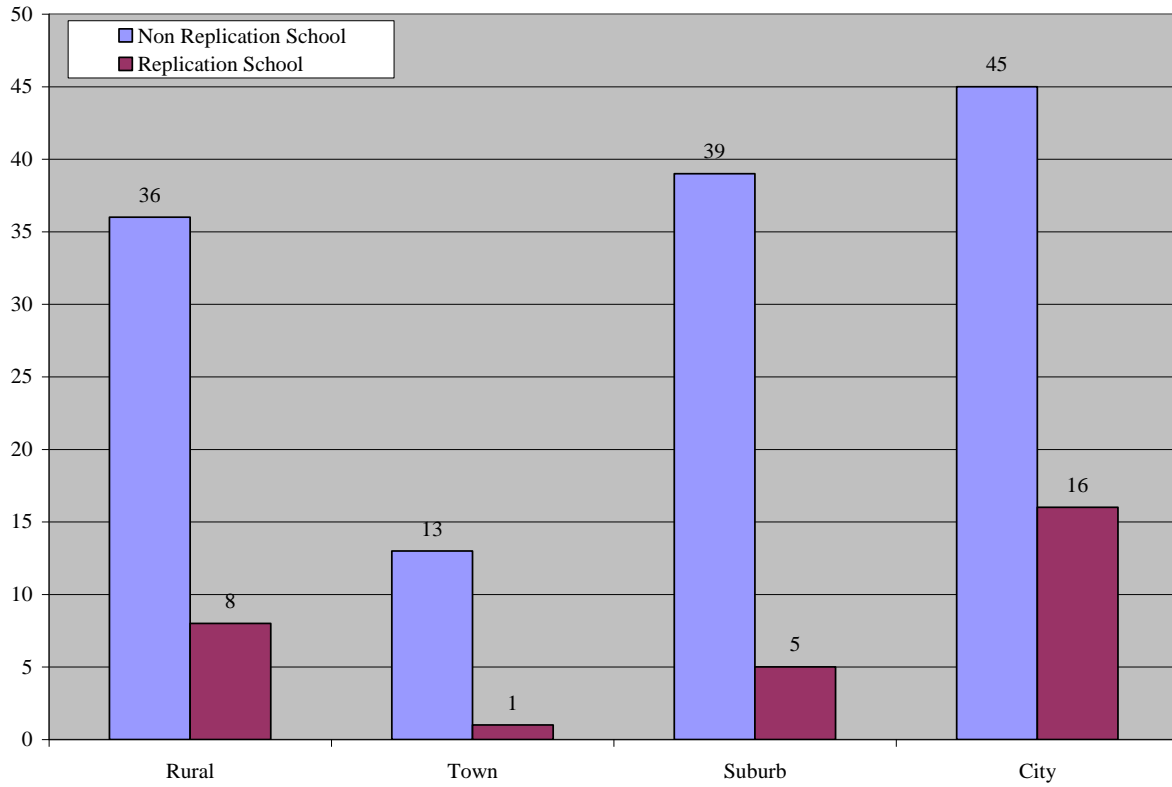
Table 1: Replications by Year

Year Opened	Charter Schools	Replication Schools	Annual Percentage of All Charters Created by Replication
1993	2	0	0%
1994	8	0	0%
1995	9	0	0%
1996	8	1	13%
1997	18	0	0%
1998	8	1	13%
1999	6	0	0%
2000	8	0	0%
2001	8	1	13%
2002	6	1	17%
2003	5	2	40%
2004	16	4	25%
2005	10	1	10%
2006	14	5	36%
2007	10	4	40%
2008	9	1	11%
2009	11	3	27%
Total	156	24	

Note: These numbers were based on the opening dates for every charter school, as provided by the Colorado Department of Education.

Figure 2 indicates the types of settings in which replication schools have been created. Schools have been replicated in all types of settings—from rural to city; however, the greatest number of replications has originated in city settings.

Figure 2: Schools by Urbanicity Setting



A similar trend is evident when looking at the distribution of charters by location in the state. As Figure 3 reveals, almost all replication schools have been created along the Front Range. Notably, no replication schools have been created in the Eastern Plains or along the Western Slope, although charters do operate in those areas.

