8 The Future of Charter Schools

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With the Supreme Court's endorsement of public voucher programs involving religious schools in the *Zelman* case, the nation suddenly faces the possibility of a significant expansion of programs that provide publicly funded scholarships for students to attend private schools. Substantial barriers still exist to such expansion, primarily in state constitutions and in the political arena, but it seems likely that in at least some cities and states, advocates will succeed in creating new voucher programs with the potential to serve large numbers of children.

The prospect of larger-scale private school choice programs raises the question of *supply*: what schools will be available to voucher-bearing families? Preexisting private schools are the most obvious candidates; but there are various limits on the capacity of the existing private sector to serve children in a voucher program. Some private schools may not want to participate in a school choice program because of strings that may be attached to public funding. Constraints on tuition, requirements to admit students by lottery, or accountability and reporting mandates will make some private schools think par-

ticipation is not worth the price. Other private schools may simply not want to expand their enrollment beyond their current levels. They may be the size they are by choice and regard it as part of their distinctive nature; becoming larger could undermine their school cultures or their appeal to their current "customers." One set of private schools that would be eager to offer slots to voucher-bearing students is schools that have trouble enrolling enough students to make ends meet; although such schools could provide some capacity to a choice program, they may not be the most attractive sources of supply. Presumably, most families will want their children to attend successful private schools, not struggling ones.

So while existing private schools may meet some of the demand for an expanded voucher initiative, it is likely that a significant source of supply would need to come from *newly formed schools*. What are the prospects for this kind of new-school creation in the context of a voucher program? In Milwaukee, some 107 schools enrolled more than 10,000 voucher-bearing students during the 2001–2002 school year.[1] Of these, 67 were in existence prior to 1990, the year the program began.[2] The other 40 formed since 1990. Since the overall private school population in Milwaukee declined during the 1990s, it seems plausible that these 40 schools, which together educate 37 percent of the choice program's students, were formed largely in response to the availability of vouchers.[3] If one envi-

1. Public Policy Forum, "Choice Schools Enroll Fewer K–4 Students," *Public Policy Forum Research Brief* 90, no. 1 (January 2002).

2. Author's tabulations from unpublished data provided by Emily Van Dunk and Anneliese Dickman, Public School Forum, 2002. Three of these schools were actually founded after 1989, but they were formed as a result of mergers of preexisting schools and thus were not truly new starts.

3. Public Policy Forum, "Despite Expansion of Choice Program, Number of City Children in Private School Has Not Increased," *Public Policy Forum In Fact* 87, no. 13 (December 1999).

sions a nationwide voucher-bearing population of one million children (100 times the size of Milwaukee), and if one extrapolates the Milwaukee experience with new starts, 4,000 new schools would be required to meet the demands of choice.

For this larger-scale perspective it is helpful to look at the charter school movement, which has been the country's most substantial venue for new-school creation over the last decade. Some 2,700 charter schools educated nearly 685,000 students nationwide in 2002–2003.[4] Charter schools are public schools operated by independent or quasi-independent organizations under a "charter," or contract, with an entity empowered by state law to authorize charter schools. Like private schools under voucher programs, they are schools of choice and have the freedom to implement their chosen educational approaches. But they typically face more constraints than private schools when it comes to compliance with state and federal mandates, their uses of funds, and accountability and reporting. In the 1998–99 school year, the most recent year for which complete data are available, 72 percent of charter schools were newly formed schools. Eighteen percent had previously been district public schools, with the remaining 10 percent converted private schools.[5] If those proportions still apply to the charter school population in 2002–2003, approximately 1,940 of the 2,700 charter schools in that school year were newly formed schools.[6] This is only about half of what would be required to service a million-child voucher experiment, but at least it begins to approach that sort of magnitude.

4. See Bryan C. Hassel, "Friendly Competition," *Education Next* 3, no. 1 (Winter 2003): 8–15.

5. RPP International, *The State of Charter Schools: Fourth-Year Report* (Washington, D.C.: U.S. Department of Education, 2000), p. 14.

6. Center for Education Reform, *Back-to-School Bulletin* 4, no. 38 (September 17, 2002).

After rapid initial growth in new starts, the expansion of the charter school movement has leveled off. This leveling is partly due to constraints in public policy—as legislatures have imposed caps or other restrictions that make it difficult for more charter schools to form in some states. But the charter school movement also seems to be plateauing because of challenges of *supply*—an apparent dearth of individuals and organizations with the willingness and capacity to start new schools.

