National CMO Expansion Survey:
Summary of Survey Results

October 2015

CMOs play a role in expanding options for families; we wanted to understand what it takes to attract them to new states

- High-performing, nationally recognized CMOs now serve **nearly 300,000 students**

- These CMOs **outperform their peer schools**, especially in urban districts

- Moreover, they have **maintained quality** through rapid growth

- However, most CMOs are **clustered in a handful of cities and regions**

- A variety of organizations are **looking to attract CMOs** to their city or state

- **State-level policy helps determine** the viability of CMO expansion to those cities
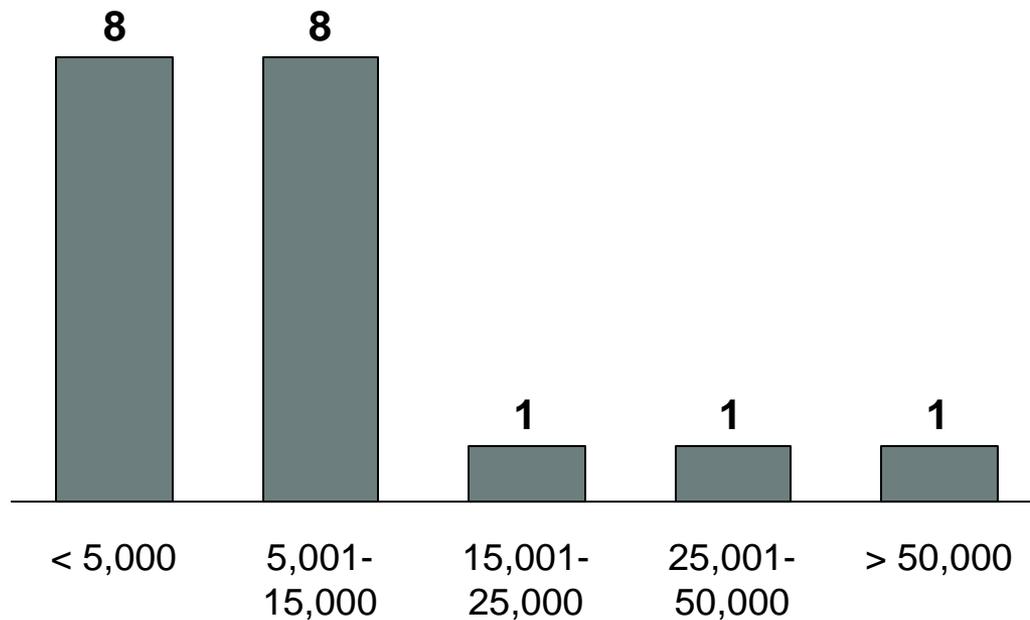
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We asked a select group of top CMOs what factors enable them to operate *effectively* within a given geography

Senior leaders at **over 20 national CMOs** provided input through our survey and interviews
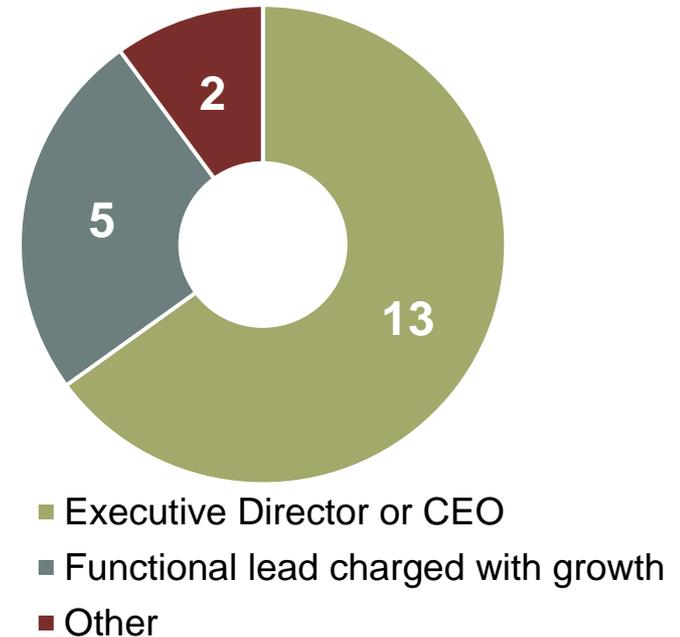
The CMOs surveyed have a diverse set of enrollment and funding levels

Count of respondents by number of current students

8	8	1	1	1
< 5,000	5,001-15,000	15,001-25,000	25,001-50,000	> 50,000

Respondents by role

- Executive Director or CEO — 13
- Functional lead charged with growth — 5
- Other — 2

Per-pupil **funding** levels (across network)

Lowest	Average Low	Mid-point average	Average High	Highest
$5k	$8.7k	$10.2k	$11.6k	$20k

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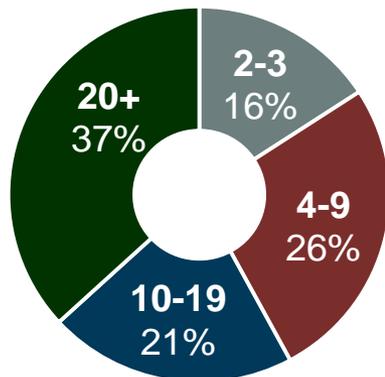# The survey sought answers to six key questions through an in-depth, 43 item questionnaire

1. How and when are CMOs **planning to grow**?

2. What **policy factors** do CMOs view as "must-have" vs. "nice-to-have" to operate effectively in a new geography?

3. What **non-policy factors** do CMOs view as "must-have" vs. "nice-to-have" to operate effectively in a new geography?

4. What level of **funding and facilities support** do CMOs need to operate effectively?

5. What **human capital policies and supports** do CMOs need to open new schools?

6. What are the preferences of CMOs around **charter authorization and governance**?

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Respondents operate in five broad regions, with just over half operating schools in 2 or more states

20% West

11% Midwest

14% Northeast

17% Mid-Atlantic

37% South
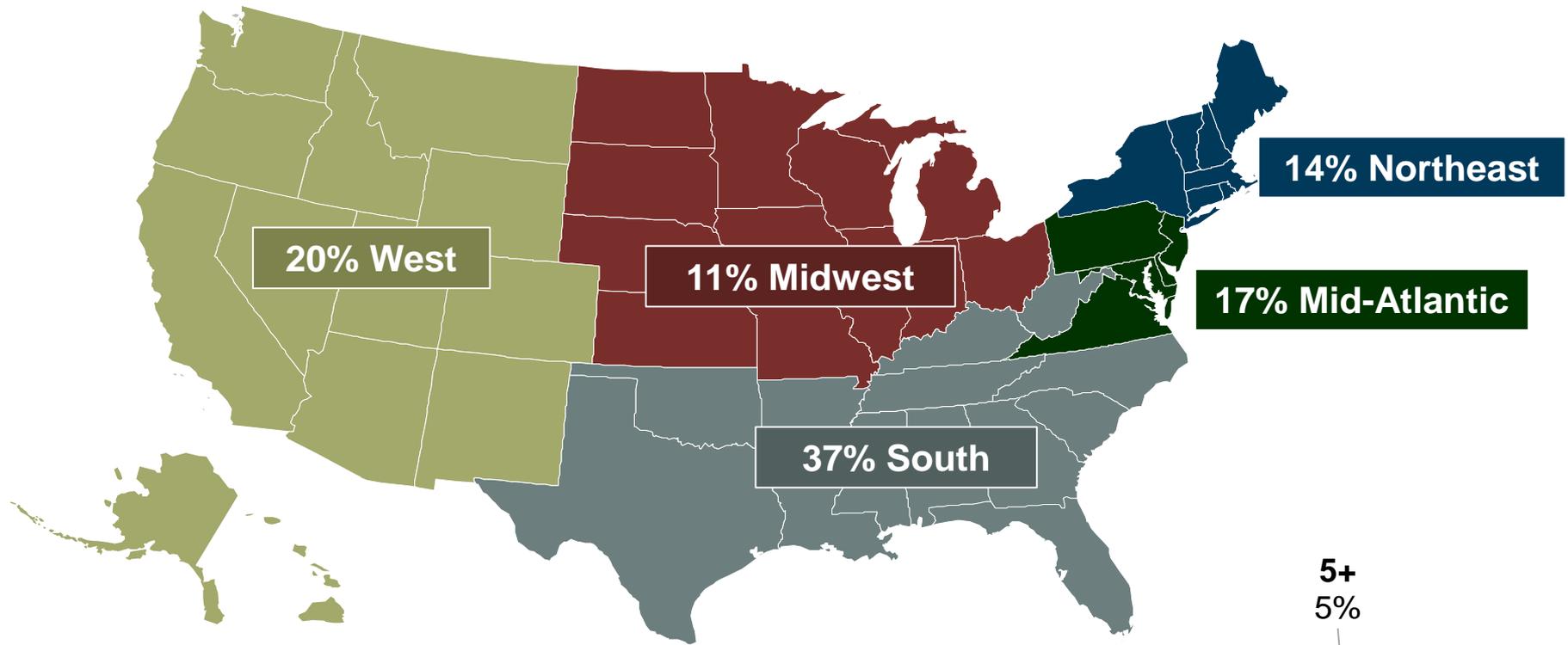
How many campuses does your organization operate?