Figure 3: Schools by Location in the State

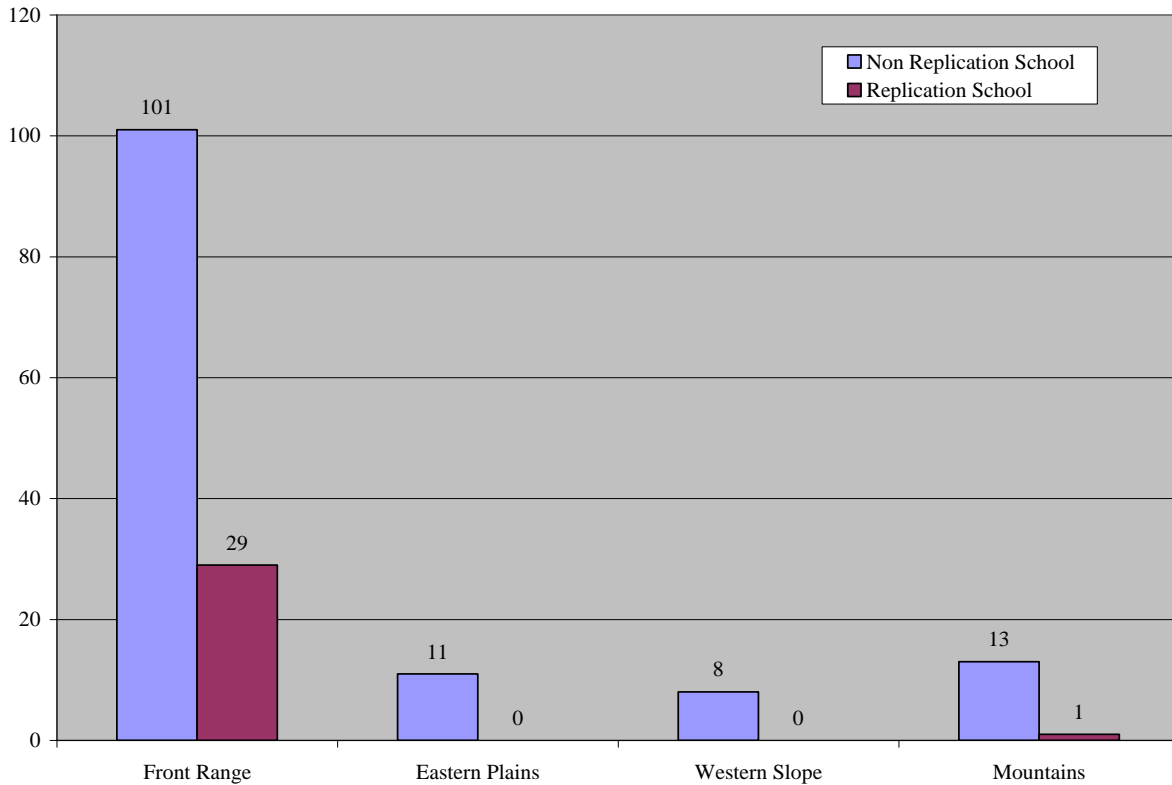


Table 3 disaggregates location even further by grouping schools according to school district location. As indicated, the greatest number of replication schools has been created in Denver Public Schools, followed by Colorado Springs 11.

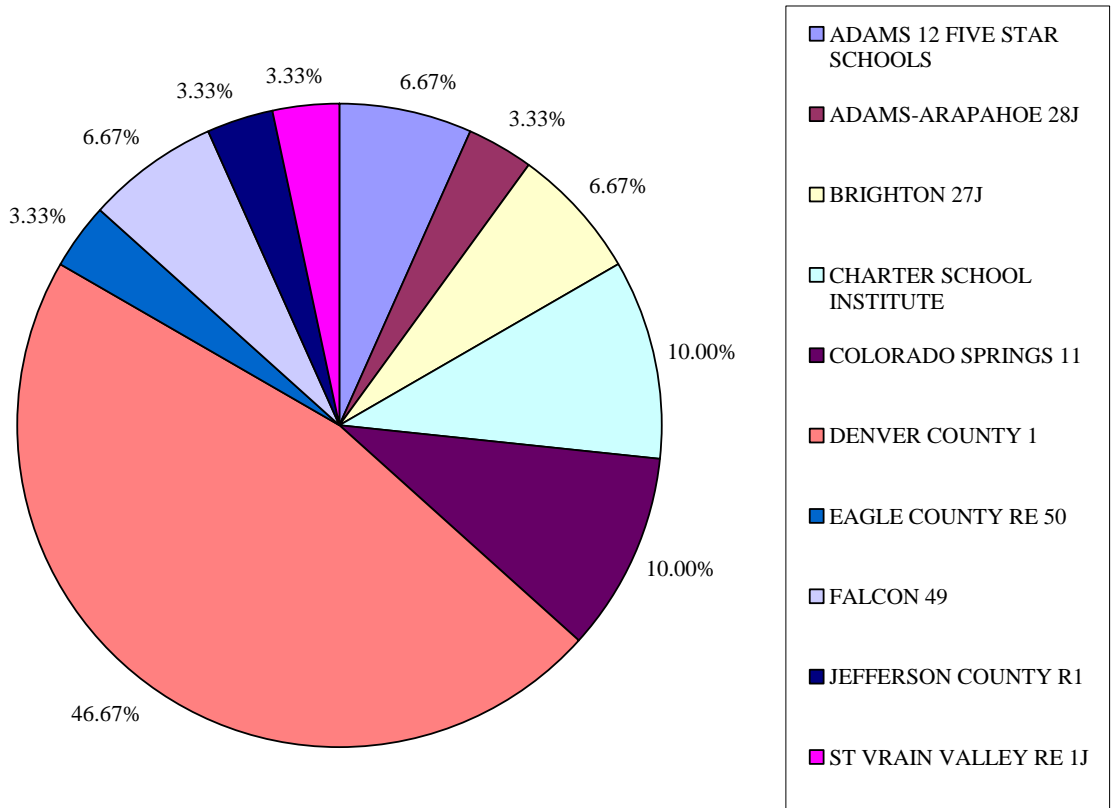
Table 3: Charter Schools by District Location

