Better Choices:

Charter Incubation as a Strategy for Improving the Charter School Sector

Policy Brief

December 2011

Prepared by Public Impact for the Cities for Education Entrepreneurship Trust (CEE-Trust) and the Thomas B. Fordham Institute

Acknowledgments

CEE-Trust and the Thomas B. Fordham Institute are grateful to leaders of the CEE-Trust Charter Incubation Working Group member organizations for being such strong thought partners in this effort. Thanks to Matt Candler, Al Fan, Beth Heaton, Patrick Herrel, Katie Barrett Kramer, Neerav Kingsland, Rebecca Lieberman, Amy Slothower, and Greg Thompson for their on the ground insight. Special thanks to Bryan Hassel of Public Impact for providing expert advice and analysis, and to Joe Ableidinger and Julie Kowal of Public Impact for drafting this report and helping us show how charter incubators are on the leading edge of charter school 2.0 strategies for growth and development.

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The Cities for Education Entrepreneurship Trust

The Cities for Education Entrepreneurship Trust (CEE-Trust) is a growing national network of 18 city-based non-profits, foundations, and mayors' offices committed to promoting entrepreneurial education solutions to some of the country's toughest education challenges. CEE-Trust, an initiative of Indianapolis-based non-profit The Mind Trust, provides a venue through which city-based education reform champions can share lessons learned, identify common problems, debate possible solutions, and develop partnerships across cities and states. CEE-Trust designs collaborations between cities, identifies and documents best practices, hosts networking events, and produces analysis of cutting edge issues. For more on CEE-Trust, please visit: www.cee-trust.org. For further information on The Mind Trust, please visit: www.themindtrust.org.

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This brief was authored by Joe Ableidinger and Julie Kowal of ***Public Impact,*** a national education policy and management consulting firm based in Chapel Hill, NC. Public Impact is a team of researchers, thought leaders, tool-builders, and on-the-ground consultants who help education leaders and policymakers improve student learning in K-12 education. For more on Public Impact, please visit: www.publicimpact.com.





Foreword

There are a small but growing number of organizations across the country dedicated to creating better schools and attracting more talent to public education through a strategic process called "charter school incubation." These organizations are united in their belief that the development of great charter schools can be accelerated through the recruitment, selection, and development of talented school leaders and the support of those leaders as they open and operate charter schools. By developing a new generation of top charter school leaders and supporting them as they start schools, charter incubators are intentionally building the supply of new schools and increasing the number of high-quality school options in their communities and states.

A number of charter school incubators share an affiliation through their membership in the Cities for Education Entrepreneurship Trust (CEE-Trust). CEE-Trust is a national network of city-based non-profits, foundations, and mayors' offices committed to promoting entrepreneurial education solutions to some of the country's toughest education challenges. CEE-Trust, an initiative of Indianapolis-based non-profit The Mind Trust, provides a venue through which city-based education reform champions can share lessons learned, identify common problems, debate possible solutions, and develop partnerships across cities and states.

The Thomas B. Fordham Institute, one of CEE-Trust's founding members, has played a leading role in expanding the charter school market in Dayton, Ohio and across the Buckeye State, both as a charter authorizer and education reform voice in Columbus. Over the past year, the Fordham Institute and The Mind Trust have engaged in conversations with a CEE-Trust Charter Incubation Working Group about strategies for improving charter accountability and performance while also accelerating the growth of high-quality charter schools in CEE-Trust member cities. Working Group members include New Schools for New Orleans, Charter School Partners in Minnesota, Innovative Schools in Delaware, Get Smart Schools in Colorado, the Skillman Foundation in Michigan, the Tennessee Charter School Incubator, the Teaching Trust in Texas, and the Rhode Island Mayoral Academies.

CEE-Trust and the Fordham Institute have engaged Public Impact, a North Carolina-based education policy and management consulting firm, to craft this policy brief, which highlights the critical role that charter incubators can play in accelerating the smart growth of high-quality charters. We also asked Public Impact to identify strategies that state and local policymakers can implement to strengthen and expand the work of charter incubators. We hope this report triggers conversations among both municipal and state leaders and reformers on ways to use charter incubation to create more high-quality schools for students in their communities, especially those who are most underserved.

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Introduction

Minnesota enacted the first charter school law in 1991. In the two decades since, the charter sector has experienced substantial growth. In 2010-11, nearly two million students—roughly four percent of all public school pupils across the country—attended charter schools.[1] Forty states and the District of Columbia now have charter laws on the books.

While charter schools have generated controversy since their inception and student learning results in charter schools overall have been mixed, studies have revealed a subset of charter schools that continually produce positive, even dramatic, results, often with the most challenging students. In fact, students in some charter schools are achieving at levels that far surpass traditional district schools serving similar populations.

Many policymakers, philanthropists, and education leaders have seized on the promise of high-performing charter schools to provide better options for families whose children are trapped in persistently low- or underperforming district schools. To date, high-performing charter schools have proven one of the most effective and cost-efficient ways of dramatically improving educational options for students, particularly those from disadvantaged backgrounds.

But policymakers and education leaders committed to increasing the supply of such charter schools face many challenges, particularly in an era of scarce funding. One strategy that has shown great promise in helping to augment the supply of successful charter schools is incubation. Because the strategy is still new, use of this term still varies across the education field. We use it to refer to the strategic recruitment, selection, and training of promising leaders, and the support of those leaders as they launch or expand new charter schools in cities or specific geographic regions. The initial efforts of a small number of charter incubators signal the potential for the creation of more high-quality educational options for needy students in cities throughout the country.

Targeted support for charter school incubation is a promising strategy for creating more high-quality seats in an era of scarce funding.

In this policy brief we explore current experience with charter incubation as a strategy for accelerating the growth of high-quality options within the charter sector. We then examine strategies for directing public funds to support incubation and other policies needed to create and sustain healthy markets for successful incubators.