This chapter discusses those supply challenges, what might be done about them, and what they mean for the prospects of expanded voucher programs. The next section explains the supply challenges in more detail. The following sections explore alternative paths to solving the new-school supply problem. The concluding section considers the implications of the discussion for voucher programs.

The Charter School Supply Challenge

Nationally, the growth of charter schools was dramatic in the first years following the passage of the initial charter laws (see Table 1). In 2001 and 2002, though, the number of new charter schools opening in the fall actually declined compared to the previous years. And the percentage growth in charter schools has tapered off from the heady three-digit rates of the mid-1990s.

Statutory caps on charter schools have caused some of this leveling, but not all of it. Even in jurisdictions with few restrictions on new starts, the number of schools opening tends to decline over time. The District of Columbia provides a good example. The D.C. charter law is one of the nation's most open to chartering. The law creates a new entity, the D.C. Public Charter Schools Board, to authorize schools. It does not cap

Table 1. Growth in the Number of Charter Schools Nationally, 1992–1999 through 2002–2003

Year	*New Schools*	*Total Schools*	*Growth Rate (in percent)*
1992–93	2	2	N/A[a]
1993–94	34	36	1,700[a]
1994–95	64	100	178[a]
1995–96	154	254	154[a]
1996–97	178	432	70[a]
1997–98	289	721	67[a]
1998–99	401	1,122	56[a]
1999–00	567	1,689	51[b]
2000–01	380	2,069	22[b]
2001–02	362	2,431	17[b]
2002–03	269	2,700	11[b]

Sources:

a. RPP International, *The State of Charter Schools: Fourth-Year Report* (Washington, D.C.: U.S. Department of Education, 2000), p. 11.

b. Bryan C. Hassel, "Friendly Competition," *Education Next* 3, no. 1 (Winter 2003): 10.

the number of schools. And it provides charter schools with ample resources, including facilities funding. Yet from the high point of fifteen new starts in 1998, the number of new charter schools has declined to eleven in the fall of 1999, to six in 2000, to four in 2001, to just one in 2002.[7] It appears that within a given geographical area, there is a limited supply of entrepreneurs willing to undertake starting a charter school, a supply that gradually peters out—not to zero, but to what amounts to a drop in the bucket of public schooling in a city or state.

Research has begun to suggest some of the reasons for this

7. DC Public Charter School Resource Center, "Facts About DC Public Charter Schools." Available: http://www.dcchartercenter.org/docs/DCCharterFacts.pdf (accessed 12/31/02).

leveling phenomenon.[8] Starting a school completely from scratch is, in a word, difficult. It's become a cliché that charter schools, in addition to being educational institutions, have to succeed as small businesses—balancing their budgets, negotiating leases and financing packages and contracts, making payroll. In states where charter schools are independent, they have to function as mini-school districts as well, with all the attendant reporting and regulatory burdens. Individuals and small teams—often teachers, parents, or community activists who have never run schools—are apt to possess some but not all of these skills and backgrounds. And skills are not the whole story. The start-up of a school also takes an extraordinary amount of time, dedication, and intangible qualities of perseverance and resourcefulness. Even individuals with the apparent expertise needed to start a school may lack these characteristics. So one constraint on supply is the availability of leaders with the capacity to pull off this challenging undertaking.

Opening a new school also requires capital. Most charter schools receive federally funded start-up grants of $10,000 to $150,000 for one to three years. Beyond that, they cannot expect any public funds to flow until, in the best of circumstances, the July before they open. Expenses, however, cannot wait. Principals need to be hired a few months before school starts. Ideally, teachers start at least a few weeks before students arrive. Then there are books and bookshelves, desks and

8. Studies of the challenges of school start-up include: RPP International, *The State of Charter Schools*, pp. 42–46; Noelle Griffin and Priscilla Wohlstetter, "Building a Plane While Flying It: Early Lessons from Developing Charter Schools," *Teachers College Record* 103, no. 2 (April 2001): 336–65; and Bryan C. Hassel, *The Charter School Challenge: Avoiding the Pitfalls, Fulfilling the Promise* (Washington, D.C.: Brookings Institution Press, 1999), chap. 5.

desktop computers, and all the other accoutrements of schooling that need to be purchased.