	Non Replication School	Replication School	Total
ACADEMY 20	3	0	3
ADAMS 12 FIVE STAR SCHOOLS	3	2	5
ADAMS COUNTY 14	1	0	1
ADAMS-ARAPAHOE 28J	5	1	6
ASPEN 1	1	0	1
BENNETT 29J	1	0	1
BOULDER VALLEY RE 2	5	0	5
BRIGHTON 27J	4	2	6
CALHAN RJ1	1	0	1
CANON CITY RE1	1	0	1
CHERRY CREEK 5	1	1	2

CHEYENNE MOUNTAIN 12	3	0	3
CLEAR CREEK RE1	1	0	1
COLORADO SPRINGS 11	2	1	3
COLORADO SPRINGS 11	5	3	8
DENVER COUNTY 1	16	14	30
DOUGLAS COUNTY RE 1	8	0	8
DURANGO SCHOOL DISTRICT 9-R	1	0	1
EAGLE COUNTY RE 50	2	1	3
EAST GRAND 2	1	0	1
ELIZABETH C1	1	0	1
FALCON 49	2	2	4
GREELEY 6	3	0	3
GUNNISON WATERSHED RE1J	1	0	1
HARRISON 2	4	0	4
JEFFERSON COUNTY R1	14	1	15
JOHNSTOWN-MILLIKEN RE5J	1	0	1
KEENESBURG RE3	1	0	1
LAMAR RE2	1	0	1
LEWIS-PALMER 38	1	0	1
LITTLETON 6	2	0	2
MESA COUNTY VALLEY 51	2	0	2
MOFFAT 2	1	0	1
MONTEZUMA-CORTEZ RE1	2	0	2
MONTROSE COUNTY RE1J	2	0	2
PARK COUNTY RE2	2	0	2
POUDRE R1	3	1	4
PUEBLO CITY 60	4	0	4
PUEBLO COUNTY 70	3	0	3
ROARING FORK RE1	2	0	2
ST VRAIN VALLEY RE 1J	4	1	5
STEAMBOAT SPRINGS RE2	1	0	1
STRASBURG 31J	1	0	1
THOMPSON R2J	1	0	1
WEST END RE2	1	0	1
WESTMINSTER 50	5	0	5
WESTMINSTER 50	1	0	1
WIDEFIELD 3	1	0	1
WINDSOR RE4	1	0	1

Although school districts often act as the authorizer of charter schools within their boundaries, that is not always the case. Figure 4 presents the percentage of replication charter schools by authorizer. As in Table 3, Denver Public Schools and Colorado Springs 11 have authorized most of the replication schools, along with the Charter School Institute..