- **20+** 37%
- **2-3** 16%
- **4-9** 26%
- **10-19** 21%

In how many states does your organization operate?

- **5+** 5%
- **4** 16%
- **1** 47%
- **3** 16%
- **2** 16%

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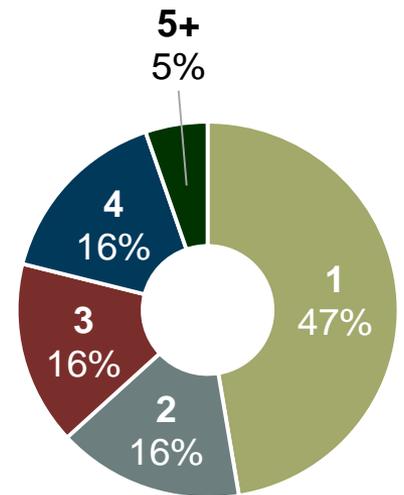
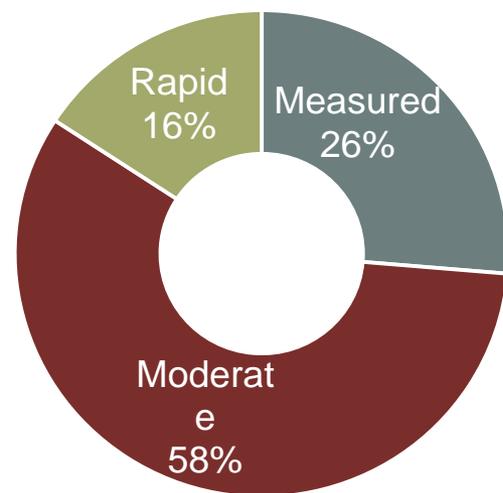# Respondents have plans to create 160,000 new seats, in on top of the 225k students they already educate

Total planned new seats (by # of seats by CMO)
(rounded to nearest thousand)

160k total new seats

Chart (stacked bar, thousands of seats):
- 19 — **9 CMOs plan to create < 5k new seats each**
- 54 — **7 CMOs plan to create 5k-10k new seats each**
- 87 — **4 CMOs plan to create > 10k new seats each**
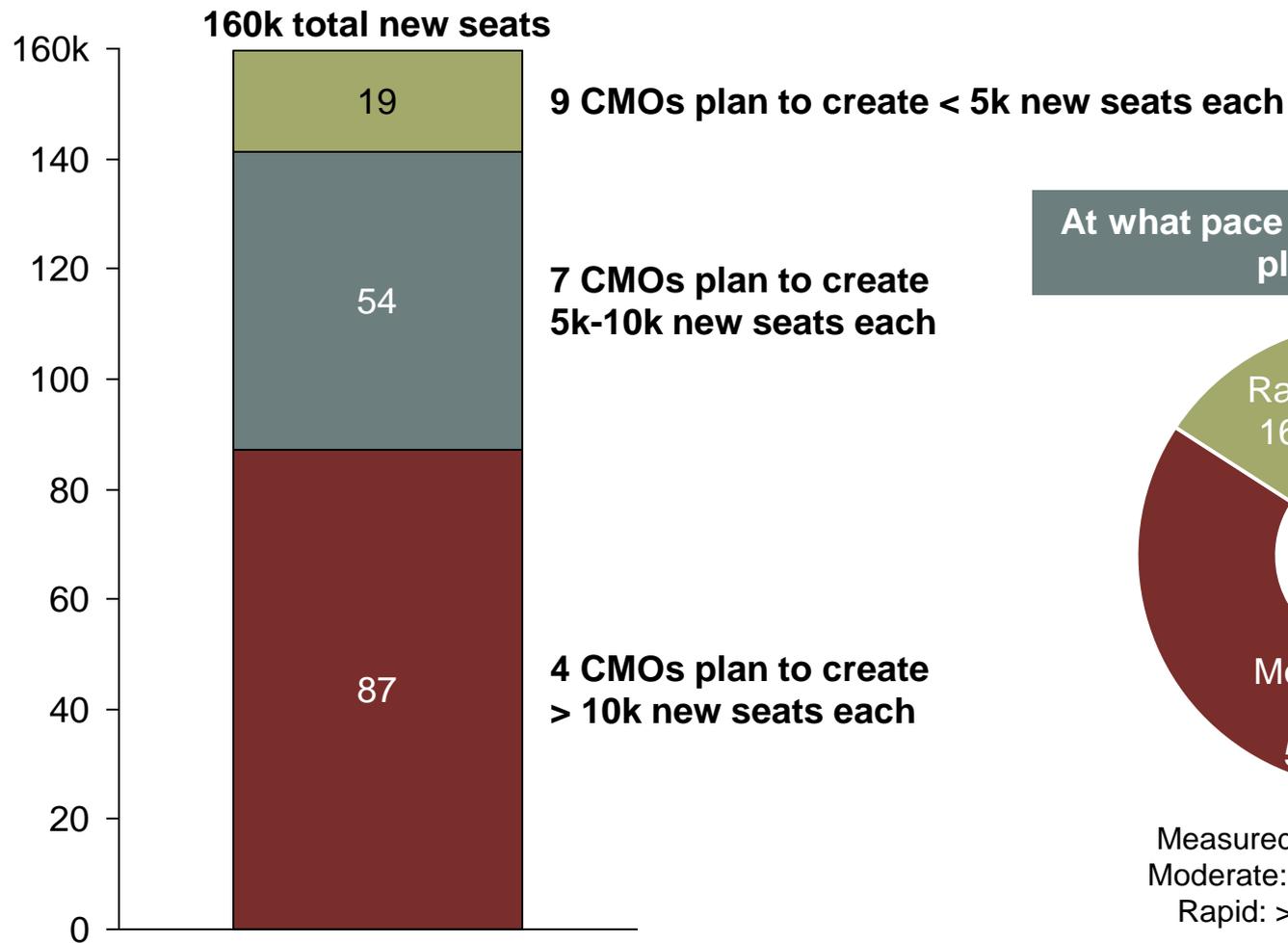
At what pace does your organization plan to grow?

Donut chart:
- Rapid 16%
- Measured 26%
- Moderate 58%

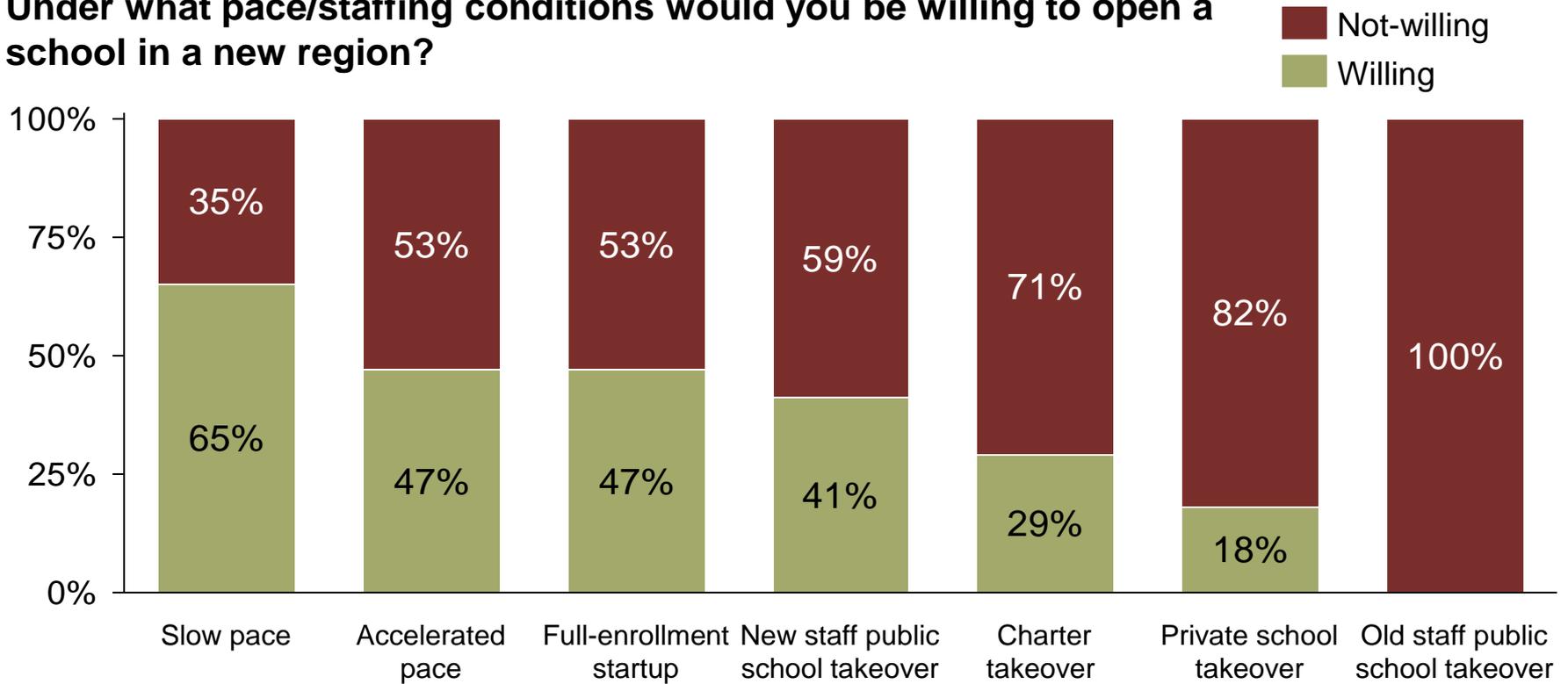Measured: ≤1 new school per year
Moderate: 2-5 new schools per year
Rapid: >5 new schools per year

All respondents are planning to open new schools, with nearly 80% open to expanding to a new state in the next decade

CMO projected expansion		
Expansion Plans	Expand within the next 3-5 years	68%
	Expand to a new state within next 3-10 years	79%
	Expand only within present region of operation	16%
Expansion Strategies	Open new schools	100%
	Increase enrollment	68%

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Most CMOs prefer to open grade-by-grade; none are willing to take over a failing district school if old staff must be retained

Under what pace/staffing conditions would you be willing to open a school in a new region?