Limitations on charter growth

Students in many charter schools achieve at levels that equal or surpass traditional district schools serving similar students (see "Research: Impacts of Charter Schools on Student Achievement," below). While school performance within the charter sector varies widely, the strongest charters offer compelling alternatives to district schools with stagnant learning outcomes.[2] High-performing charter schools in high-poverty communities in particular have shown that disadvantaged children can achieve at high levels in school climates built on academic rigor, hard work, and a "no excuses" culture.[3]

Research: Impacts of Charter Schools on Student Achievement[4]

In a March 2011 report, the Center for Research on Education Outcomes at Stanford University analyzed four years of data and found that students at Indiana charter schools outpaced their traditional district school peers by significant margins in reading and math. At the school level, 98 percent of charter schools grew at similar or better rates than traditional public schools in reading, and 100 percent of charter schools did so in math. Black students and students in poverty posted significantly better learning gains than their peers in traditional schools, and black students in charter schools in Indiana grew at rates similar to the average white student in a traditional district school in math.[5]

In an analysis comparing Boston charter schools with district schools, researchers from the Harvard Graduate School of Education and MIT found that charter schools had large, positive effects on middle and high school achievement in English, math, and writing. The impact on math achievement of spending a single year in a Boston charter school was equivalent to approximately half of the black-white achievement gap.[6]

In New York City, a charter high school student is about seven percent more likely to earn a diploma by age 20 for every year s/he spends in a charter school. Researchers from the National Bureau of Economic Research, Stanford University, and the University of Pennsylvania's Wharton School found that a student who attended a New York City charter school from kindergarten through eighth grade would close approximately 86 percent of the city's income-related achievement gap in math and 66 percent in English.[7]

A 2009 study by the RAND Corporation found that students attending charter high schools in Chicago and Florida outperformed their peers in traditional public schools on the ACT and had higher graduation and college matriculation rates.[8]

Charter schools include stand-alone schools and those operating under charter management organizations (CMOs), which are networks of schools that centralize some services and management functions to realize economies of scale and facilitate growth.[9] CMOs often benefit the neediest students, serving higher percentages of low-income students than their host districts, and higher percentages than charter schools nationally.[10] The best CMOs have achieved exceptional results. For example, in 2010, Cleveland's Breakthrough Schools—with a population of 80 percent low-income and 95 percent minority students—outperformed city and state schools on every state test for the grades they serve (grades 3-8), often by substantial margins.[11] At Uncommon Schools, 2010-11 data show that by eighth grade (the top grade served), students in New York, Newark, and Boston outperformed statewide averages, reversed achievement gaps in math, and closed gaps in reading.[12] In 2010, 98 percent of KIPP's eighth-grade classes outperformed their local districts in reading, and 90 percent did so in math, while 100 percent of KIPP high school classes outperformed their local districts in English and social studies, and 81 percent did so in math.[13] Many other CMOs have reported impressive results as well.[14]

However, in 2011-12 schools operated by five CMOs widely regarded as among the sector's best—Uncommon Schools, KIPP, Aspire Public Schools, Green Dot, and Achievement First—together serve just 61,000 pupils.[15] In 2009-10, CMOs collectively served only 228,273 students, 14 percent of the pupils enrolled in charter schools nationally.[16] At the same time, demand for charter seats is high: an estimated 420,000 students sat on charter school waiting lists in 2010.[17] Moreover, because the quality of educational options within the charter sector overall is mixed, an even larger number of students lack access to high-performing charter schools—the type every policymaker, education leader, and parent wishes for them to attend.[18]

An estimated 420,000 students sat on charter school waiting lists across the country in 2010.

Policymakers need new strategies for expanding the number of seats in top-performing charter schools. Unfortunately, multiple barriers often stand in the way. One major obstacle to charter growth in many cities and geographic areas is the dearth of strong leadership pipelines. Traditional education programs often fail adequately to prepare sufficient leaders for the challenges of leading high-need schools, and too few states permit alternative routes to school leadership.

Limited growth aspirations by successful charter schools and CMOs present a further obstacle to growth.[19] One recent survey found that only five of today's CMOs aim to open 30 or more schools by 2025. About half of extant CMOs plan to open ten or fewer schools during the same period.[20] Even the charter sector's pace of growth as a whole—adding 300-400 schools per year—is not enough to meet the need among students waiting for higher-quality seats.[21] Ten states do not even have charter laws, and 89 percent of all districts in the United States do not have any charter schools.[22]

City leaders across the country are competing to attract CMOs with established records of success. But the growth plans of top CMOs will not even come close to meeting the demand for high-quality options. Some top CMOs resist expansion to certain markets due to policy and practical challenges in areas such as charter funding and facilities, teacher recruitment, governance, and community support. Given the policy and practical barriers, and the current scale and the limited growth ambitions of many of today's top charter schools and CMOs, policymakers and city leaders must look to new and additional strategies for increasing the supply of seats in high-performing charter schools. Without intentional strategies for improving charter leadership pipelines and supporting new leaders as they open schools, charter growth will remain haphazard, and the quality of the charter sector will likely remain mixed at best.





Charter incubation within the education reform landscape

Charter incubators are organizations or initiatives dedicated to intentionally building the supply of high-quality charter schools and CMOs in cities or specific geographic areas. Incubators typically do not engage directly in school management. Although their specific activities vary, all provide one or more of the following: recruitment, selection, training, support, monitoring, and evaluation of promising school leaders as they open and lead new charter schools or CMOs (including those charters focused specifically on turning around low-performing schools).

A 2011 National Charter School Resource Center white paper identified four critical focus areas for charter incubation, based on the experiences of early city-based initiatives:

- Attracting and developing effective school or CMO leaders
- Partnering strategically to help leaders open and operate high-quality charter schools and CMOs
- Championing school leaders in the community
- Coordinating advocacy to support new charter leaders[23]

Incubators vary in the extent to which they focus on each of these areas and the programs and support they provide in each area. Some incubators design and execute specific, in-depth fellowship programs for training, support, and accountability. Others partner with external talent building organizations or provide funding but rely on selected leaders to choose the training and supports they need to be successful (see Appendix, "Profiles of select established and emerging incubators," for examples of the variety of approaches taken).[24] Incubators seek to accelerate the growth of high-performing charter schools, under the theory that new school founders who are carefully vetted and receive critical supports are more likely to be successful, on average, than those who start new schools on their own.