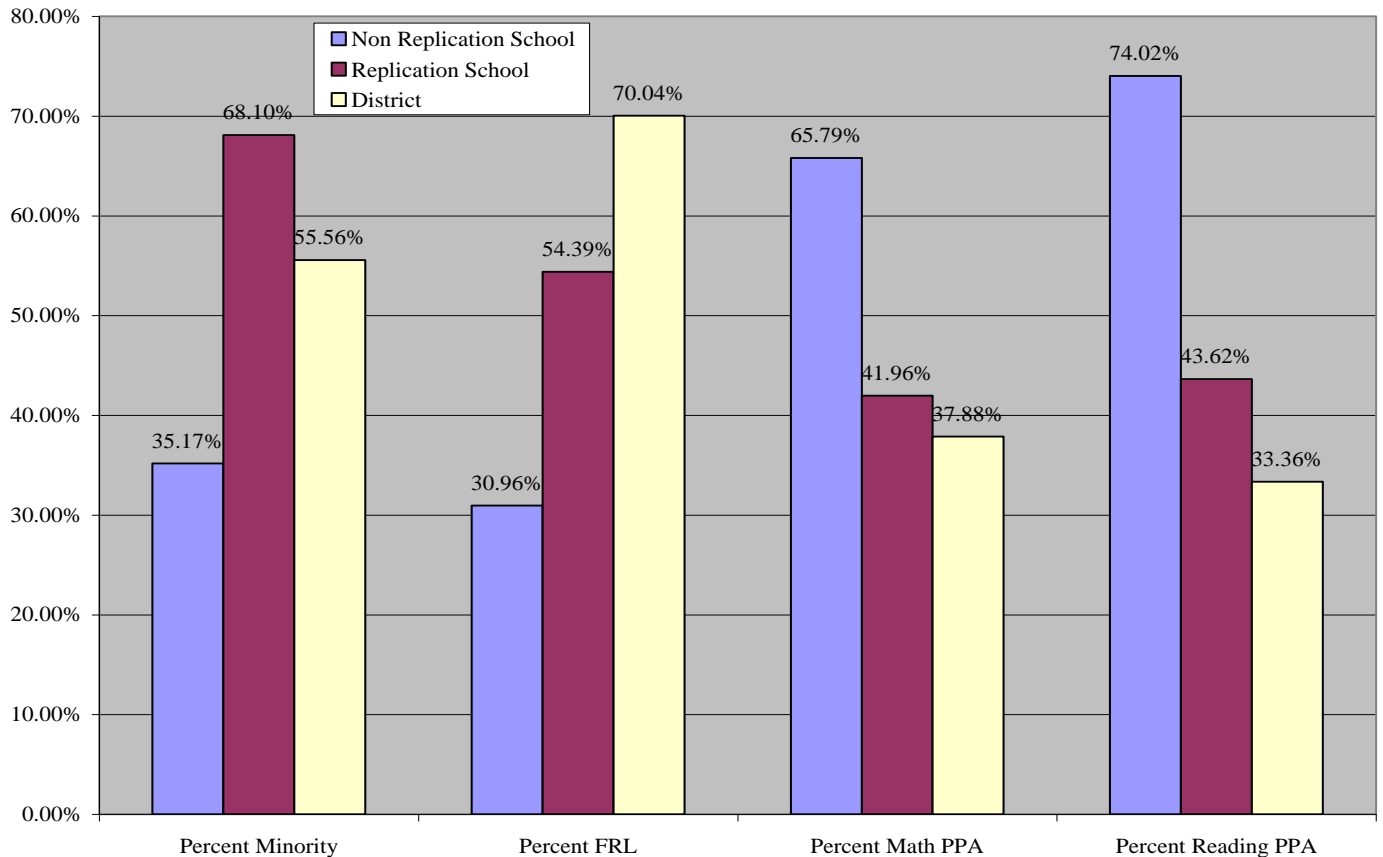
Figure 4: Percentage of Replication Schools by Authorizer



Turning to descriptive statistics and performance, Figure 5 presents the percentage of minority students and those from families who qualify for free or reduced lunch. When comparing replication to non-replication schools, the former, on average, report greater percentages of both minority students and those who qualify for free or reduced lunch. The same is also true for the percentage of minority students when comparing replication schools to their host districts. But when examining the percentage of students who qualify for free or reduced lunch, host districts report greater percentages than replication schools. Almost all pairwise comparisons with these variables reached statistical significance (at $p < .05$), indicating the differences are greater than what one would expect due to random chance or error. Only the difference in the percentage of minority students between replication schools and districts was not significant.