And all this does not include the greatest charter school start-up cost: facilities. Typically, a charter school does not receive any kind of building in which to operate. Its leaders must find one, renovate one, or build one. In most cases, some kind of capital investment is required. But lenders and landlords tend to be reluctant to extend credit or long-term leases to charter schools. Their existence is tenuous, their management teams often inexperienced. Because they typically do not receive any special funds to make loan and lease payments, repayment is always uncertain. Especially in tough urban real estate markets, the facilities challenge alone places a tight constraint on supply of new schools.[9]

Enter the EMOs

For people interested in a charter school movement that achieves scale, there is one obvious solution to these challenges—operation of more charter schools by "education management organizations," often called EMOs. According to calculations made by the Center for Education Reform, nineteen of these companies ran 350 charter schools in 2001–2002, about 15 percent of the nation's charter schools.[10] Since EMO-run schools are typically larger than average for charter schools, EMO schools actually educate an even higher percentage of charter school *students*—perhaps 25 to 30 percent.

Most EMOs today are for-profit companies, but not all. Aspire Public Schools, for example, is a nonprofit seeking to

9. See Bryan C. Hassel, *Paying for the Charter Schoolhouse* (St. Paul: Charter Friends National Network, 1999).

10. Center for Education Reform, *Public-Private Partnerships: A Consumer's Guide* (Washington, D.C., 2002), p. 1.

operate a large chain of public schools, at least initially in California. The (also nonprofit) New Schools Venture Fund has established a "Charter Accelerator" initiative specifically to invest in more such nonprofit EMOs.

EMOs offer several answers to the supply question:

Expertise and systems. Starting and operating a school requires expertise across a range of fields, from curriculum and instructional design to facilities management to community relations. EMOs can hire experts in these areas or develop expertise over time, and then share knowledge and capacity with their constituent schools. They can turn expertise into systems so that every school doesn't have to reinvent the wheel.

Economies of scale. As they operate more and more schools, EMOs can use their growing buying power to obtain good deals in markets for goods and services. Negotiating bulk purchase contracts with suppliers, they can reduce the per-student cost of equipment, furniture, transportation, food service, accounting, human resources functions, and the like.

Capital (for R&D and possibly facilities). At least in the case of for-profit EMOs, the prospects of long-term profitability and value make it possible for the companies to raise capital from venture investors or, in a smaller number of cases like Edison Schools, the public markets. For nonprofits, philanthropic funds serve a similar purpose. This capital allows the companies to make substantial investments in research and development, such as Edison's multi-year curriculum design project, which took place largely before the company operated a single school. Some EMOs have also deployed capital to help meet the facilities financing challenge.

Incentive and capacity to cultivate leaders. As important as a company's expertise and systems are to its schools, the quality of school-level leadership is still critical for the success of EMO-run schools. Because of the importance of school leadership,

EMOs have strong incentives to seek out high-potential leaders and develop their capabilities over time. And because they operate multiple schools, they are in a position to develop a "farm system" and create opportunities for career advancement that would not be possible in more independent charter schools.

Incentive and capacity to sustain schools over time. If a stand-alone charter school begins to struggle, the founders or current leaders may try strenuously to get the school back on course. But if they fail, there is no institution that is likely to do the hard work of saving the school. The school district may be glad to see the school go; the charter authorizer may not have the capacity or the philosophical inclination to intervene. But if an EMO school begins to sink, the EMO has strong incentives to rescue it. And they may have the resources to do so—sending in new leadership or expertise.

For several reasons, then, it seems probable that if the charter school movement grows, EMOs will continue to grow in importance within it. But it would be a mistake to rely on EMOs alone to sustain the charter school sector over time.

First, though EMOs bring substantial monetary and human resources to the table, they are not immune from financial and management challenges of their own. One of the major national EMOs, National Heritage Academies, recently reported an annual profit. But for most of the scale players in the market, the "for-profit" label has so far been more about aspiration than results. Investments in capacity and marketing have swamped revenues for the typical EMO.

Of course short-term losses are all part of the plan, but financial challenges have still bedeviled EMOs intermittently. In the spring of 2002, for example, Edison Schools faced a severe capital shortage and other financial problems that sent its stock below one dollar a share, down from its peak of $36. The crisis was averted by $40 million in new financing, but investors are still

bearish on Edison's prospects, with its share price still measured in cents in early July 2002.