> *Charter incubators. Organizations that intentionally build the supply of high-quality charter schools and charter management organizations (CMOs) in cities or specific geographic regions by recruiting, selecting, and training promising leaders, and supporting those leaders as they launch new schools.*

Incubators are part of a larger group of charter support organizations (CSOs) that help new and existing charter schools succeed. Many CMOs fill some of an incubator's roles, providing initial training for school leaders (such as KIPP's Fisher Fellows program) and ongoing financial and technical assistance during and past the start-up stage. State-level charter associations, such as the California Charter Schools Association and the Louisiana Association of Public Charter Schools, often provide several types of assistance to new and existing charter schools. And in many locales, foundations play a crucial role in helping launch new charters and support existing schools. For example, the Brighter Choice Foundation in Albany, NY directly runs two single-sex charter academies and provides an array of assistance (including start-up grants, a revolving loan fund and technical assistance) to charter schools throughout the city.

But several key factors set incubators apart from CMOs and other charter support organizations. CMOs develop and manage schools based on established models. By contrast, incubators are often model-agnostic: focused primarily or exclusively on talent development and the support of leaders as they open and operate a variety of new school models. Regional and national talent-building organizations such as Building Excellent Schools (BES) train and support new school leaders to open schools across a range of cities and states.[25] By contrast, incubators develop leadership pipelines in specific cities or geographic areas, offering leaders strong connections to their communities and intensive local support.

In addition, charter incubators have the following characteristics:

- **Selective screening for high-potential school leaders.** Incubators place an emphasis on the recruitment and selection of top-talent, restricting their services to a small group vetted for strong leadership potential. Many other charter support organizations do not provide an up-front quality screen, offering training and services to all (or a wide range of) interested school operators.
- **Strategic focus on leadership development.** Incubators identify and develop promising leaders or leadership teams and help them open and operate charter schools.
- **Expertise in new starts.** While some charter support organizations provide ongoing services to charter schools no matter their age, incubators' primary focus is on recruiting and supporting new charter start-ups or new school leaders, including by providing financial resources to talented leaders to develop and build new schools.
- **Public accountability for leaders' success or failure.** As a result of their intense, direct relationships with school leaders, incubators, their funders, and the public tend to judge their success by the performance of the schools they incubate.
- **Geographic focus.** Charter incubators are also defined in large part by their strong ties to particular localities and to networks of community-based organizations, which they use to champion and build support for charter schools and new school leaders. Incubators' local ties may also help them support school leaders as they open and operate new schools, providing technical assistance and guidance on building strong relationships with authorizers, understanding local policies, and navigating political processes.[26]

Realizing shortcomings of many charter school support organizations and the charter "markets" in cities throughout the United States, incubators aim to accomplish two crucial objectives:

- **Improve the caliber of individuals opening new schools, through rigorous screening and investments in the most promising future school leaders.** In contrast to many traditional paths to school leadership, charter incubators screen prospective school leaders through rigorous application processes, cultivating only those that show exceptional promise. Charter incubators also invest substantial resources in the candidates they select, which may in turn attract more promising leaders.
- **Provide promising school leaders the training and tools they need to succeed.** Incubators seek to add significant value and improve the prospects of high-potential school leaders through targeted investments designed to prepare leaders to successfully open and lead new charter schools and CMOs. These investments pay school leaders' salaries, fund intensive fellowship programs, and finance the numerous training activities and supports provided by incubators to new school leaders.

For profiles of select established and emerging incubators, see the Appendix on page 19.

Charter incubators' success in creating more high-quality seats for students

Charter incubation is an emerging area with few established proof points or best practices, but the experiences of several early adopters have shown strong potential.[27] Established incubators have played significant roles in accelerating the growth of charter sectors in their localities, and in increasing the supply of seats in high-quality schools for students who need them most. Others have seen the accomplishments of the established incubators and are now attempting to replicate their successes in other locales (see Appendix). Early experiences with incubation in several localities lead to three main observations.

Early evidence suggests that incubation pays off. Like any type of new venture, there is always some risk in starting a new charter school. But early evidence suggests that incubation pays off: with targeted screening and support, many charter schools associated with an incubator get a stronger start and show stronger student outcomes than new schools left on their own. For example, New Schools for New Orleans (NSNO) has incubated the highest-performing high school and elementary school in the city's Recovery School District.[28] In Colorado, eleven out of twelve schools incubated by Get Smart Schools for which there is performance data outperformed the state of Colorado in student growth. Eight of these schools have higher student proficiency rates than their districts.[29]

Incubators create more hospitable environments for new charter schools to open and thrive. Incubators create more positive settings for charter schools among community members and policymakers, contributing to more hospitable environments for new charter schools to open and thrive even without direct incubator support. For example, Get Smart Schools in Colorado learned from its school leaders that one of the obstacles to effective student recruitment in Denver was the absence of a single-enrollment system through which parents could view and rank their children's school options (traditional public, magnet, and charter) in one place. Get Smart built a coalition of partner organizations to advocate for and design a single-enrollment system, and Denver will use it beginning in late 2011.

Similarly, NSNO created a "parent guide" after Hurricane Katrina designed to help parents navigate the choice options available to them and better understand charter schools. NSNO has also worked to influence state and local officials to keep the charter pipeline open in New Orleans, enabling promising new operators to start charters every year. NSNO has also advocated strongly for leaders to focus on quality, demanding closure of low-performing charter schools to make way for better options for students.[30] NSNO also secured a grant under the federal Investing in Innovation (i3) Fund to support further incubation in both New Orleans and Tennessee. The Tennessee Charter School Incubator has been instrumental in convincing local private funders to invest in incubation. The Incubator also collaborated with the Tennessee Charter Schools Association in its efforts to create a more supportive policy environment for charters in the state.[31]

Incubators can help recruit proven charter school models to new cities and regions. In addition to recruiting and training new leaders, some incubators help create more robust education reform markets by attracting and recruiting proven charter school models to new localities. As previously noted, the supply of proven CMOs is severely limited, and competition for these schools in new sites is intense. Incubators can connect CMOs with local political and business leaders, community groups, and funders. They can also assist CMOs in adapting their models to local community needs. By helping to provide a "soft landing" at the local level for charter networks based elsewhere, incubators increase the potential for lasting success.