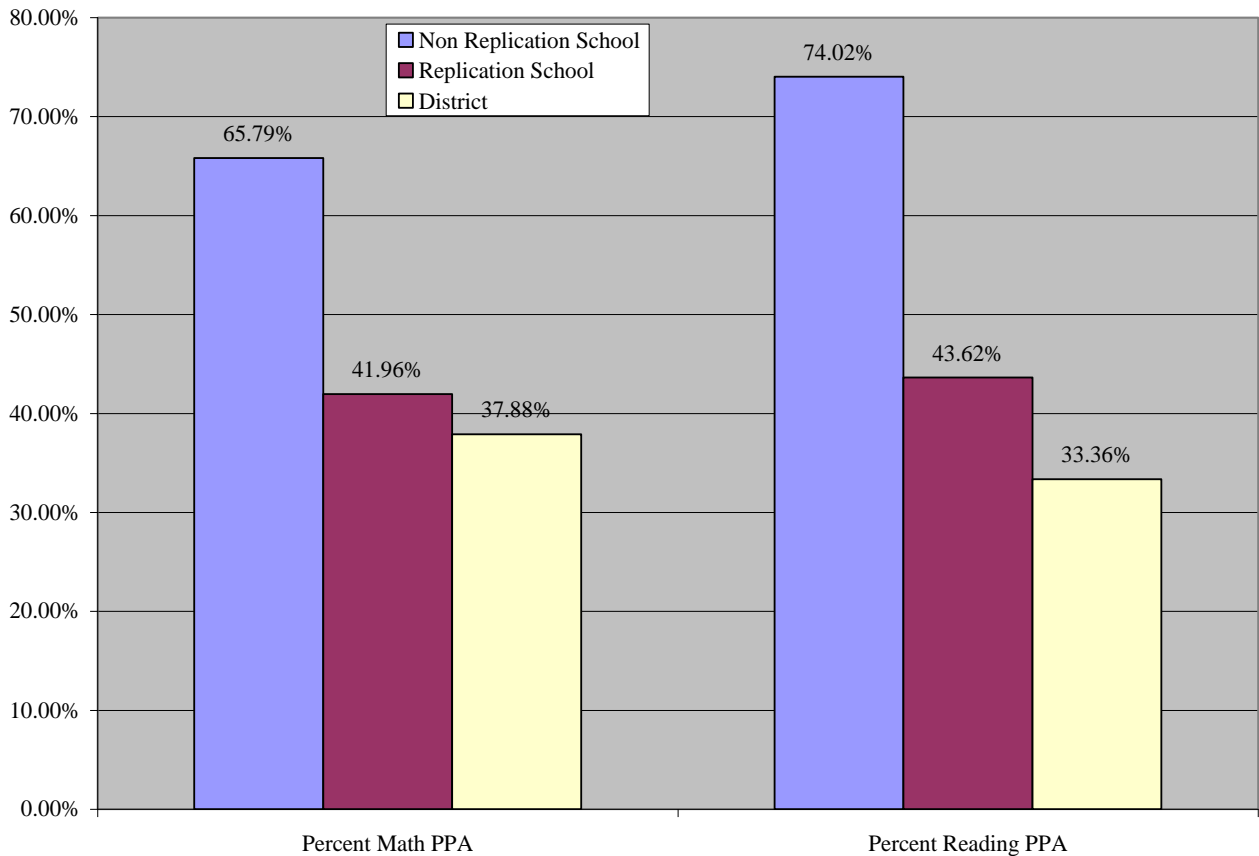
Figure 5 also reports the percentage of students who achieved proficient or advanced in math and reading on the 2009-2010 CSAP. Here, the trends in comparisons are consistent—non-replication charters consistently report greater percentages of students achieving at least proficiency as compared to replication schools, the latter of which in turn show greater percentages of proficient/advanced than host districts. However, although the differences between non-replication and replication schools were statistically significant, that was not so for the differences between replication schools and host districts.

Figure 5: Descriptive Statistics and Student Achievement



We further isolated the relationship between non-replication, replication, and district schools by examining achievement results after controlling for the percentage of minority students and those who qualify for free or reduced lunch in each setting. Figure 6 includes the adjusted means after controlling for the aforementioned variables. As in Figure 5 above, the trends in scores based on setting showed non-replication schools reported greater percentages of students performing at or above proficiency in both math and reading as compared to replication schools, which in turn showed greater percentages achieving at least proficient when compared to host districts. All pairwise comparisons are statistically significant, except for the differences in math between replication schools and host districts.

Figure 6: Student Achievement, Adjusted Means



To sum up the performance differences, after controlling for the percentage of minority students and those who qualify for free or reduced lunch, non-replication charter schools consistently report significantly greater percentages of students achieving at or above proficiency in both reading and math when compared to both replication schools and host districts. Replication schools report significantly greater mean percentages than their host districts in reading but not in math.

Barriers to and Recommendations for Future Replication

If, as the “Perspectives” section above indicates, school districts are scrutinizing the record of replication schools prior to the approval of new ones, the performance numbers reported above may represent a type of barrier in wide-scale replication. But this not the only barrier. When asked specifically about this topic, CMO representatives universally said that finding talented teachers and leaders poses a significant challenge to expansion as such talent is in finite supply. Secondly but still important, the CMOs also stated that finding appropriate facilities was a difficult process. One CMO stated that community politics posed a challenge. Two CMOs expressed frustration with eligibility requirements in the Federal Charter Schools Program, which limit eligibility for start-up and implementation grants to grantees that are separate schools

rather than another campus of an existing school. The fourth CMO representative said that it was challenging to find properly trained staff committed to the mission and to staying at the schools for more than two years. The representative also stated that having proper financial support to provide training and to allow for proper planning were also challenging.