Second, for-profit EMOs create political challenges of their own. Under any circumstances, charter schools ignite political controversy. When schools are operated by for-profit entities, they become even more a lightning rod for criticism. Grassroots organizations like ACORN, which have supported charter schools—and even started their own—have led vigorous campaigns against Edison Schools' involvement in troubled public systems like Philadelphia, New York, and San Francisco.

These experiences raise questions about the political viability of a charter school movement that becomes largely one made up of schools run by for-profit EMOs. Schools arising from the grassroots, run by teachers or parents or neighborhood residents, appear important to maintaining the fragile political coalition that has sustained charter schools so far. Charter school policies have attracted unlikely, perhaps even bizarre coalitions that include free-marketeers and business leaders, but also community-based organizations, civil rights groups, and other nontraditional allies. It seems that the support of nonconservative charter advocates depends, in part, on the fact that up to now the movement mostly consists of grassroots, community-based schools, not franchises of profit-seeking companies.

Nonprofit EMOs present less of a political problem: some community residents may perceive them as "outsiders," but not profiteers. But nonprofit EMO schools are so far only a small fraction of all EMO schools. Of the nineteen companies profiled in a recent Center for Education Reform report, only two were nonprofits. Together, they operated just twelve of the 350 EMO schools open in 2001–2002.[11]

Finally, there are reasons to think EMOs may not be the most

11. Ibid.

likely source of breakthrough innovations that could bring the dramatic gains in performance that we need to see in schools. The drive for scale seems to mitigate against out-of-the-box approaches. To begin with, attracting sufficient enrollment is vital for EMOs; the need to fill seats is bound to drive companies to appeal to the "median" consumer, who might balk at grade configurations, pedagogical approaches, or other features that look different from what she is used to seeing.

The companies' own internal dynamics also push toward incrementalism. EMOs face the substantial challenge of scaling up an educational and organizational model across multiple sites, perhaps across a wide geography. It makes sense in that context to select the familiar, the easily conveyed. The same goes for personnel. If a company needs, say, thirty principals, the average hire is more apt to resemble the typical principal than the renegade the board of a one-off charter school might seek. Further, even if an EMO includes some break-the-mold aspects in its initial design, it is unlikely to be an ongoing source of innovation. As business scholars such as Clayton Christensen have found, companies of all kinds tend to make incremental, rather than "disruptive," changes in their products and services over time; the most substantial innovations come from new entrants to markets, not existing players.[12]

To be sure, some EMOs have posted positive results. Edison Schools, for example, reports that from 1995 to 2001, the percentage of its students achieving grade-level standards rose by an average of six points per year.[13] But according to the information presented in the Center for Education Reform's survey of management companies, few have undertaken such comprehensive

12. See Clayton Christensen, *The Innovator's Dilemma* (New York: HarperBusiness, 2000).

13. Edison Schools, *Fourth Annual Report on School Performance* (New York, 2001), p. 4.

analyses.[14] Most can report some positive news in particular years, schools, subjects, or grade levels, but not system-wide success over time.

Different Approaches to the Supply Challenge

If EMOs are not the complete solution to the supply challenge, what is? Addressing this question requires thinking about "scale" in two new ways. First, what would it take to create an environment in which much larger numbers of successful, stand-alone charter schools can form and thrive? Second, what would it take to enable more successful, stand-alone schools to "scale up"—by replicating themselves, or through other means? This section discusses these questions in turn.

What kinds of changes would make it possible for many more stand-alone charter schools to start up and be successful with students? Presently, starting a new school from scratch is too difficult and painful an undertaking even for people who would seem capable of pulling it off. Much of the work goes into activities that have nothing to do with educational innovation and fresh thinking, such as transportation, food service, accounting, regulatory compliance, zoning battles, mortgages. Under these burdens, entrepreneurial energy and enthusiasm can frazzle away. One can guess that there is a large reservoir of entrepreneurial educators and non-educators who would be willing to engage in school start-up—*if* it were not so daunting.