Legend:
- Not-willing
- Willing

Bar chart data:

Condition	Willing	Not-willing
Slow pace	65%	35%
Accelerated pace	47%	53%
Full-enrollment startup	47%	53%
New staff public school takeover	41%	59%
Charter takeover	29%	71%
Private school takeover	18%	82%
Old staff public school takeover		100%

Full text prompts:
Slow or self-determined pace of opening/enrollment (i.e., grade-by-grade startup)
Accelerated pace of opening/enrollment (i.e., multiple-grades-per-year startup)
Full-enrollment startup (i.e. starting with all grades)
Takeover of an existing underperforming **public school (with full human capital autonomy)**
Takeover of an existing underperforming **charter school**
Takeover of an existing under performing **private school** (e.g., a Catholic school)
Takeover of an existing underperforming **public school (with requirement to retain existing staff)**

What drives CMO decisions to grow?

What doesn't matter:

- **Size of CMO.** Both "small" (<2500 students currently enrolled) and "large" CMOs (>5000 students) report ambitious growth goals, mostly in relation to the number of students served

- **Current geography.** 89% of respondents are open to growth outside of their current region within the next ten years

What does matter:

- **Opportunity to make a difference**

- **Autonomy** and the ability to retain fidelity to a CMO's model

- The **right mix of <u>local</u> conditions,** including:

  - Funding and facilities support

  - Human capital policies and supports

  - Authorization & governance

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CMOs are reluctant to grow if it will mean sacrificing quality

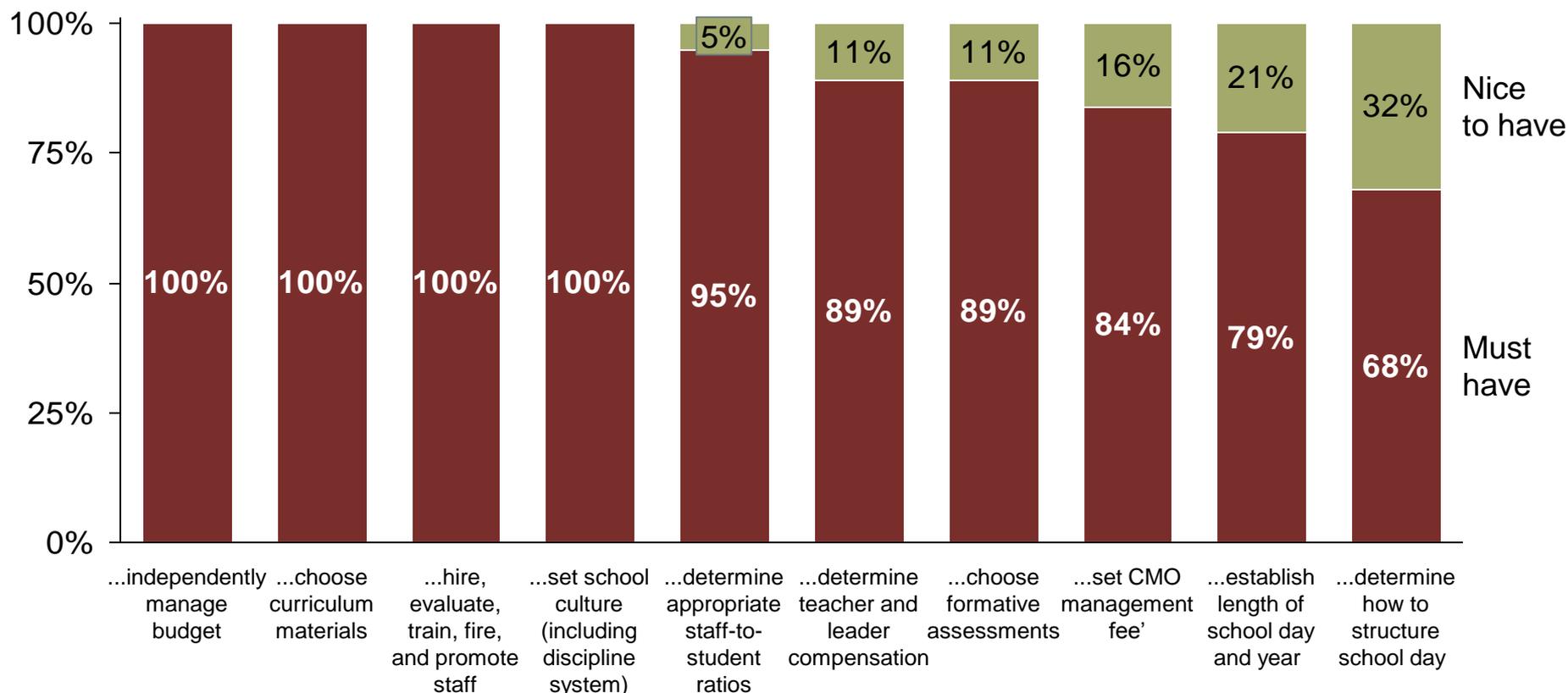|	
Quality matters to CMOs: Now and going forward	• "Quality outcomes at existing schools dictate our openness to growth. **We will pause, and have paused growth, when quality slipped to unacceptable levels** at too many schools." • "We're committed to helping our City reach a **tipping point with quality school options** in every neighborhood **before considering expansion** in other regions." • "We think of our pace [for growth] as **balancing the urgency of student need with** being thoughtful about talent & **what it takes to position new schools for success**." • "There are items we are flexible about, but **we are not flexible on…having the talent, community support and finances, facilities and freedoms that we believe will position new schools for success**." • "Look at all options, but **only move forward where conditions are very favorable**."
CMOs can adapt somewhat if key conditions for success are in place	• **CMOs aim to limit risk, yet they can be flexible on some conditions** for growth and recognize that localities possess varying strengths and limitations. • That said, **CMOs are vigilant about maintaining quality** in current schools. They will not choose expansion at the expense of positive and stable outcomes.

Develop a local strategy for attracting CMOs	1) Emphasize the "**CMO-friendly**" aspects of your state, region, and/or local setting
	
	2) **Determine "fit"** between local realities and CMO needs by understanding:
	
	    ○ **How your vision for quality aligns** to that of the CMO
	
	    ○ **What you hope the benefits will be** of CMO expansion to your area
	
	    ○ Local **policy and non-policy characteristics** in relation to CMO growth factors
	
	    ○ **If, where, and how negotiation is possible** and where it is not

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Charter autonomies are among the most unanimous "must-haves" required by CMOs expanding to new geographies

How important to your expansion decisions is the freedom to…

Bar chart showing percentages for "Must have" (dark red) and "Nice to have" (olive green):

Category	Must have	Nice to have
…independently manage budget	100%	—
…choose curriculum materials	100%	—
…hire, evaluate, train, fire, and promote staff	100%	—
…set school culture (including discipline system)	100%	—
…determine appropriate staff-to-student ratios	95%	5%
…determine teacher and leader compensation	89%	11%
…choose formative assessments	89%	11%
…set CMO management fee'	84%	16%
…establish length of school day and year	79%	21%
…determine how to structure school day	68%	32%

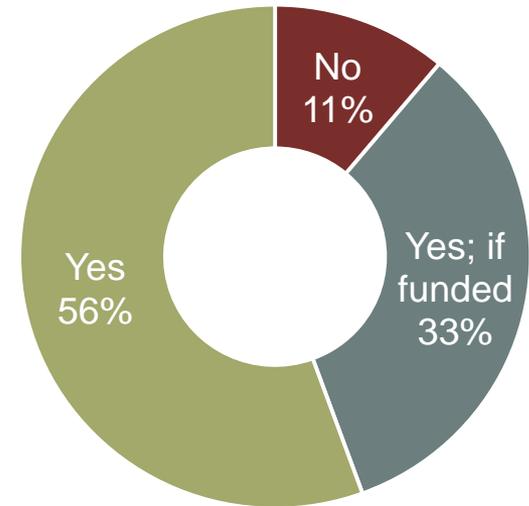**BELLWETHER**
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Most respondents provide transportation for students and are willing to do so in new regions