For their part, three EMOs stated that some districts were reluctant to work with for-profit organizations. Consistent with the aforementioned observation by CMO representatives, one EMO said that finding great leaders poses a substantial barrier to replication. One EMO noted that the state's funding system and count window posed challenges to their operation because they served many nontraditional students. Another EMO stated that one challenge to their success is that they serve a unique, underperforming student population but are evaluated with traditional metrics. Some EMO and CMO schools at-risk students have received Alternative Education Campus status, while others have chosen not to pursue this designation. The designation enables such schools to be evaluated with different criteria than the state's other public schools.

In light of such barriers and the results reported above, several recommendations are worth consideration.

1. The state and districts appear to be moving in a direction of formalizing at least some policies concerning replication. Such policies would be well served to include provisions requiring that CMOs and EMOs provide data on existing schools in their applications. Other provisions might provide districts with approval rights over major contracts between charters in their districts and EMOs or other providers.
2. Such efforts would be complemented with the creation of incentives for replication, and the incentives would not necessarily be limited just to management organizations or schools interested in replicating. Providing incentives to districts to facilitate more replication could be helpful. As noted above, at least one EMO partnered with a district to replicate when a new neighborhood school was needed but the district lacked the capacity to do so. Incentivizing more of such partnerships could be a way for replication to serve as a vehicle for capacity building in districts during times of tight budgets.
3. Replication is not only about funds and buildings; it also requires trained personnel to implement the new school. One of the most consistent findings in our research was how the lack of teachers and leaders presented a significant barrier to replication. One potential way to address this is through the creation of training programs specifically for the charter sector. As of this writing, new charter teachers and leaders in Colorado typically receive training through traditional colleges of education, the content of which often lacks information about the charter sector generally or models specific to certain schools. Establishing programs within education colleges dedicated specifically to the charter sector and partnering with replicating organizations to provide some of the content could provide much needed human capital for expanded replication.

4. Successful non-CMO or EMO schools in the state could be approached about replicating their models. Such schools may have never considered replicating, or there may be others that sense a need to replicate but need assistance in starting the process.
5. Replication is an area in need of greater research. Given the complexity of the issue, future studies should analyze CMO and EMO schools separately to provide further guidance on the successes and challenges associated with each. Other research could seek to provide guidance on “what works” concerning franchise versus corporate replication models and the relationship between schools and management organizations in terms of governance and the provision of services (i.e., mimicking a district in providing centralized services).

References

- Bennett, J. (2008). Brand-name charters. *Education Next*, 8(3), 28-34.
- Bulkley, K. E., & Hicks, J. (2005). Managing community: Professional community in charter schools operated by educational management organizations. *Educational Administration Quarterly*, 41(2), 306-348.
- Education Sector. (2009). Growing pains: Scaling up the nation's best charter schools. Washington, DC: Author.
- Garcia, D. R., Barber, R., & Molnar, A. (2009). Profiting from public education: Education management organizations and student achievement. *Teachers College Record*, 111(5), 1352-1379.
- Greene, J., Loveless, T., MacLeod, W. B., Nechyba, T., Peterson, P., Rosenthal, M., & Whitehurst, G. (2010). Expanding choice in elementary and secondary education. Washington, DC: Brookings.
- Hall, K., & Lake, R. (2011). The \$500 million question. *Education Next*, 11(1), 64-73.
- Hendrie, C. (2005). Managers team up to run charters *Education Week*, 24(40), 1-15.
- Lake, R., Dusseault, B., Bowen, M., Demeritt, A., & Hill, P. (2010). The national study of charter management organization (CMO) effectiveness report on interim findings. Seattle, WA: Center on Reinventing Public Education.
- Miron, G., Urschel, J. L., Mathis, W. J., & Tornquist, E. (2010). Schools without diversity: Education management organizations, charter schools, and the demographic stratification of the American school system. East Lansing, MI: Great Lakes Center for Education Research & Practice.
- Molnar, A., Miron, G., & Urschel, J. L. (2010). Profiles of for-profit education management organizations. Boulder, CO: National Education Policy Center.
- Rhim, L. M. (1998). *Franchising public education: A study of the linkages of charter schools and private education management companies in Massachusetts*. Paper presented at the American Educational Research Association, San Diego, CA.
- Wells, A. S. (2002). An introduction. In A. S. Wells (Ed.), *Where charter school policy fails: The problems of accountability and equity* (pp. 1-28). New York: Teachers College Press.