Part of the answer certainly lies in the policy arena—making sure charter schools have equitable access to funding (including capital funds), refraining from burdening schools with needless regulations, ensuring that there are bodies other than local school boards that can issue charters in every juris-

14. *Public-Private Partnerships: A Consumer's Guide.*

diction. As important as these policy issues are, I will focus here on more internal or "supply-side" solutions. Stand-alone charter schools need access to the same high-quality, pooled expertise that the best school systems and EMOs provide to their schools. They need a set of institutions that can shoulder the burdens of school start-up and management, allowing entrepreneurs to focus on building an excellent educational program and organization. But, to retain their independence, stand-alone schools need to come to these service-providers as voluntary, paying customers, not as units controlled by a larger system.

The creative challenge, then, is to imagine a "system" of providers that can deliver this kind of service.[15] What would the attributes of such a system be? Beyond the obvious one—quality—three others seem most important: scope, intensity, and diversity.

Scope. Since operating a school is a complex undertaking, the service infrastructure needs to cover a wide range of issues on which charter school operators may need help—everything from the mechanics of start-up to facilities development to curriculum design to assessment to human resources.

"Help" most often comes in one of two forms: consulting and direct services. With consulting, a provider helps the charter operator make decisions, design systems, analyze problems, and improve the school's own capacity to do its work over time. With direct services, a provider actually steps in to carry out some part of the work of the charter school. Both kinds of help are vital for

15. For explorations of this kind of system, see: Chester E. Finn, Jr., Bruno V. Manno, and Gregg Vanourek, *Charter Schools in Action: Renewing Public Education* (Princeton, N.J.: Princeton University Press, 2000), pp. 118–22; Paul T. Hill, Christine Campbell, and James Harvey, *It Takes a City: Getting Serious about Urban School Reform* (Washington, D.C.: Brookings Institution Press, 2000), chap. 4.

stand-alone schools. Direct services shoulder burdens that would otherwise fall on charter entrepreneurs, freeing them to focus on making the school work as well as possible. Consulting helps school leaders make wise choices (including choices about service providers) and improve as the school matures.

It's worth noting that in many of these service areas, an industry of providers already exists—because school districts and private schools already demand the service. Prime examples include textbook and software publishers, information management systems, developers of curricula and "comprehensive school reform models," and transportation providers. In other areas, like accounting, payroll, legal services, and facilities development and financing, a host of general-purpose providers already serve nonprofits and small businesses. Many of these pre-existing companies see great potential in the charter school market and have already begun offering their products and services to charter school customers.

The list also includes a number of services that are not really all that relevant to most school districts. The most obvious of these is start-up assistance. Though operating a school on an ongoing basis has its own difficulties, the tribulations of start-up are perhaps the most threatening to the prospects of stand-alone charter schools. And it clearly does not make sense for every individual charter entrepreneur to master on its own the intricacies of issues as diverse as facilities development, staff recruitment, student marketing, curriculum development, instructional design, the establishment of school record-keeping and accounting systems, and so on. A range of high-quality start-up assistance providers—organizations that can amass expertise in all these areas and help entrepreneurs avoid floundering in basic problems—is a must.

Even where a sector of service-providers already exists, its offerings may not be well tailored to the charter context. Charter schools tend to be small, have limited budgets, and face uncertain

futures owing to the vicissitudes of the market and the threat of nonrenewal or revocation. They are often not attractive as customers to conventional providers. Facilities financing stands out as one illustration, but the same holds true for many curriculum and whole school reform providers. While learning programs like Core Knowledge and Expeditionary Learning/Outward Bound have seen real opportunities in the charter sector, others have shied away.

In other words, new institutions will need to arise, both to meet needs that are unique to charter schools and to design service packages in older service areas that make sense for charter schools.

Intensity. One answer to the need for a wide range of services is the general "charter school technical assistance organization" (TA). Every state with charter schools has at least one such entity, and many have more than one. Some TA organizations are nonprofit "resource centers" with business or community boards; others are membership associations, governed by charter schools themselves. These organizations tend to provide assistance to charter schools on the whole gamut of issues they may face. Charter schools call them with every question imaginable. Their annual conferences feature a smorgasbord of workshops on everything from facilities to curriculum design. They offer handbooks, newsletters, and Web sites that seek to address charter schools' concerns from soup to nuts. One, the California Charter School Development Center, offers "boot camps" for new charter school leaders, running them through a litany of topics.

As valuable as general TA organizations can be to schools, however, they often are not able to provide *intensive* services to very many schools. With their broad mandate to serve all schools and limited resources, it's not possible for most of them to roll up their sleeves day-in and day-out, or to provide them with full ser-

vices, such as accounting or special education, the sort of intensity of service that is especially important in the start-up phase.