Incubators can help reduce the risk involved in new charter start-ups by replicating proven models alongside new starts. For example, the Tennessee Charter School Incubator (TCSI) is partnering with the Charter School Growth Fund (CSGF) to open 40 charter schools over the next five years, half of which will be scaled up through proven CMOs. Recently, NSNO recruited California-based CMO Rocketship to expand to New Orleans at the same time that it was beginning a concerted effort to support the expansion of the highest-performing existing charter schools in the city.[32] Get Smart aims to use its fellowship program in part to support "targeted placements," including for existing high-performing networks that want to expand to Colorado but need help finding and preparing school leaders.[33]

Strengthening charter incubation through public funding

Perhaps the most direct and impactful way policymakers and education leaders can help accelerate the smart growth of the charter sector is through allocating public funding to support incubation. Incubation should be part of every city's reform toolkit, along with other strategies such as attracting high-performing CMOs to new localities and implementing well-designed and executed turnaround strategies. As we consider the case for public funding of incubation, we are guided by an awareness that fiscal crises in most states demand that strategies for funding new programs be budget neutral or very nearly so. Our analysis and recommendations account for this limitation.

Many of today's leading strategies for creating higher-quality learning options for students are expensive and risky. By comparison, incubation is relatively inexpensive and helps alleviate key risks of new starts by building on what works.

Incubation promises a strong return on investment. "Return on investment" (or "ROI") is a ratio used to compare costs and benefits of different investment alternatives. Calculations of returns on investment are glaringly absent in most education policy debates, due at least in part to the difficulty of accurately calculating the monetary benefit of reform initiatives to individual students or to society as a whole. But when combining known costs and the prospects of success of different reform strategies, the argument for incubation becomes clear.

- **Costs of incubation pale in comparison to those of other reform strategies.** The total costs of incubation for established and emerging incubators range from $200,000-$500,000 per school.[34] Investments in incubation provide salaries for selected school leaders or members of school leadership teams, fund intensive fellowship programs, and permit incubators to coordinate and provide a wide range of programs and services to support new school leaders as they prepare to open and operate their schools. And this is a one-time investment in each individual school or school network; unlike turnarounds or other improvement strategies, which may involve ongoing costs to sustain or redirect over time, incubated charter schools operate in perpetuity, sustained primarily by public funds. By contrast, although evidence from outside education suggests that turnarounds need not always be resource-intensive endeavors, grants to low-performing schools under the federal School Improvement Grant (SIG) program are up to $6 million for one school over three years, with the average total grant of $2.59 million per school in 2010.[35]

- **Incubation alleviates major risks of new starts.** Leading a turnaround effort or running a charter school or CMO involves risk, as evidenced by the widespread variability in performance of turnarounds and charters. Many of the risks of these strategies hinge on leadership. By design, incubation helps alleviate risks associated with leadership, by first focusing intensely on up-front screening only the highest-potential (and often already-proven) school leaders, and then providing leaders with supports that further increase the odds of their success.

Many of today's leading strategies for creating higher-quality learning options for students are expensive and risky. Incubation is relatively inexpensive and helps alleviate key risks of new starts. Considering both likely benefits and costs, incubation promises a high return on investment of public dollars, making it an attractive option for policymakers in uncertain economic times.

Public funding is necessary to realize the strong growth potential of incubation. National and local philanthropies have invested substantial sums in charter schools and have fueled the early successes of incubators, but dramatic growth will require a shift to reliable, sustainable sources of funding to grow what has worked. Public funding can provide this sustainable support while allowing careful monitoring of the results achieved by incubators and incubated schools to refine and potentially expand investment.

The U.S. Department of Education's Office of Charter Schools Program (CSP) provides federal funding directly to charter schools and related organizations through grant competitions, and disseminates information about best practices in the charter sector. However, the funds granted through the CSP are not specifically targeted to highly selective, intense support of promising leaders of the kind engaged in by incubators. With greater flexibility in the use of CSP funds, the Office of Charter Schools could grant awards to successful incubators, empowering local incubators to use their rigorous selection processes to vet new charter operators, thus increasing the likelihood that new schools are of high quality and putting the funds to their best use.

Vehicles for public funding of incubation. Policymakers and education leaders committed to supporting charter schools and charter incubation, have several potential options for directing public dollars to charter incubation. The five ideas explored below are an initial starting point for supporting incubation. We hope others will offer ideas for funding this promising reform strategy.

- **Redirect funds from other areas of education funding.** Many policymakers and education leaders today are looking critically at current education budgets to determine if they make optimal use of available funds. Where they do not, legislators should repurpose funds from areas that have failed to make demonstrable impacts on student outcomes, dedicating those funds to strategies such as incubation that promise a positive return on investment. At the state level, funds could come from existing low-yield investments, such as central office functions that add little value to student learning, professional development offerings that do not produce results, or from other school improvement strategies that have not panned out as planned. At the federal level, increased flexibility around the use of School Improvement Grant dollars could recognize—and fund—the increasingly crucial connection between incubated charter schools and higher-quality seats for students in failing schools. The resources at both the state and federal levels currently committed to areas such as professional development and school improvement dwarf the funding needed to support successful incubation.

Although charter schools already receive less funding than district schools, policymakers might also wish to include in their examination of current budgets allocations to support charter schools. Funds could be redirected from existing charter school startup grant and assistance programs, which typically provide important assistance to charter schools in the planning and early implementation of their schools, but which might be more effectively targeted to the quality-focused selection and development provided through incubators. Redirecting funds could also involve permissible redirection of existing state and federal grants.