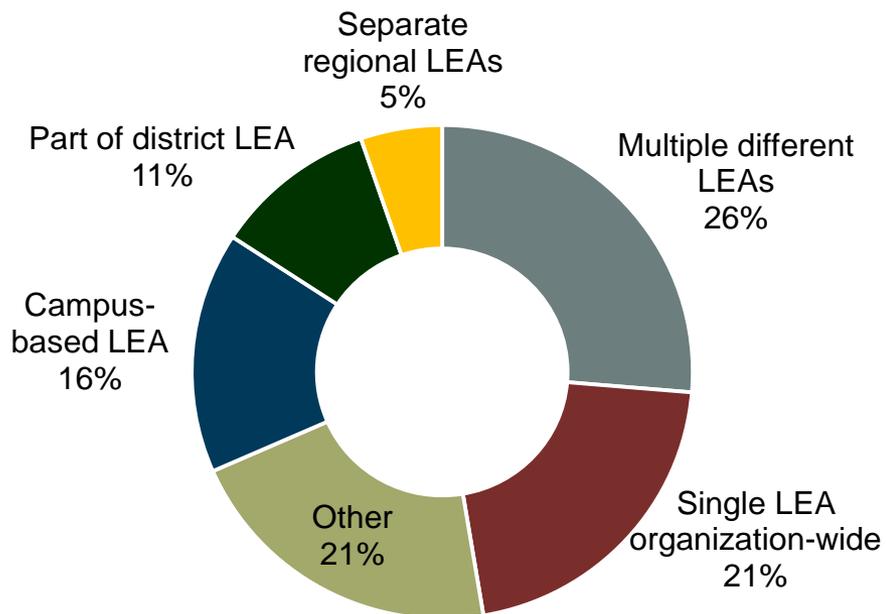**Does your CMO provide transportation in any of your current regions?**
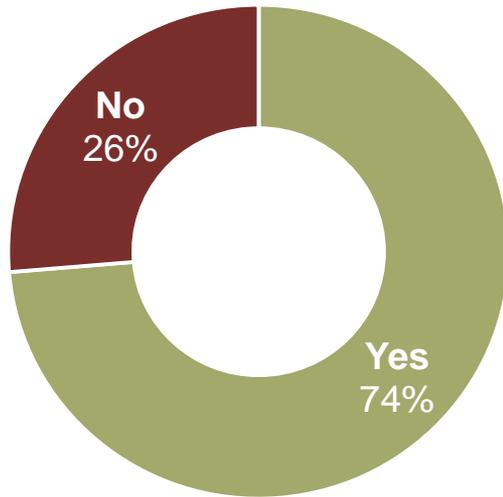
Would your CMO consider expanding to a new region that required transportation?

No
26%

Yes
74%

No
11%

Yes; if funded
33%

Yes
56%

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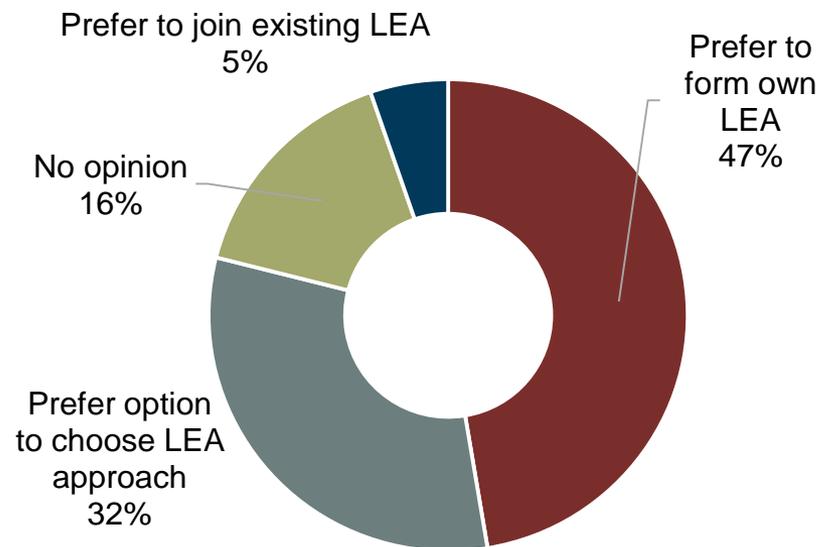EDUCATION PARTNERS

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LEA status (current and preferred) varies across respondents

What is the current local educational agency (LEA) status of your schools and organization, as chartered?`

Separate regional LEAs
5%

Part of district LEA
11%

Multiple different LEAs
26%

Campus-based LEA
16%

Single LEA organization-wide
21%

Other
21%

What is your organization's preference on local educational agency (LEA) status?

Prefer to join existing LEA
5%

Prefer to form own LEA
47%

No opinion
16%

Prefer option to choose LEA approach
32%

Full text prompts:
- We have **multiple LEAs** within our network of schools
- Our entire organization functions as a **single LEA**
- Other
- Each school **campus** within our network is an LEA
- Each geographic **region** (city or state) of our CMO is its own LEA
- Our schools are **part of the existing LEA** in the region

Full text prompts:
- Prefer to open schools in a geography that requires CMOs to form their **own LEA**
- Prefer to open schools in a geography that requires CMOs to **join an existing LEA**
- Prefer to open schools in a geography that allows CMOs to **choose** whether to form their own LEA or join an existing one
- **No opinion**

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Options on LEA status are not critical to CMOs

If your organization's preferred LEA structure is not available in a given market, would your organization consider that a non-negotiable?

Yes
16%

No
53%

Unsure
31%

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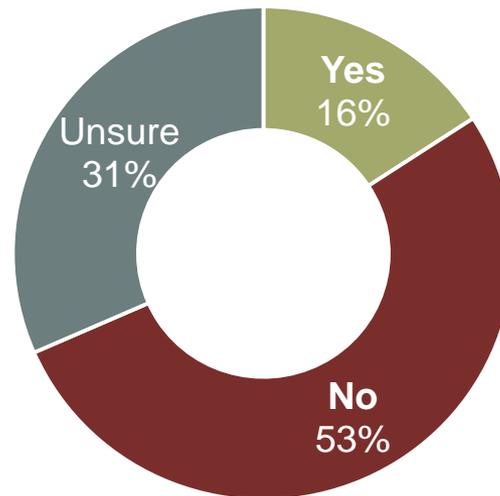
Required participation in collective bargaining agreements is a deterrent for many operators

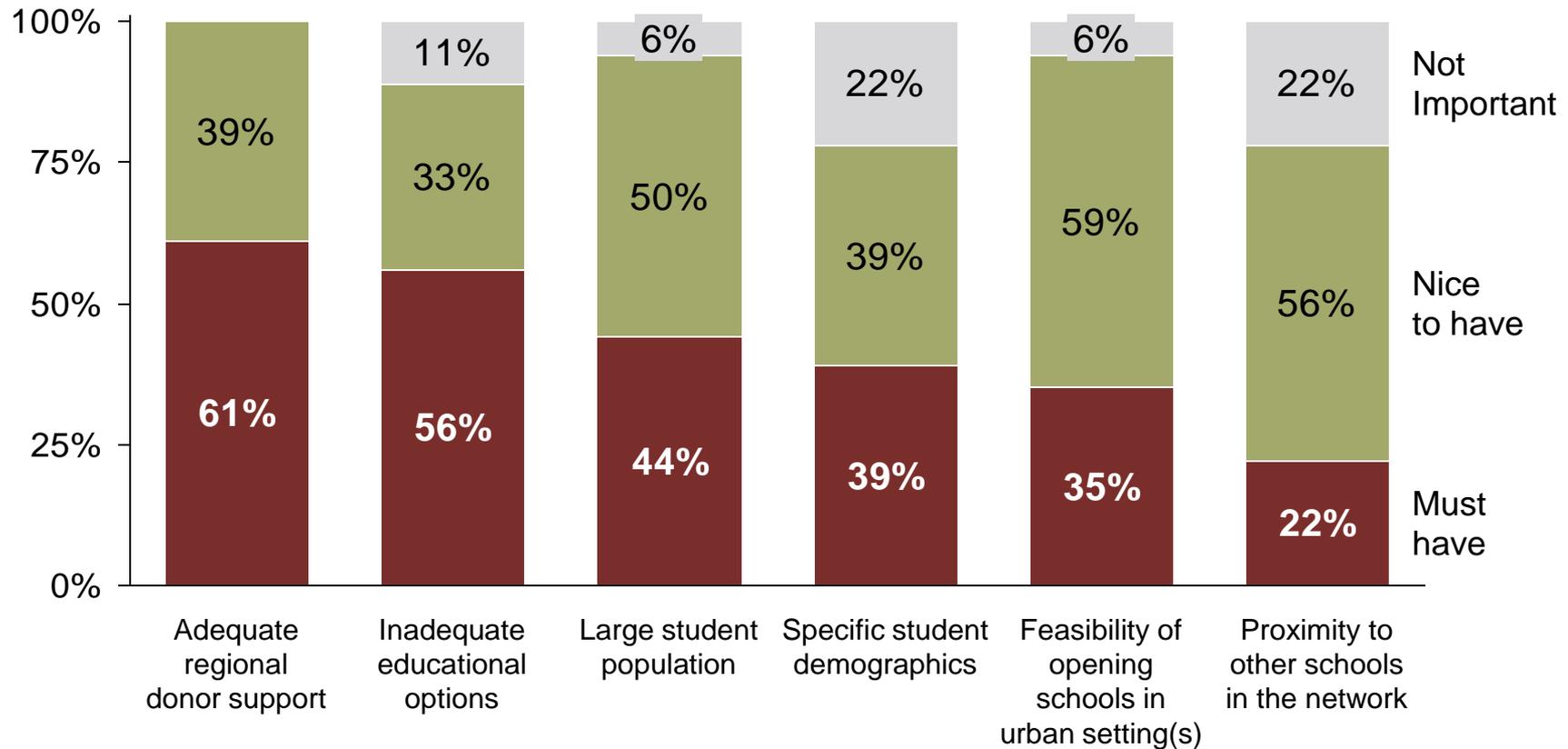|	
Collective bargaining is inconsistent with the organizational culture of CMOs and charter school models	• "…We do strive to create a work environment where all employees can flourish and feel valued. **If our employees were to pursue collective bargaining we would consider that a strong indication we've failed in that regard."** • "We strive to create an organization where teachers have authentic voice, and teammates that are not teachers as well. **If we succeed, our teachers would never choose, or have a need for, collective bargaining."** • "Our **local teachers union continually seeks to organize** our teachers, so far without success." • **"[We are] not willing to operate with a traditional CBA."** • We see [a collective bargaining agreement] as **a fundamental impediment** to achieving maximum results for students.
Many CMOs will avoid locations where there is required or active collective bargaining	• Although collective bargaining **may not always be a deal breaker, it is a deterrent.** Some CMOs are willing to consider it. • **CMOs aim to cultivate organizations where educators are inherently empowered and incentivized.** This culture serves their organizational objectives and approaches.
Know the collective bargaining requirements and/or trends in your locale	• If your state has a collective bargaining requirement, **focus efforts on attracting CMOs that have historically been open to this.**