Several answers to the need for intense start-up help are emerging in the marketplace. One is the charter school "incubator," exemplified by the Education Resource Center in Dayton, Ohio. The ERC gets more involved in particular schools' start-up efforts than most TA providers, serving as temporary adjunct staff. It is also more selective. Like a venture capital firm, it carefully sizes up a client's prospects before providing help. In the small business world, incubators have succeeded but charter incubators are too new to show results. Another avenue is a growing number of fee-for-service start-up providers, such as the Minnesota-based nonprofit SchoolStart. Charter entrepreneurs contract with these organizations to provide all-purpose help in the start-up phase—help in preparing the charter application, writing the budget, finding a facility, selecting an appropriate learning program, and hiring teachers. The Education Performance Network (EPN), the professional-services affiliate of New American Schools, is taking a different tack by creating an "education management support organization." EPN offers clients a menu of services including data management, accountability and evaluation, education program design, and charter start-up and implementation. A key aim of EPN is to help build charter schools' capacity to manage themselves over time.

A third development is the emergence of leadership development programs for would-be charter entrepreneurs. Examples include the Fisher Fellowship program, allied with the growing network of KIPP schools based on the successful KIPP Academies in Texas and New York; New Leaders for New Schools; and the Massachusetts Charter School Resource Center's Leadership Institute. These organizations seek to provide in-depth training to potential school leaders, including both classroom and on-the-job components. Some follow up the learning with hands-on start-up

assistance for graduates. KIPP, for example, deploys staff nationally to help Fisher Fellows get their schools off the ground.

Finally, several national organizations have begun to help their local affiliates start charter schools. YMCA of the USA is one. Another is the National Council of La Raza (NCLR), a leading Hispanic advocacy and development organization. NCLR has put together the most intensive package of services, including hands-on consulting for community-based groups starting charter schools, joint professional development opportunities, and the creation of national partnerships that can be useful to all the network's schools, which NCLR hopes will number fifty by 2005.

Diversity. Third, schools needs access to a variety of providers, so they can shop around for the best quality, fit, and prices. In contrast to district-based service systems, in which the central office or its chosen contractors provide all services to schools, the essence of the charter school service system must be diversity and choice. Schools must have enough options so they can voluntarily enter into service arrangements and hold providers accountable with the threat of exit. In addition to providing schools with choices, diversity would also help drive quality, as competitors vie to win business from choosy schools.

Types of Providers

Competition is growing and, across the different domains of service, many different types of providers are emerging.

For-profits. Although many of the pre-existing companies that have moved to serve the charter market are for-profit entities, numerous new companies have formed specifically to serve the charter market. One example is ABS School Services, an Arizona-based company that provides a comprehensive set of back-office services to schools, but there are many others focused on more specific areas or geographic markets.

Nonprofits. Many charter school technical assistance organizations are nonprofits, as are many other service-providers to charters. Even some organizations that charge fees for their services to charter schools, like SchoolStart and the Philadelphia area FOUNDATIONS, operate as nonprofits. Some of the most active lenders to charter schools have been nonprofit community development financial institutions, like North Carolina–based Self-Help and DC-based National Cooperative Bank Development Corporation.

Cooperatives and associations. Charter schools have also joined forces in some places to take advantage of the economies of scale attainable through joint action. Special education in particular has proved to be fertile ground for charter cooperatives, with models emerging in the District of Columbia, Texas, Minnesota, and Indianapolis. The D.C. Public Charter School Cooperative, for example, includes twenty-one member charter schools in the nation's capital. It aims to provide information to members about the complexities of special education, employ specialized staff that no one school would want to employ alone, and develop a Medicaid billing system to increase reimbursements gained by member schools. Charter school associations have also to a more limited extent played service-provision roles. The Colorado League of Charter Schools, for example, created a bond-financing program that allows schools with relatively small capital needs to access bond markets normally reserved for larger players.

School districts. Some entrepreneurial school districts have seen opportunities in providing services to charter schools. Numerous Colorado districts provide special education services to that state's charters. Other common district services include food service, transportation, payroll, and other administrative functions.

Nonetheless, for all the encouraging activity, the overall infrastructure is still not nearly as strong, nor as widespread, as it

needs to be. It is spotty geographically: some areas are teeming with providers, others less so, and it is varied with regard to type of service: there appear to be plenty of textbook and software publishers, for example, but not close to enough providers of intensive start-up help. And there is a great range of quality.