- **Use social-impact bonds to finance incubation.** Under this new investment strategy, foundations or other private investors fund a program in its early years. If the program meets preset performance objectives, the government repays the investor, often with a bonus. If the program fails to meet objectives, the government pays nothing.[36] Social-impact bonds are a promising public funding alternative for innovative strategies like incubation that demonstrate promising but limited results in their early years and need infusions of cash to grow and prove their worth on a large scale. Social-impact bonds are a natural fit for incubation for another reason: government investors can define precisely the outcomes that will justify their eventual payment, guaranteeing that the public will receive a specific return or will not be required to pay. Legislators might peg their required outcomes to measures correlated with future economic benefit, thereby effectively achieving cost-neutrality.[37] Social-impact bonds can unite the interests of public policymakers and private investors who believe in the promise of incubation and who are willing to take on the risk of failure for the prospect of success and concomitant reimbursement.
- **Provide tax credits for investment in incubation.** States and the federal government incentivize private action through tax credits that reward engagement in an activity with measurable public benefit. For example, the New York state legislature is considering a bill allowing public schools (including charters) to accept voluntary cash contributions and granting tax credits to donors.[38] The legislation forecasts generating $333 million in voluntary contributions to support K-12 education in the state.[39] Maryland offers tax credits to individuals or businesses that invest in qualified Maryland biotechnology companies, conduct environmentally-conscious construction or rehabilitation of buildings in the state, or pursue major investment projects in the state's most economically distressed areas.[40] At least seven states offer tax credits for individual and/or corporate donations to organizations providing student scholarships.[41] Policymakers should consider similar tax credits for individual and corporate donations to charter incubators.

Where feasible, policymakers could also support incubation through new dedicated taxes, fees, or strategic sales or long-term leases of public assets.[42] As states' economies recover and incubators mature and demonstrate positive impacts in their localities, longer-term structural funding initiatives such as changes to state funding formulas may be warranted.

Creating policy environments hospitable to incubation

Most of the charter incubators in existence today are just starting up or still in development. The policy environments in which these and future incubators launch and gain their footing will play a large part in determining the level of success they achieve over time. Policymakers can support incubation by moving two major categories of policy levers: those that direct public funding to incubation, and those that shape the environments in which incubators operate. We discussed public funding of incubation in the previous section. Here we highlight public policies that impact the success of charter schools in general, but will shape the landscape for incubators in particular, and suggest ways that policymakers can reform or design these policies to support or encourage incubation.

Top Five Ways Policymakers can Create Hospitable Environments for Incubation

What policymakers can do	*Benefits for incubation*
1. Eliminate charter caps, but set a high bar for new charter approvals; or use "smart caps," which remove caps only for those that consistently show excellent results	● Cities and states that support and enable charter growth are more attractive places to start schools ● An emphasis on quality permits growth for high-potential charter schools or those that consistently show excellent results, which may in turn attract more promising new charter leaders ● Smart caps could be created to reward incubators that consistently demonstrate excellence in their incubated leaders and their schools
2. Encourage closure or restructuring of low-performing schools, including through charter authorizer accountability	● Closing failing schools frees up space for charter schools, including incubated charters ● Charter markets that reward excellence and do not tolerate failure may attract more promising leaders
3. Fund charter schools equitably for operations and facilities, and allocate public funding to incubation	● Funding equity will allow all charters to optimize operational efficiency and improve performance ● Public funding for incubation may rapidly and sustainably accelerate the growth of high-quality new schools while permitting careful monitoring of incubators' results
4. Provide charter schools substantial operational autonomy in areas such as staffing, curriculum, budgets, and scheduling	● States that grant charters more significant autonomies may attract and retain more promising leaders ● Increased autonomy particularly regarding teacher and principal certification broadens the talent pool for new charter schools ● Lifting restrictions on charter autonomy, coupled with strong accountability for results, can help create a sector defined by quality
5. Streamline approval and governance policies for charter models once they prove successful	● Streamlined approval policies can reward incubated schools that establish track records of success ● They can also permit incubators and authorizers to efficiently collaborate in screening charter leaders and their applications ● Allowing boards to oversee multiple schools or to hold multiple charters can make it easier to recruit exceptional board members to foster successful charter schools

Eliminate charter caps, but set a high bar for new charter approvals.

Many states impose caps on the number of charter schools allowed to open, statewide or in individual localities. Some place restrictions on the number of charters that can be issued by individual charter authorizers.[43] Most of these caps fail to account for the variance in performance among charter schools and their authorizers.[44] Instead, the typical cap simply limits the number of charter schools permitted in a given locality or the state as a whole, or restricts the number of schools that can be chartered by a particular authorizer. Such indiscriminate caps may have made sense when the charter movement was in its infancy, but today researchers and educators have a much better sense of how charter schools work, how to conduct effective authorizing and oversight, and how to hold charter schools accountable for student results.[45]

In this more settled chartering environment, policymakers can expand access and safeguard quality without charter caps, by empowering a range of authorizers and holding them accountable (as discussed in the following section). Cities and states that eliminate caps can become better—and more attractive—places to start new schools because prospective operators will not be constrained by limits on initial startups or on their ability to expand if successful.

Eliminating charter caps is not a viable alternative in every state. Education policy experts have therefore also promoted an alternative—"smart caps"—designed to eliminate limits on growth of charter school networks that demonstrate excellent student results.[46] Smart caps have been implemented in at least five states.[47] Policymakers dedicated to incubation might consider a new kind of smart cap specifically oriented to the best incubators: those whose leaders consistently demonstrate excellence in their schools might be granted exemptions from caps for their future leaders' charter applications. Even under the smart caps now in existence, lifting caps for proven successful schools may help incubators attract promising leaders and proven models with markets that are open to charter growth and reward success.

Encourage closure or restructuring of low-performing schools, including through charter authorizer accountability. Strong state accountability for all public schools—charters and traditional public schools—including closure or restructuring where necessary, could help open markets for new, high-performing charter schools, including incubated charters. Stronger accountability for low-performing charter schools could also benefit prospective charter school operators by freeing up space under state caps and by enhancing the reputation of the charter sector in a given state as a group of schools defined by quality.