CMOs seek regions with adequate donor support where they can make a meaningful impact

How important are the following regional factors to your expansion decisions?

Stacked bar chart showing three categories: Must have (dark red), Nice to have (olive green), Not Important (grey):

- Adequate regional donor support: Must have 61%, Nice to have 39%
- Inadequate educational options: Must have 56%, Nice to have 33%, Not Important 11%
- Large student population: Must have 44%, Nice to have 50%, Not Important 6%
- Specific student demographics: Must have 39%, Nice to have 39%, Not Important 22%
- Feasibility of opening schools in urban setting(s): Must have 35%, Nice to have 59%, Not Important 6%
- Proximity to other schools in the network: Must have 22%, Nice to have 56%, Not Important 22%

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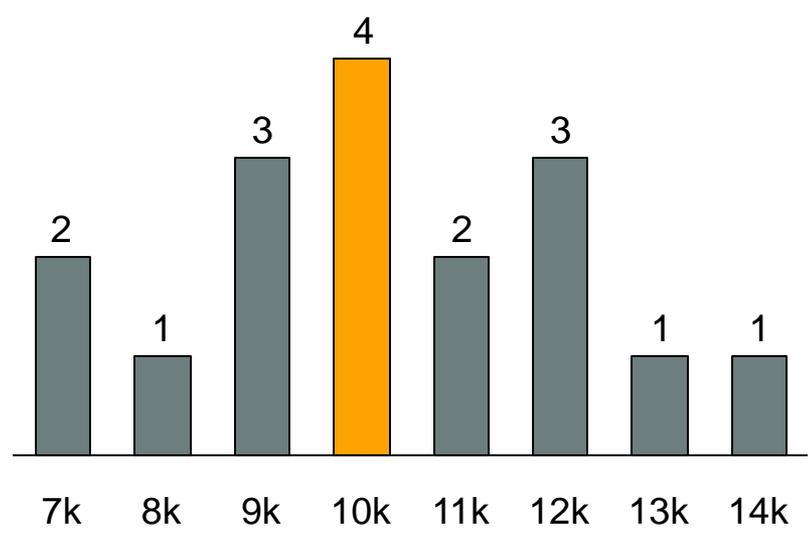# State and local political support and popular favor are essential to less than half of respondents

How important are the following political considerations to your expansion decisions?
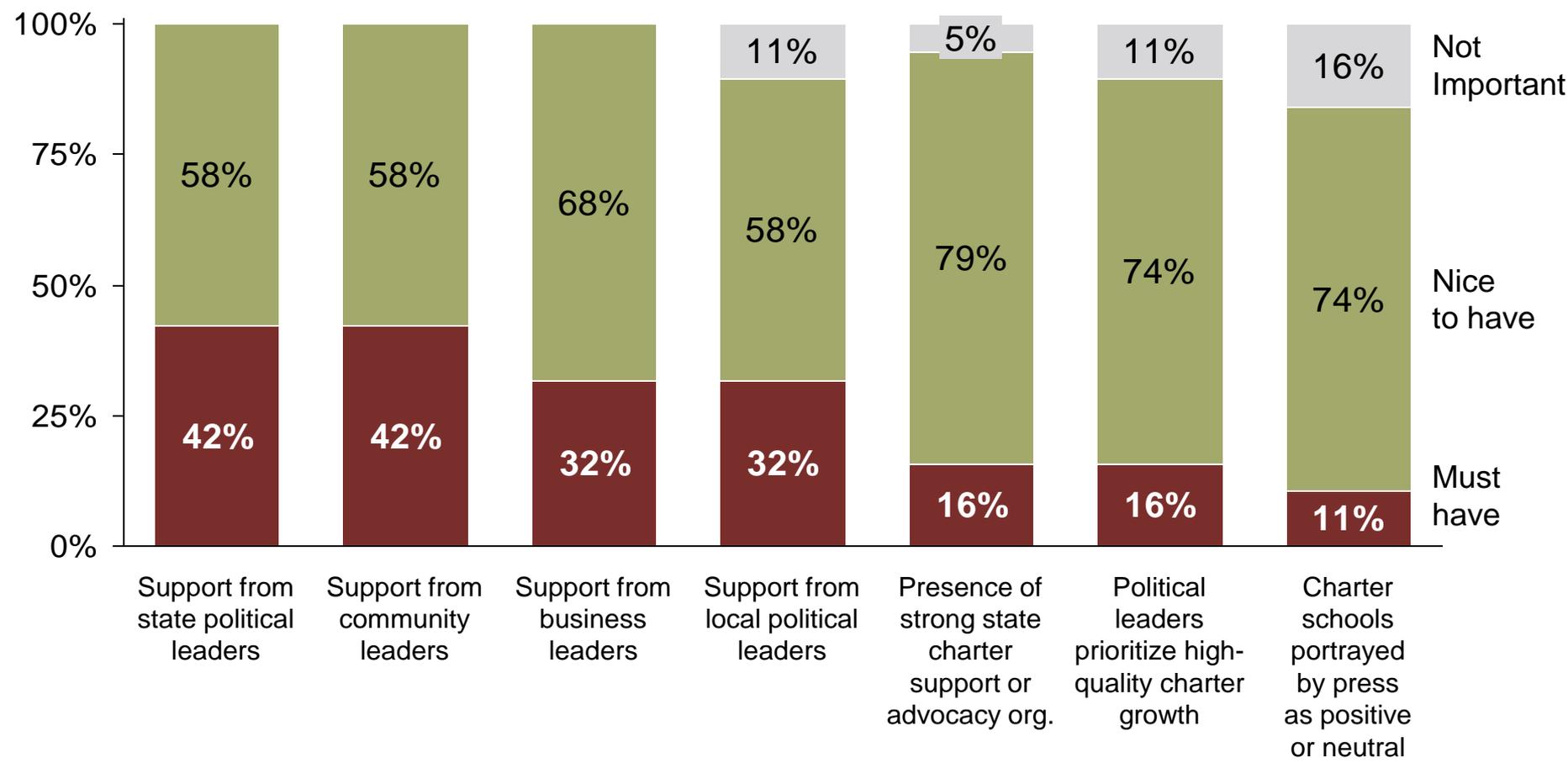
CMOs need adequate ongoing per-pupil operating funds as well as startup capital to get new schools off the ground
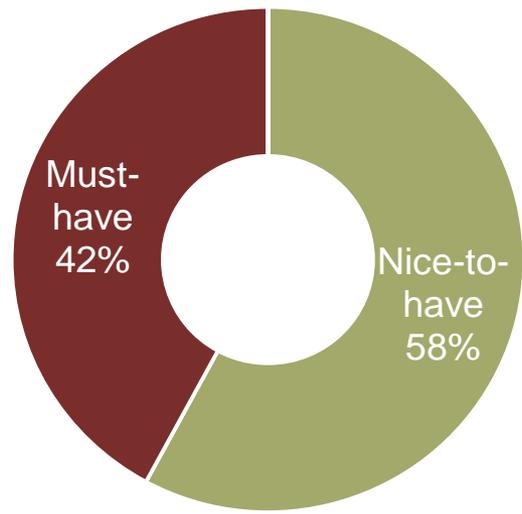
What is the per-pupil public funding your network requires to operate effectively?

How important is the availability of startup funds to your expansion plans?