There is also a cultural issue. Charter entrepreneurs are, by and large, an independent lot, skeptical of centrally provided anything. Many are fleeing from what they regard as overbearing bureaucracies, and they're not eager to re-enter a top-down system. They are inventive people, not inclined to buy something off the shelf. They shrink from talk of "systems" and "infrastructure." In short, the problem of charter school support services is not just a supply problem, it's a demand problem too.

Exploration of Scaling

Beyond building an infrastructure that makes it easier to start and operate a charter school, there is a second notion of scale—the idea that successful charter schools could spread their success beyond the walls of a single school. Education is notorious for single-school success stories that provide fodder for *60 Minutes* and feature films, but are never "replicated" elsewhere. Within traditional school systems, it's not hard to see why. Incentives to adopt good ideas from other schools have been weak, and constraints on change—from policy and culture—have been strong.

The charter school strategy has the potential to help overcome this conventional failure by providing a space within which it's easier to scale up what works via the creation of *new* schools. But to date, most effective charter schools remain single-site successes. Charter leaders have their hands full even several years into start-up. Their "model" may actually be heavily reliant on the personal leadership of one or more foun-

ders and/or local ties and circumstances. And charter entrepreneurs may see little incentive to branch out. Beyond the intrinsic motivation to have a broader impact, there are few inducements that would make replication worth the considerable effort involved.

Still, a small number of early successful charter schools are beginning to explore scaling in one way or another.

KIPP. Based on the success of the two initial KIPP Academies in Houston and the Bronx, KIPP founders Mike Feinberg and David Levin decided to scale-up with support from the Pisces Foundation and other philanthropists. KIPP's approach to scale relies centrally on developing *leaders* to open and operate new public schools, both charter and district-based. The highly selective Fisher Fellows program inducts twenty to twenty-five aspiring school founders per year and provides them with a summer training program that includes classroom instruction at the University of California's Haas School of Business, half focused on business matters, and half on academic and school issues. Fellows then do a four-month residency in an existing KIPP Network school. By spring, Fellows go to work founding their own new school—with intensive assistance from KIPP national. Support continues over three years, ending with an "inspection" to assess how well the school lives up to KIPP's "five pillars," which are the general principles that define a KIPP school.

By 2010, KIPP aims to have started a total of 200 schools nationally. If successful, the resulting network will be an interesting model. It will not be an EMO—each school will be an independent entity, subscribing to the five pillars but individual—but it will capture some of the advantages of scale, primarily in the start-up phase. At this point, KIPP does not seem focused on reaping other potential values of scale, such as the power of joint purchasing or the centralization of certain routine functions.

Minnesota New Country School/EdVisions. Minnesota New

Country School in Henderson, Minnesota, is unique in two respects. First, its learning program is very unusual. Almost all its high school instruction takes place through personalized project-based inquiry, facilitated by teachers and relying heavily on the computers sitting on most every student's desk. More traditional forms of instruction come into play too, but only as needed to ensure mastery of basic skills. Second, the school is run by a cooperative of teachers, who make all the key decisions about the school—from the learning program to the budget to hiring and firing.

With funding from the Bill and Melinda Gates Foundation, the EdVisions cooperative is now seeking to spread its dual model to fifteen other new secondary schools over five years. Gates funding will go both to the new sites and to EdVisions central, which will provide intensive start-up assistance. Six sites are currently involved at different stages.

Expanding beyond a single campus or city, though, presents added challenges—challenges that so far have prevented most successful charter schools from seriously pursuing scaling. Again, what's needed is some new infrastructure that makes scale-up more feasible. Much of this infrastructure is the same kind of institutions discussed in the previous section—a diverse range of providers capable of helping schools with the whole array of service needs. If such a system existed, it would be easier for successful schools to scale up, just as it would be easier for brand-new stand-alone schools to start.

But there is more to the infrastructure for scaling up successful schools. First, successful schools need "diagnostic" help to know whether scaling up makes sense for them. Do we have something worth scaling? Is there a market for what we want to scale? Do we have the capacity to scale? Do we have the will to scale? How important are "we" to this? Can "we" be bottled? Schools need expert, distributed assistance to answer those questions.