While elaborate state policies deal with accountability for individual public schools, including charters, states often do little to hold authorizers—the entities empowered to approve and oversee charter schools—directly accountable for approving, monitoring, and if necessary closing charter schools. At least one state once counted closed charter schools against an authorizer's cap, creating a perverse incentive that may have discouraged authorizers from closing failing schools.[48] But a handful of states have begun creating real accountability for authorizers, encouraging them to hold all schools to a high standard and close or restructure those that are not up to par. For example, Ohio has recently tightened authorizer accountability, restricting the bottom 20 percent of authorizers from opening new schools.[49]

Minnesota recently enacted legislation requiring authorizers to revise their policies and practices to reflect meaningful oversight of academic accountability for schools. The new law gives authorizers tools to hold schools accountable and in turn gives the state tools to hold authorizers accountable for their oversight of schools.[50] A 2011 Indiana law created a system whereby an authorizer that renews or fails to close a low-performing charter school can be required to appear before the State Board of Education to justify its actions. If the board finds the justification insufficient, it may transfer the school to statewide authorizer the Indiana Charter School Board, order the school's closure, or order a reduction in the administrative fee collected by the authorizer.[51] Strong authorizer accountability should be paired with policies and funding to boost the capacity of authorizers to sponsor more high-performing charter schools.

Fund charter schools equitably for operations and facilities. Nationwide, charter schools receive 19.2 percent less funding per pupil than traditional district schools. The disparity is due in large part to charter schools' lack of equitable access to local revenues and facilities funding.[52] Policymakers can help all charters by reducing or eliminating this disparity. As incubators aim to attract and support great new school leaders, states that provide fair and equal access to student funding will be at an advantage. In addition, as discussed in detail in the previous section of this brief, policymakers can help incubators specifically by considering options for directing a portion of public funding to incubation.

Provide charter schools substantial operational autonomy. Prospective charter school leaders weigh many factors when deciding where to locate and pursue their professional goals. Among these are the policy environments in which they will operate their schools. The levels and types of autonomy granted to charter schools under state law and particular authorizers' practices may weigh significantly in the balance, and states that offer greater degrees of freedom than their peers may gain the edge in attracting and retaining talent.

States should craft policies that remove restrictions on charter schools' ability to hire promising candidates for school leadership positions. In particular, states should not require prospective principals to obtain traditional certification or licensure as administrators. These requirements are largely unrelated to principals' later success and represent unnecessary hurdles along the path to school leadership. In addition, traditional certification programs, often based at universities, may bear little connection to the real work of leading schools, especially high-need charter schools.[53]

To support charters, including incubated charters, states should also ensure that charter leaders have a set of core autonomies, including in the following areas: building their own teams, managing teachers as professionals, setting curriculum and classroom structures, designing school schedules, managing school finances, establishing governing boards, and creating school culture.[54] Areas where charter autonomy is most likely to impact school operations include: staffing; principal and teacher certification; curriculum and classroom structures, including class size; scheduling the school day and school year; school budgets, including teacher salaries; establishment of governing boards; choosing providers of special education services; and collective bargaining. School leaders have indicated that they particularly value autonomy in staffing.[55]

Unfortunately, according to a 2010 study that graded 26 states on the autonomies the granted to charter operators in 14 areas, charter leaders in most states face significant restrictions in one key area of staffing—teacher hiring. In other areas, this study found large variation in the levels and types of autonomies granted to school leaders in different states.[56] This suggests that states can set themselves apart from their peers by granting charter schools significant autonomies—whether by revising state law, granting waivers, or restricting authorizers' ability to impose additional constraints—all of which may attract more top candidates for charter school leadership positions.[57]

Streamline approval and governance policies for proven incubators and charter models. Some charter authorizers have begun creating distinct—and in some cases streamlined—processes for operators proposing to replicate successful school models. These processes are designed to allow the applicant to bypass much of the early-stage scrutiny of the school model that would otherwise occur in the application process, allowing the authorizer to focus more intently on other factors, including the proposed school leader (or process for selecting a leader) and the proposed growth plan. Some states, such as Texas and California, have streamlining policies that allow proven operators to open multiple schools without having to gain approval each time.[58]

State policymakers might consider creating a similar process through which incubators could apply for a special status that enables schools that meet their standards to enter a streamlined approval process akin to those offered by some authorizers to successful replicating schools. To attain this status, incubators would have to demonstrate an exceptional track record for schools they have already incubated, and document that they will base their recommendations for approval on rigorous standards for academic, fiscal, and leadership viability. Incubators' ability to access this streamlined process would hinge on the continuing excellence of their schools. Because incubators focus intensely on selecting and developing promising school leaders, a process like this could offload some of the responsibility for scrutiny of prospective leaders (or plans for recruiting and developing leaders) from authorizers to incubators, leaving authorizers to focus more intently on the school model and other aspects of the charter application.

States can also help charter schools by permitting boards to oversee multiple schools under a single charter or to hold multiple charters. Currently, some states require that each charter school have a separate governing board and policies that limit individuals from sitting on multiple boards.[59] These policies may make it difficult for new schools to find committed, talented board members, especially in localities where charters have larger market shares or where charter schools are located close to one another. Incubated school leaders may be most able to find top board members if members are permitted to serve on multiple boards, or if single boards are able to oversee multiple schools. Texas law permits a board to oversee multiple schools linked under a single contract and to hold multiple charter contracts. Similarly, Arkansas law permits high-performing charter schools to petition the state to establish additional school sites under existing charter contracts.[60]

There are numerous other policies that impact the health of charter schools overall and may therefore impact incubators' success as well.[61] We have omitted extended discussion of such policies here, focusing on the key policies necessary to support incubation in particular.

Conclusion

Providing support for the growth of highly successful charter schools could not be more critical than it is today. These schools are changing the odds for students. They operate at a deficit relative to traditional district schools, serve predominately low-income children—many of whom enter charter schools one or more grade levels behind—yet fundamentally alter the life trajectory of their students. Without the rapid expansion of options for students struggling in traditional schools, we will doom many of these students to failure and continue to create a "permanent national recession."[62]

By supporting incubation, policymakers can accelerate the growth of charter markets and increase the likelihood of new charters succeeding. Targeted funding and changes to key policies can help incubators thrive in their target cities or regions, boosting the supply of promising leaders who start high-performing charter schools and ensuring that these leaders are adequately supported as they open and operate their schools. The cost of incubation is far lower than the costs of other reform options and slight compared to the social and economic costs of continued school failure. The time is right to bring this promising strategy to the fore through policy support and public funding.