Appendix A

Charter School Institute Guidelines on

ESP Agreement Provisions

Any agreement between a CSI school and an educational program provider must conform with these provisions of these Guidelines prior to approval by the CSI Board of Directors:

1. No provision of the ESP agreement shall interfere with the charter school board's duty to exercise its statutory, contractual and fiduciary responsibilities governing the operation of the charter school.
2. No provision of the ESP agreement shall prohibit the charter school board from acting as an independent, self-governing public body, or allow decisions to be made other than in compliance with the Open Meetings Act.
3. An ESP agreement shall not restrict the charter school board from waiving its governmental immunity or require a charter school board to assert, waive or not waive its governmental immunity.
4. No provision of an ESP agreement shall alter the charter school board's legal obligation to direct that the deposit of all funds received by the charter school be placed in the charter school's account.
 - a. All funds received by the charter school will be retained in a Colorado account at an institution approved for the holding of charter school funds.
5. ESP agreements must contain at least one of the following methods for paying fees or expenses upon presentation of invoices or other purchase documents on a periodic basis:
 - a. The charter school board may pay or reimburse the ESP for approved fees or expenses upon properly presented documentation and approval by the charter board
 - b. The charter board may advance funds to the ESP for the fees or expenses associated with the charter school's operation provided that documentation for the fees and expenses are provided for charter school board ratification.
6. ESP agreements must be clear that any funds received by the school and not spent belong to the school and not to the ESP.
7. ESP agreements shall provide that the financial, educational and student records pertaining to the charter school are charter school's property and that such records are subject to the provisions of the Colorado Open Records Act. All charter school records shall be physically located at the charter school, and should be physically or electronically available, upon request, at the charter school's physical facilities. Except as permitted under the charter contract and applicable law, no ESP agreement shall restrict the CSI's access to the charter school's records.

- a. The ESP agreement will stipulate that the ESP will comply with any request by the CSI to review records where 24 hours notice is given and afford immediate access to records if requested by the executive director of the CSI.
Documentation required for audit purposes must be kept in a form that is usable for audit purposes.
8. ESP agreements must contain a provision that all financial and other records of the ESP related to the charter school will be made available to the charter school's independent auditor and that the ESP will cooperate fully with the independent auditor.
9. The ESP agreement must provide that the selection and appointment of the independent auditor is the responsibility of the charter school governing board and shall be accomplished through a formal board resolution.
10. If an ESP purchases equipment, materials and supplies on behalf of or as the agent of the charter school, the ESP agreement shall provide that such equipment, materials and supplies shall be and remain the property of the charter school.
11. ESP agreements shall contain a provision that if the ESP procures equipment, materials and supplies at the request of or on behalf of the charter school, the ESP shall not include any added fees or charges with the cost of equipment, materials and supplies purchased from third parties.
12. ESP agreements must contain a provision that clearly allocates the respective proprietary rights of the charter school board and the ESP to curriculum or educational materials. At a minimum, ESP agreements shall provide that the charter school owns all proprietary rights to curriculum or educational materials that
 - a. Are both directly developed and paid for by the charter school
 - b. Were developed by the ESP at the direction of the charter school governing board with charter school funds dedicated for the specific purpose of developing such curriculum or materials.
 - c. ESP agreements may also include a provision that restricts the charter school's proprietary rights over curriculum or educational materials that are developed solely by the ESP from funds that are not from the charter school.
13. All ESP agreements shall recognize that the ESP's educational materials and teaching techniques used by the charter school are subject to state disclosure laws and the Open Records Act.
14. ESP agreements involving employees must be clear about which persons or positions are employees of the ESP, and which persons or positions are employees of the charter school.
 - a. If the ESP leases employees to the charter school, the ESP agreement must provide that the leasing company accepts full liability for benefits, salaries, worker's compensation, unemployment compensation and liability insurance for its employees leased to the charter school or working on charter school operations.

- b. If the charter school is staffed through an employee leasing agreement, legal confirmation must be provided to the charter school board that the employment structure qualifies as employee leasing.
15. ESP agreements must contain insurance and indemnification provisions outlining the coverage the ESP will obtain. The ESP's insurance shall be separate from and in addition to the insurance for the charter school board that is required according to the charter contract.
16. Marketing and development costs paid by or charged to the charter school shall be limited to those costs specific to the charter school program, and shall not include any costs for the marketing and development of the ESP.
17. The maximum term of an ESP agreement must not exceed five academic years and/ or the term of the charter, whichever is less, and must provide that the ESP agreement automatically terminates upon revocation or termination of the charter.
18. Any loan or other financial arrangement, other than #5 above, between the ESP and the school must be presented to the CSI board for approval.
19. The Local CSI charter school board must evaluate the services provided by the ESP annually. The evaluation will include specific performance measures for the ESP, periodic review, and a process for addressing less than satisfactory performance. The evaluation shall be made available to the CSI upon request. The ESP agreement must provide for a cancellation of the contract without cause or financial penalty on an annual basis after the second year of any agreement.
20. If the charter school intends to enter into a lease, execute promissory notes or other negotiable instruments, or enter into a lease-purchase agreement or other financing relationships with the ESP, then such agreements must be separately documented and not a part of or incorporated into the ESP agreement. Such agreements must be consistent with the school's authority to terminate the ESP agreement and continue to operate the school.
21. The ESP agreement must provide that the charter school governing board and the ESP will each employ separate, independent legal counsel to review and negotiate the ESP agreement. Further, the ESP agreement will stipulate that that the agreement was based on an arms-length, negotiated agreement between an informed charter school board and an ESP.
22. The charter school board shall retain sufficient funds in its budget for at least the following expenses: the charter school board's attorney and independent auditor, funds for board training as needed, and other funds sufficient to hire staff or consultants to assist the board in carrying out its responsibility to oversee the performance of the ESP.