In addition, schools that decide to expand need help in planning and implementation: What scaling model makes most sense, given the outcome of our diagnostic assessment? Should we actually try to own and operate additional schools that follow our model? Or create a looser network of schools, operated independently but following some core principles? Or should we scale up by offering training and consulting to other schools, or by licensing our approaches for use elsewhere?

What are the steps we should take to build the capacity needed to pursue that strategy? If we are "branching" in order to operate numerous sites, how will we provide all the services our network of schools will need? If we are forming a network, how will it operate? How loose or tight will it be? If we are using a training and consulting or licensing model, how do we turn our ideas into something that can be spread effectively through those means?

One possibility is the emergence of specialized "scale-up" organizations that provide these services to charter schools aspiring to have a broader impact. Such organizations could help schools determine whether scaling up makes sense, select a strategy, and develop an implementation plan. They could also offer specialized services like leadership recruitment, training, and marketing, that would be useful to many "brands." Right now, though, the catch-22 is that without the existence of such help, few successful charter schools appear willing or able to seriously consider scale. But without significant demand for help in scaling up, it is less likely that providers of such help will emerge on their own.

Implications for Voucher Programs

It seems inevitable that if the private school choice movement grows significantly, it will face many of the same supply issues that charter schools have faced. Existing private schools will

be able to meet some demand within their current constraints of space and capacity, but a substantial portion of the new demand will need to be met by newly formed schools or by existing schools that are willing to expand or clone themselves.

Profit-seeking EMOs are an even less plausible solution for voucher programs. For one, voucher policies already attract more political fire than charter school policies in the states. A voucher movement in which many or most schools are operated by for-profit companies would be even more a political lightning rod and have even less chance of attracting bipartisan support. In addition, unless future voucher programs are substantially more generous financially than most current models, they are unlikely to attract EMOs to operate schools. Few EMOs are likely to be interested in serving a market where the voucher amount is, say, $2,500.

Much of the new supply, then, would likely have to come from the grassroots in one way or another. But as the foregoing discussion shows, this does not necessarily mean that each new voucher-accepting private school would have to go it alone. It is possible to imagine an alternative future, where the infrastructure exists to help make stand-alone schools viable and help successful ones scale up. The same kind of institutions that are essential for charter schools could serve private schools as well. In fact, one can envision an infrastructure that serves an array of school types—charter, private, and even district schools that have managed to secure some level of autonomy.

Factors That Will Help to Determine the Outcome

To be sure, the kind of future detailed above is currently only a possible one—not necessarily a probable one. A number of elements will help determine the outcome.

Investment. Some existing service-providers have moved

with their own capital to sell in the new-schools market. And even some new entities have been able to bootstrap themselves into existence out of the current revenues generated by their services. But many new service-providing enterprises will require substantial up-front investment in order to get off the ground. When the potential profits from a service are large and available relatively quickly, would-be providers may be able to find actual venture capital and other forms of private financing. Some other services, though, may require more time to show profits, or be only marginally sustainable even in the long run.

For these enterprises to obtain capital, more unusual forms of investment will be required. One potential source is private philanthropists who support choice. Though there are many ways such donors can back choice, investing in high-quality infrastructure would be a way to "leverage" funding significantly, by creating institutions that then go out and provide services to many schools. As Paul Hill writes, relatively small investments by private funders could create a workable infrastructure for new schools, paid for over time largely by fee-paying schools.[16]

Enterprise. Dollars alone will not build an effective support system for new schools. The key to an ever-improving array of options is enterprise on the part of would-be service providers. Creative thinking will be essential about questions like how to adapt existing services to new schools, how to use technology to deliver services across wide geographic areas, and how to keep costs down while still being responsive to schools' unique needs. Schools, too, must be enterprising—eager to experiment with new services, eager to let go of control of an activity in order to lower costs or obtain access to expertise.

Policy. State legislatures need to create policy environments

16. See Paul T. Hill, *Education Philanthropy for the 21st Century* (Washington, D.C.: Thomas B. Fordham Foundation, 2001).

in which new schools are viable. This means providing equitable funding, including facilities funding, so that schools can afford to purchase the services they need. It means maintaining schools' autonomy, so they can deploy resources as needed to get their jobs done.

If investment, enterprise, and policy can rise to the challenge, a very interesting future lies ahead for school choice—one in which the obvious demand for new options is met with a robust supply.