Respondents by funding level
(rounded to nearest $k)

Average = $10.2k
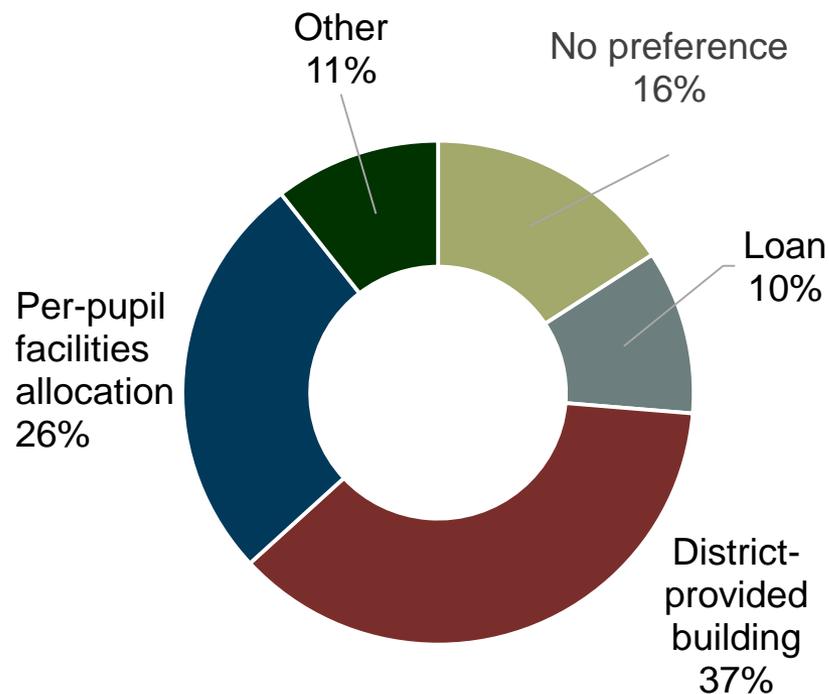

Must-have 42%

Nice-to-have 58%

Facilities are a common pain point, but there is little consensus among CMOs regarding solutions

Which would you most prefer to help your CMO manage facilities costs?
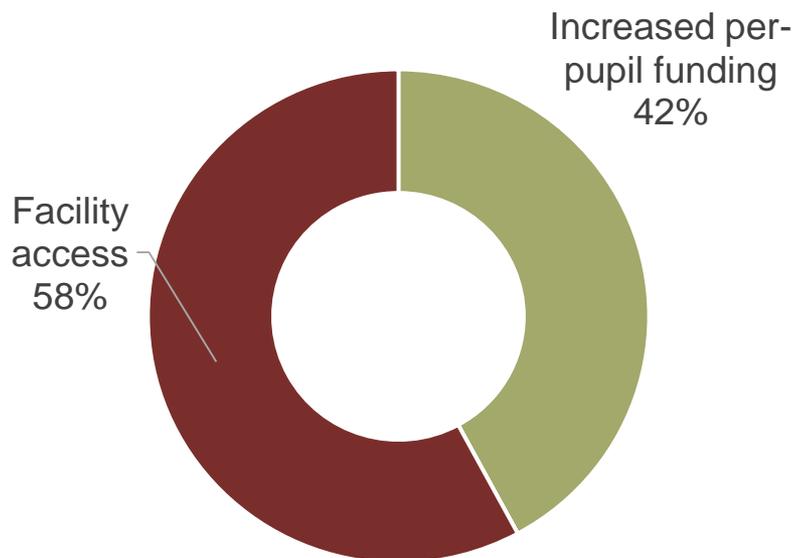
Does your organization have a preference around how facilities aid is delivered?

Increased per-pupil funding
42%

Facility access
58%

Other
11%

No preference
16%

Loan
10%

Per-pupil facilities allocation
26%

District-provided building
37%

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CMO opinions on facilities are shaped by past experiences; few clear solutions exist

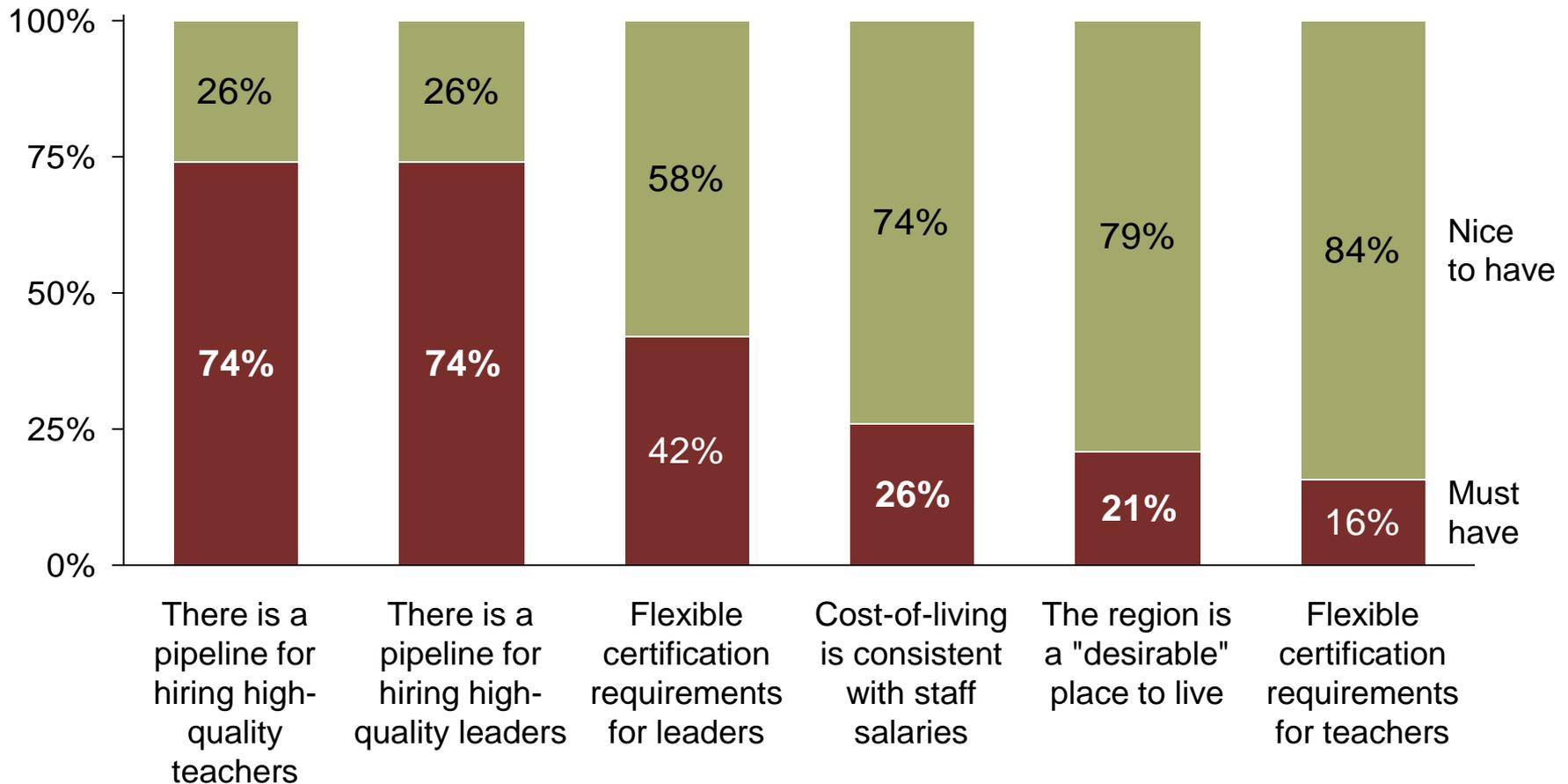|	
Access to appropriate and affordable facilities is a pain point for CMOs	• [Our growth is} "**facilities dependent**." • "We are currently unhappy that when we do a turnaround school in a district building **the district then refuses to make capital improvements in the building."** • "Because **securing district facilities has been so difficult** throughout our growth and we now have long-term commitments to many private buildings, **per-student facility supplement is the key for equitable revenue."** • "We need the **right to participate in the state facilities commission** ($3 for 2) funding program that District schools enjoy." • "[Leasing agreements require]…**clear responsibilities for maintenance and repairs and penalties for non-compliance**." • "We are open to multiple models of support [to reduce the burden of facilities costs], particularly those that allow us to **reduce our dependence on bonds and taking on more organizational debt."**

There are many paths to a solution, but a solution is needed	• **CMOs have been hurt by facilities decisions in the past** and are understandably risk-averse. Issues include:
	    • High/elevating cost (lease expenses, debt service)
	    • Poor maintenance
	    • Poor location
	• Local efforts to mitigate the risks associated with facilities must be feasible and sustainable. CMOs entertain a variety of solutions, although the **lack of a solution increases risk for CMOs and is often a deal-breaker.**

Identify local facilities options that are attractive and feasible	1) Keep in mind that savvy CMOs aim to **keep net facilities costs at ~ 2.5% of base funding.**
	2) **Consider what option or options work for your local situation** and present these up front to interested CMOs.
	3) Assume that CMOs will balance facility appropriateness for meeting student learning needs, including location, with financially attractive options. **Adequate facilities with limited risk are more favorable than ideal facilities burdened with risk.**
	4) **Options such as the following may be considered:**
	    1) Additional per-pupil funding
	    2) Loans to purchase
	    3) Long-term leased facilities
	    4) Below-market investments

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CMOs prioritize high-quality teacher and leader pipelines in new regions

How important are the following human capital factors to your expansion decisions?