Appendix B

Replication Readiness: A Colorado Guide

Introduction

Replication is when a charter school seeks to establish one or more additional schools using the same educational model and where there will be an ongoing relationship between the schools. This definition is meant to be fairly broad and include a range of practices, some of which are described below:

- One governing board overseeing two or more schools;
- An educational service provider contracting for services with two or more schools; and
- Shared services among schools.

The purpose of this paper is to help schools and authorizers identify when a school may be ready to replicate. These conditions for replication are described below and are intended to provide general guidelines – replication readiness will vary to some extent based on a school’s replication plan and its unique circumstances.

Operational History

The school should:

1. Have been operating for at least three years.
2. Be serving all grade levels that are included in its original charter. Ideally, there is a minimum of two years of academic outcomes for each grade level.

Student Outcomes

The school should:

1. Be awarded a plan assignment of *Performance*.
2. Meet or exceed standards in all three (elementary and middle) or four (high school) Colorado performance indicators – academic achievement, academic growth, academic growth gaps, and postsecondary and workforce readiness (high school only) or consistently exceed standards for academic growth or academic growth gaps.
3. Exceed the performance of comparable schools.

4. Be achieving its unique charter school objectives.

Efficient, Effective and Compliant Operations

The school should:

1. Have a rating of at least a three (3) on CSSI Standard 11: *The school board demonstrates strong fiscal management and the school's practices demonstrate current and future financial health.* Specific indicators include the following:
 - a. *The governing board has adopted policies that ensure financial health and a strong system for the timely, accurate tracking and recording of all financial data and transactions.*
 - b. *The school has access to reserves or can raise cash if a budget shortfall occurs or to finance growth.*
 - c. *The school has enough revenue to ensure stable programming.*
 - d. *School programs do not exceed their assets. Programs operate on a modest surplus and the school makes adjustments to reduce operating costs to cover any deficit.*
2. Have systems in place to timely and accurately complete reports required.
3. Be in compliance with its charter contract, health, safety, and other legal requirements including IDEA and services for English language learners.
4. Have unqualified annual independent audits and an adequate or growing reserve.
5. Be in compliance with Articles 44 and 45, C.R.S., financial policies and procedures and accounting and reporting requirements.

Governance and Leadership

The school should:

1. Have a rating of at least a three (3) on CSSI Standard 10: *The school demonstrates strong leadership through their procedures to promote their mission, their strategic planning, current knowledge of legislative issues, policy development, commitment to professional development, provision of resources, oversight/support of administrator, ability to build effective committees, and establishes networked community relationships.* Specific indicators include the following:
 - a. *The governing board models quality and needs-based professional development.*
 - b. *The governing board provides guidance in program assessment and renewal processes.*
 - c. *The governing board has a clear plan for hiring, retaining, supporting and evaluating the school administrator.*

- d. The governing board supports the mission/vision of the school by securing strong relationships within the school and with outside agencies.*
2. Have strong, stable, and effective governance that includes well-developed governance documents (bylaws, policies, grievance procedures, conflict of interest disclosure, and human resources policies/procedures).
3. Be able to demonstrate support for replication in the school community.
4. Have incorporated replication into the school's mission, vision, and/or strategic plan.
5. Have a succession and leadership development plan in place.

Replication Plan

The school should have:

1. A financial plan in place for replication that addresses the needs of starting a new school and does not disadvantage students at the original school(s).
2. An educational program whose key features have been identified and can be replicated including school culture, staff development, and data/assessment systems.
3. A clearly defined target population and evidence that demand for the program among the target population exceeds available space.
4. A plan for allocating sufficient human resources for a successful replication without disadvantaging existing schools.

Conclusion

Replication readiness begins with a track record of outstanding achievement and demand that exceeds supply. The school that wishes to replicate is saying 'grant us an additional charter(s) based on our past success and the demand for our school.' When this condition is met, the authorizer will still need to know that the financial and human resources and operational systems are in place to support expansion. An authorizer may reasonably want assurance that the school community supports replication and that current students are not disadvantaged. Finally, the school that wishes to replicate needs a vision or plan that describes the desired end state for the organization.