Appendix: Profiles of select established and emerging incubators[63]

New Schools for New Orleans ("NSNO") has recruited, selected, and trained aspiring charter founders through its yearlong fellowship program. It launched 13 schools in four years and recruited 23 school leaders to run open-enrollment charter schools. NSNO incubated the highest performing high school and the highest performing elementary school in the New Orleans Recovery School District. One hundred percent of its turnarounds exited failing status after one year, and 75 percent of its transformation schools were no longer failing after two years.

Through its fellowship program, NSNO has been able to harness strong talent within existing schools and provide promising leaders a path forward. Consider Ben Marcovitz, a former charter school assistant principal. NSNO's incubation program provided the vehicle for Marcovitz to apply what he had learned from his assistant principalship to creating and opening a new school. Without NSNO, Marcovitz likely would not have started his own school, and instead might have applied for a principalship at an existing charter school where he likely would have had far less control over the school's vision and direction. Marcovitz's Sci Academy is now the highest-performing open enrollment high school in the Recovery School District.

NSNO also matches and trains qualified board members for schools throughout New Orleans and provides new and existing schools with significant financial, legal, and operations support. NSNO partners with proven organizations such as teachNOLA and New Leaders for New Schools to support the development of talented principals and teachers. It also advocates for an aggressive reform agenda to improve public education throughout the Crescent City. NSNO contributed to the production of the New Orleans Parents' Guide to Public Schools, which helps parents better understand the public school landscape. It also helped develop the New Orleans Parent Organizing Network and the Special Education Co-Op.

NSNO recently shifted to increase its focus on supporting the expansion of the city's highest performing existing charter schools through CMO development. In this capacity NSNO will continue its practice of partnering with successful organizations, working to fuel the expansion of proven CMOs such as ReNEW CMO and FirstLine Schools, and other successful operators, such as Achievement Network. At the same time, NSNO will work to encourage replication of other successful operators and to attract successful operators from outside New Orleans. NSNO recently recruited California-based CMO Rocketship Education to expand to New Orleans. NSNO aims to launch 19 more schools over the next five years. As it shifts its focus to CMO development, NSNO will partner with talent-building organization Building Excellent Schools and regional incubator 4.0 Schools to recruit and train school leaders.[64]

The Tennessee Charter School Incubator ("TCSI") launched in 2009 as the first statewide charter school incubator in the country, and its fellows opened the first two TCSI-incubated schools in the fall of 2011. According to CEO Greg Thompson, TCSI "clears the rocks off the road" for new charter leaders. "Obstacles thrown in the path of charter leaders have stifled a lot of entrepreneurship that otherwise would have happened."[65] TCSI aims to break down these barriers to create pathways for leaders to open and lead their schools, and then provides strategic supports to help them succeed.[66]

TCSI is partnering with two highly selective national fellowship programs—run by Building Excellent Schools and 4.0 Schools—to train new school leaders. TCSI also assists its leaders in areas including talent recruitment, board development and training, and facilities identification and financing. It provides new schools with funding and capacity-building services such as coaching, school reviews, and funded site visits to other high-performing charter schools. TCSI also introduces fellows from other locations to their new cities, facilitates relationships between fellows and community-based groups, and prepares leaders to be in the local spotlight.[67] As fellows progress toward opening their schools, TCSI helps them with public relations, enabling fellows to get the word out about their schools through the media and local contacts, building support and boosting recruitment of teachers and students.

Beyond training and supporting its fellows, TCSI helps develop "reform ecosystems" in Memphis and Nashville. It convenes groups that might not ordinarily band together—such as charter schools and support organizations, districts, local nonprofit organizations, and funders—to create supportive funding and policy environments for reform.[68] TCSI recently entered into a partnership with the Charter School Growth Fund (CSGF) to launch and grow 40 new high-performing charter schools in Nashville and Memphis over the next five years, quintupling charter market share in Nashville and doubling it in Memphis—providing 20,000 new seats for low-income children in Tennessee.

Get Smart Schools ("GSS"), an affiliate of the Donnell-Kay Foundation, operates a selective fellowship program for school leaders in Colorado. GSS aims to prepare 85 new school leaders and support more than 50 new autonomous schools by 2020. Twenty-three fellows have completed the GSS Fellowship, and 17 have gone on to lead charter schools. Eight more future leaders recently entered the 2011-12 cohort. GSS-affiliated schools currently enroll 4,056 students, 73 percent of whom qualify for free or reduced-price lunch. Of the 12 GSS schools for which there is performance data, 11 outperform the state in student growth and eight have higher student proficiency rates than their local districts.

A recent partnership with the Alliance to Reform Education Leadership (AREL) will enable GSS to transform its practices for identifying, recruiting, preparing, empowering, and evaluating new school leaders. GSS also maintains extensive partnerships with Teach For America and Denver Public Schools that help it recruit promising leaders. Fellows participate in workshops and one-on-one coaching sessions offered by GSS through contracts with local and national experts. The GSS Fellowship also includes local and national site visits and residencies in local schools. In 2011, GSS earned the ability to offer alternative principal licensure to its leader candidates. It offers relevant coursework in part through partnerships with the School of Public Affairs at the University of Colorado, Denver, and Daniels College of Business at the University of Denver. Each fellow also has the option to pursue a Master's in Public Administration from the University of Colorado or a Master's of Business Administration from the University of Denver, subsidized through the fellowship. GSS also trains leaders for "targeted placements." Under this approach, an organization such as a foundation or a CMO looking to start a particular type of school might turn to GSS to select and prepare their school leader. Targeted placements could also work for charter schools seeking replacements for successful founder-leaders.