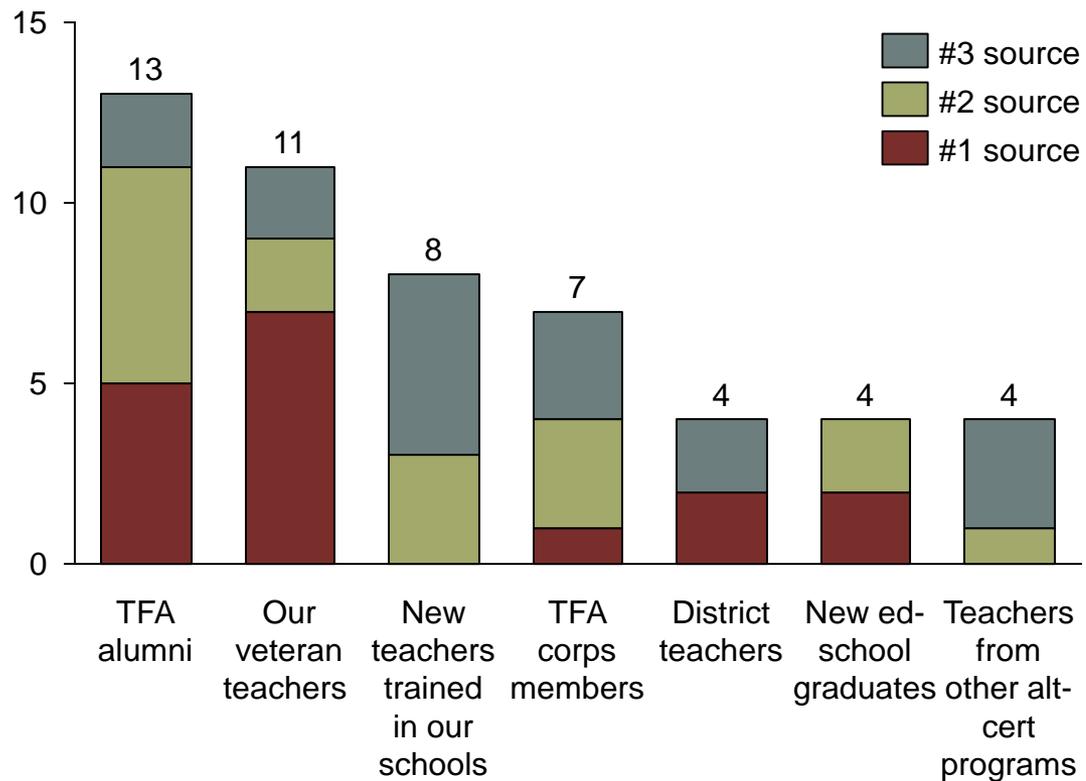|	Nice to have	Must have
There is a pipeline for hiring high-quality teachers	26%	**74%**
There is a pipeline for hiring high-quality leaders	26%	**74%**
Flexible certification requirements for leaders	58%	42%
Cost-of-living is consistent with staff salaries	74%	**26%**
The region is a "desirable" place to live	79%	**21%**
Flexible certification requirements for teachers	84%	16%

TFA and home-grown teachers are top talent sources; collective-bargaining is a significant drawback for many
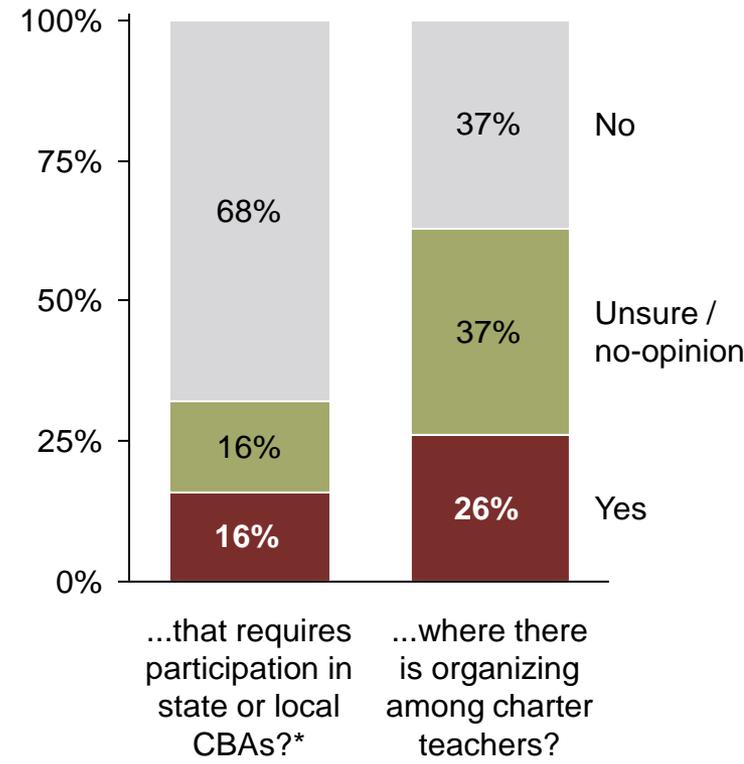
What are the three most important human capital assets and resources your organization evaluates when considering opening additional schools?

[Regarding unionized teachers] Would your organization consider opening schools in a geography…

Number of CMOs ranking choice among top 3 (n=19)

Legend:
- #3 source
- #2 source
- #1 source

Categories: TFA alumni (13), Our veteran teachers (11), New teachers trained in our schools (8), TFA corps members (7), District teachers (4), New ed-school graduates (4), Teachers from other alt-cert programs (4)

Pct. of CMOs (n=19)

...that requires participation in state or local CBAs?*
- No: 68%
- Unsure / no-opinion: 16%
- Yes: 16%

...where there is organizing among charter teachers?
- No: 37%
- Unsure / no-opinion: 37%
- Yes: 26%

*CBAs: Collective bargaining agreements

A strong "choice ecosystem" appeals to CMOs looking for partnership opportunities with other like-minded organizations

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CMOs prefer not to work in isolation	• "There need to be **investments in the region by like-minded organizations** (i.e. TFA) that will reasonably ensure a strengthening of the human capital pipeline over time." • "Other important elements [for CMO growth]…include, a supportive education reform ecosystem." • "We are hoping **our partnership model** of turning around chronically low performing neighborhood schools in collaboration with the district becomes a model that others will emulate." • "Building **partnerships with liberal arts institutions of higher education** is critical to our human capital strategy."

Partnerships grow opportunities for all	Through partnerships, CMOs build **networks of support** that:
	
	    • **Provide resources for startup and sustainability** (e.g., human capital, research, resources, learning opportunities for students)
	
	    • **Mitigate risk and embolden momentum** toward a collective goal.
	
	• Partnerships with districts, universities, businesses, and community-based organizations also help CMOs **share promising practices with the field** through various means: Provide open-source curriculum; Share data tools; Host conferences; Provide professional development; Publish books

Consider how local partnerships can support *and* benefit from CMOs	1) Work with expanding CMOs to **identify local, like-minded organizations or existing networks** with consistent objectives and/or strategies 2) Consider if **intermediaries may help connect** CMOs and their partners understand the local context in terms of need and critical resources, such as funding and facilities.

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Respondents care about authorizer options, and tend to prefer states with multiple, independent authorizers

Does your organization have a preference on the type of authorizer options available?
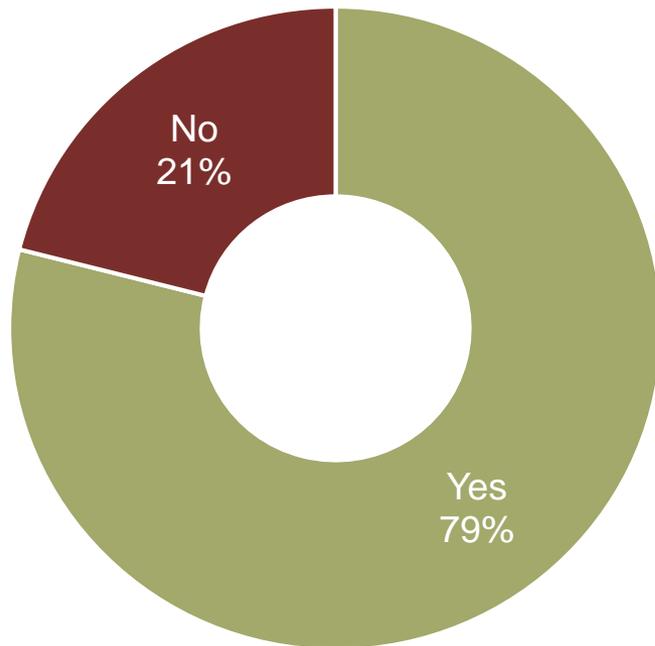
Most, but not all, comments indicated a preference for non-district authorizers
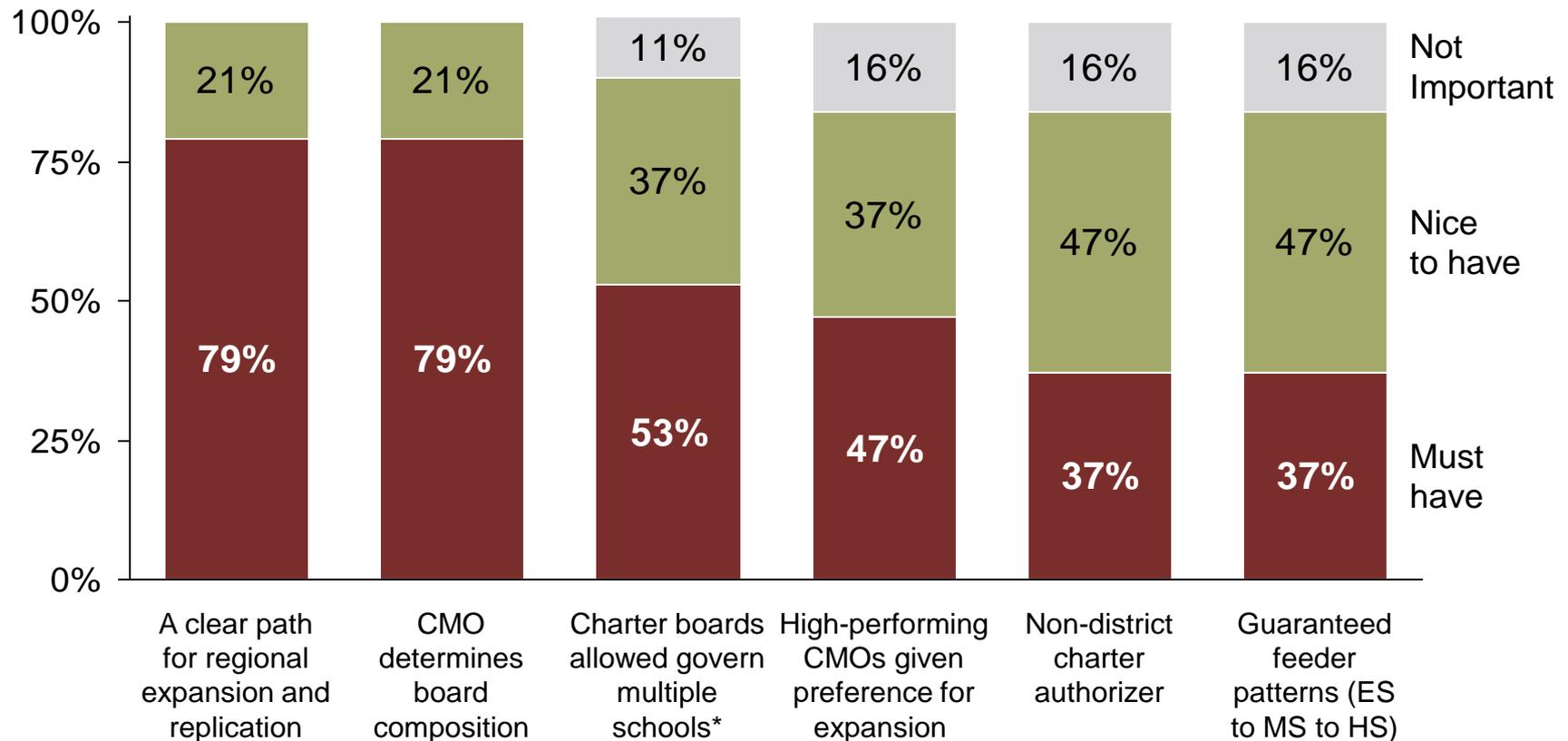
No
21%

Yes
79%

"We **prefer independent, non-school district authorizers** committed to growth of high-quality operators."

"**Multiple authorizing paths** are needed to mitigate the risk of a chartering block by one antagonistic agency."

"Our district is the only authorizer available to us and we are beholden to their whims. **Multiple high-quality authorizers would be preferred**."

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CMOs highly value authorizer practices that enable expansion through a streamlined process

How important are the following authorizing factors to your expansion decisions?

Factor	Must have	Nice to have	Not Important
A clear path for regional expansion and replication	79%	21%	
CMO determines board composition	79%	21%	
Charter boards allowed govern multiple schools*	53%	37%	11%
High-performing CMOs given preference for expansion	47%	37%	16%
Non-district charter authorizer	37%	47%	16%
Guaranteed feeder patterns (ES to MS to HS)	37%	47%	16%

*Full prompt: Charter boards are allowed to hold multiple charters, or open multiple campuses under a single charter

CMO comments on authorizers

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Authorizer preferences were inconsistent with our respondents: among each other and with the research	• "Preference for the **district as an authorizer** but willing to seek charters from the state or state authorized body." • "[We prefer a] **local district** or strong regional authorizer." • "Independent, **non-school district authorizers** committed to growth of high quality operators." • "Our district is the only authorizer available to us and we are beholden to their whims." • "Independent **state-wide authorizer** preferred." • **"Multiple authorizing paths** are needed to mitigate the risk of a chartering block by one antagonistic agency." • We prefer an authorizer that **distinguishes between selective and nonselective enrollment schools**. • Ideally an authorizer provides the most **clear and direct path towards a charter** in a new region. This is our preference, what group this is may vary by region. • "We much prefer a high-quality authorizer and **one that does not impose unnecessary onerous restrictions**."
But the research is clear: district authorizers <u>are not</u> preferred	• Nationally, the research suggests **district authorizers are problematic**: they represent an inherent conflict of interest that presents real challenges to CMOs. • **Unhappy districts can "authorize" CMOs out of business** by constraining cash flow and facilities options.
Understand and manage the authorizer/CMO tension	1) Understand CMO preferences related to authorization, yet **balance those** with the important oversight and accountability roles played by authorizing groups. 2) Aim to cultivate an **authorizer mindset that advocates for good charter schools**, not simply "charter schools." 3) **Identify non-negotiables** for accountability that relate to quality and fiscal responsibility **yet do not constrain the creative freedoms inherent and important to charter school models.**

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Respondents strongly preferred simple board structures for the network and regions

Does your organization prefer that a single governing board governs the entire network?

Unsure
5%

No
11%

Yes
84%
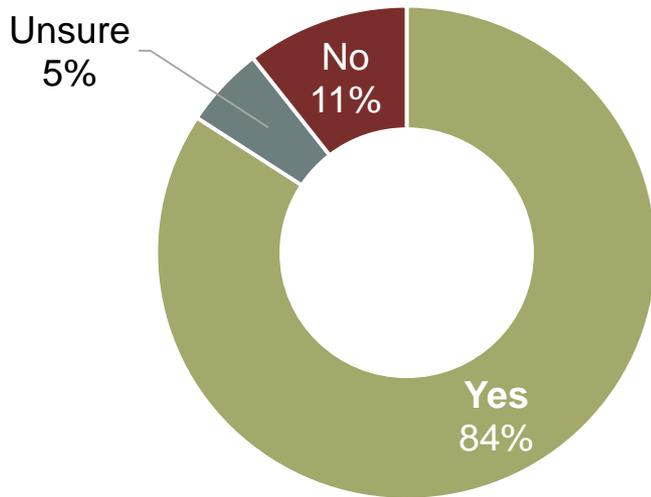
If your organization forms a local/regional governing board, do you prefer that this single board governs all of your schools in that region?

No
10%

Unsure
16%

Yes
74%
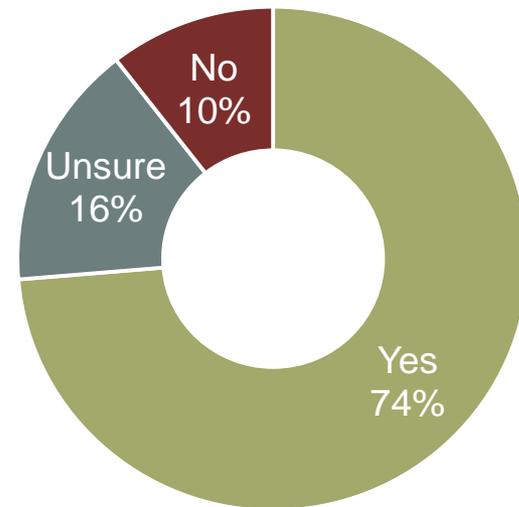
There is strong-consensus among CMOs on a few issues

- **CMOs are planning to grow**, and are generally willing to consider new states

- **Basic charter freedoms** around program, finances, and operations are seen as essential

- **Startup funding** is a major consideration when expanding to a new region

- **Reliable pipelines for high-quality teachers** and leaders are essential to expanding successfully

- Expanding CMOs want a **simple board structure** and the **ability to open multiple schools** in a new region

Reflections on survey data and next steps

- We are very aware that this is not a "representative" sample, but do believe it is a highly *relevant* sample

- Survey respondents reflect CMOs at a wide range of points in the "journey to scale". **We know that many CMOs, particularly early-stage organizations, "don't know what they don't know"** in terms of policy and other factors that enable growth.

- One qualitative factor that CMOs consistently cite in interviews is the **importance of having community/parent leaders, funders, and political advocates within a given state or region who can help them navigate challenging issues**.

- Published report coming in early 2016 on survey data