Beyond partnerships that help recruit top leadership candidates and prepare them to succeed, GSS is "committed to making sure that the leaders that [they] train are going into environments where they are likely to succeed."[69] According to GSS CEO Amy Slothower, working with fellows allows GSS "to hear what their pain points are," and then to develop plans to proactively address them.[70] For example, based on fellows' input, GSS recently spearheaded a successful effort to move Denver Public Schools to a single-enrollment system where all of a student's enrollment options (traditional district, magnet, and charter) are listed on a single form and students can rank the options.[71]

CharterSchool PARTNERS
Nurture and Grow High Quality Schools

Charter School Partners ("CSP"), a selective incubator for new charter schools in Minnesota, operates a two-year school leader fellowship that provides local charter expertise, enhanced instructional leadership, organizational leadership skills, and a strong network of community supporters for potential charter founders. CSP selected its first three fellows in May 2011 and aims to launch 10-15 new high-performing, achievement-gap closing schools in the next five years.[72] One of CSP's first fellows is Angela Mansfield, a Milken Educator Award recipient who spent the first part of her professional career in the Minneapolis Public Schools. Ms. Mansfield achieved excellence as a teacher, but as a result she was pulled out of the classroom and elevated to coaching roles that decreased her direct interaction with students. Moving from school to school and seeing the "glacial pace of change" in the district, Angela decided to make the leap to charter school leadership to give the kids she was serving more rapid and dramatic assistance. Following the CSP Fellowship, Angela is slated to open a charter school in South Minneapolis in 2013.

The first year of the CSP fellowship focuses on major practical milestones of charter creation: fellows must apply for and receive authorization; secure facilities and grant funding; and be formally hired by the school's board. At the beginning of the fellowship program, fellows participate in a rigorous summer "boot camp" on education reform and charter schooling, and participate in courses designed to help them master the basics of charter school design, law, board governance, and operations. By the end of the summer session, fellows complete the first drafts of business plans that become the basis for their authorizer and grant applications. The first year also includes travel to best-practice charter schools across the country and selective academic coursework through CSP's innovative partnership with the University of St.

Thomas. Fellows participate in a "charter leader assessment" at the university that simulates a day in the life of a charter leader. Based in part on each leader's performance in this assessment, CSP in collaboration with university staff selects an appropriate set of courses to help the leader hone in on specific areas where he or she could benefit from further training. CSP also brings in nationally-recognized experts to train fellows through workshops and presentations, and hosts "best practices summits" of local partner schools. The CSP Fellowship also includes residencies through which fellows serve as "school improvement coordinators" at local charter schools and develop discrete goals for moving the needle on student achievement. Specific tasks related to these goals provide fellows experiential leadership training and offer opportunities for mentoring by current charter school leaders.

In the second year—with a charter, facility, board, grant funding, and a business plan in hand—fellows shift to focus on issues involving curriculum, operations, and human resource systems, and immerse themselves in their school communities. Throughout this pre-operational year, fellows work closely with CSP as they execute discrete tasks according to a rigorous timeline and quality template. In the third year, fellows launch their schools and become CSP "Partner Schools," which may host future CSP fellows in school-based residencies.

CSP aims to leverage its residencies to expose fellows to relevant state and local education issues and the political landscape in which they will open their new schools. Throughout the two-year fellowship, CSP helps its fellows build "intentional webs of community connections." These local ties will help fellows recruit and develop strong boards, build connections with local leaders and community-based organizations, and eventually spread the message about their new charter schools to potential teachers and students. CSP also advocates for policy issues to promote the growth and expansion of high-quality charter schools in Minnesota. The organization seeks fellows' input in the process of setting its policy agenda and networks with other local stakeholders to advance common priorities.[73]

The Mind Trust

A Bold, New Approach to Education Reform

The Mind Trust's Charter School Incubator is designed to launch charter management organizations that will develop large, regional networks of the highest-quality charter schools in Indianapolis. Using an intensive and highly-competitive recruitment and selection process, the Incubator will provide leadership teams with up to $1 million in start-up funding, meted out through a rigorous performance review and accountability process. The Incubator's goal is to launch dozens of life-changing schools in Indianapolis over the next five years, serving thousands of high-need students in the city's urban core.

The Incubator's strategy is based on two premises: excellence starts with top talent, and scaling excellence must be designed intentionally upfront. The Incubator is using a local and national recruitment campaign to identify top talent capable of operating highly successful charter schools, and dedicated to rapid growth. In addition, the Incubator is engaged in conversations with some of the nation's top-performing CMOs and charter networks about expanding their network through the Incubator to Indianapolis. The Incubator intends to announce its first cohort of winning leadership teams in summer 2012, with plans to launch the first incubated schools in 2013.

4.0 Schools is an emerging regional incubator focused on eight southeastern states. Its offerings will include a six-month "Leader School" for aspiring education reform leaders, and a follow-up, year-long "Launch School" for select participants to prepare to open new schools. Launch School will include coursework and residencies in high-performing partner schools and non-school startups. Training will include listening tours in communities served by 4.0 Schools, and lessons from entrepreneurs outside of education. 4.0 Schools will provide "intensive support for board development, charter writing, political strategy, pre-opening logistics, facilities preparation, instructional leadership, and data management."[74] It will also fund the hiring and training of three more team members beginning six months prior to school opening.

After school launch, 4.0 Schools will provide leadership teams three years of support. Those that succeed during this three-year period will earn "The 4.0 Seal" and receive further investment to seed aspects of their program or model, from full-scale replication to initiatives of more limited scope, such as running a teacher training program or launching a software company rooted in some aspect of the successful school's model. Through this further investment, 4.0 Schools CEO Matt Candler aims to create "more Sci Academies and Drop the Chalks"- referring to the highest performing open-enrollment charter school in the New Orleans Recovery School District and company formed by a teacher to build software that gives teachers tools to use and act on student data.

4.0 Schools focuses its leadership training on building three distinct skills: empathy, unbundling, and prototyping (sharing ideas and iterating based on feedback). Over the next five years, 4.0 Schools aims to train 500 leaders in these three essential elements of "4.0's problem-solving mindset," and to prepare leaders to launch 50 new schools and tools to spark regional transformation.[75]

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Prepared by Public Impact for the
Cities for Education Entrepreneurship Trust (CEE-Trust)
and the Thomas B. Fordham Institute