

7. Realizing Chartering's Full Potential

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Many people who supported charter schools from the beginning did so because of what they could envision developing in the long run. They could imagine a big city like Chicago or Cleveland having an education system very much like the marketplace for independent schools in a wealthy city like San Francisco or Seattle. In a city with a mature charter school sector:

- Families would have many options and schools' specialties, strengths, and weaknesses would be well known so that parents know what they are choosing; moreover many options would be available to the poor, not just the well off;
- Information would be plentiful about what individual schools do well and badly, and how all schools perform on common outcome measures;
- Except for the newest entrants, all schools would have clear track records so both parents and public oversight bodies can consider long term outcomes like graduation rates, student performance at the next level of education, college attendance

and graduation, and employment success as well as short term outcomes like test scores;

- Teachers could select the schools that best match their interests, that most need their individual skills, and that are willing and able to pay for classroom excellence;
- New teachers and individuals with rare skills could compete for jobs and be paid for the value of their contribution to the school, not just for their seniority or degrees attained;
- Many teachers and administrators would have experience working in schools of choice and understand the importance of collaboration, sharing responsibility, and paying close attention to parents;
- Organizations that run schools, though varied in their approach to instruction, would all have strong incentives to invest in good instruction and work hard to maintain quality;
- Schools that had bad performance records or lose the confidence of parents will be unable to remain open;
- There would always be room for a school with a powerful new idea—including new uses of time, place, and technology—or a way to meet a previously unmet need;
- Business and financial institutions would understand schools and compete to supply them with everything from loans and insurance to facilities, maintenance, and supplies.

Paul E. Peterson's chapter shows that local marketplaces can develop in this way under the right combination of circumstances. No one thought such a situation would emerge overnight. The behemoth of bureaucratic-style public school "systems" was too well entrenched and politically powerful. The alternative would develop gradually, as the first charter schools developed loyal clienteles and attracted more applicants than they could ad-

mit, and created a demand for additional charters. As the number of schools grew, so would the number of parents who expected to send their children to charter schools and the numbers of teachers and parents who had charter schools experience and knew how to work effectively within them. Companies and financial institutions, at first unfamiliar with charter schools, would develop lines of business to serve them. School districts, facing competition for students from nimbler and more efficient schools, would seek to compete by devolving important decisions about spending and staffing to the building level and cutting back their central office overhead. Ultimately, all schools would compete on the same basis and the reinvented district would be as aggressive about pursuing new ideas and seeking replacements for low performing schools as were the charter schools. Innovations like those described by Chester E. Finn Jr. would become widespread, and the whole public education system would always be open to new ideas.

The situation described above can emerge only if the charter sector grows steadily over time and large numbers of schools develop into well-defined educational options. Today, newness and small scale are themselves barriers to the success of charter schools. Civic and educational leaders who hope chartering will attain the broad vision sketched above need to make sure the movement survives long enough for its schools to develop track records for quality instruction. But a few good schools are not enough. A large-scale alternative can only emerge once people can actually visualize how it would work in practice, not just in theory. Chartering needs the running room to function as a bona fide demonstration of "different."

Looked upon from the future, today's charter schools will be seen as pioneers that fought their way uphill and gradually developed a marketplace of real options. Though many good things have happened in the charter school movement, it is still a very

long way from realizing this vision. This is true in part because starting good schools and building a track record can't happen overnight; it takes years, more than the charter school movement has had to date. Another and probably more important reason is that opponents of charter schools have understood the long-term vision perfectly and have worked to prevent it by tilting the playing field against charter schools.

When the first charter-school laws were enacted, nobody wanted to dwell on how bad a deal they offered. It was clear that people who wanted to run charter schools had to take on all the risks of a new small business, engage in a school start-up process about which little was known, and compete for students and teachers against district-run public schools that were better funded and well established. It was clear they would get less money than the district-run schools with which they had to compete, but as Eric Osberg shows, nobody knew just how big the funding gap would be. Caroline M. Hoxby shows how effective legislative provisions were in tilting the playing field against charter schools. As Chester E. Finn Jr. and Paul T. Hill show, when charter laws were first enacted nobody anticipated how carelessly government would play its role in approving and overseeing charter schools. Nor did charter supporters, optimists all, anticipate how relentlessly opponents, particularly teachers' unions and school boards, would work to make new problems for charter schools and exacerbate the existing ones.

Opponents' tactics have also prevented natural development of the charter sector—not only the schools themselves but the suppliers of goods, services, and financing that schools need, and the teacher and administrator human resource pools that inevitably emerge when a kind of school has operated in many places over a long time.

The human resource issue is particularly important: it is why well established genres of private school—e.g., Yeshivas, Montes-

sori, Quaker, Jesuit and Jewish Day schools—can be reproduced successfully in many places with relatively little infrastructure. In any large city, there are people who have attended such schools and perhaps even taught in them. People starting a new school of these types face many challenges, but they can start with a group of teachers and administrators who share many principles and experiences, whether or not they know one another personally.

The first few charter schools starting in a community have no such advantages. They must instead hire people who have never worked in such a school before. Not only will new teachers and administrators have disparate ideas about teaching and collaboration, but they will also lack experience working in a school that must attract students in order to survive and must live strictly within its income. With time, the charter school human resource pool should grow, and future charter schools should have less difficulty finding the people they need. However, the human resource pool will never become strong if the number of charter schools in a community can be kept low and existing schools are constantly forced to fight for their lives. As several chapters in this book show, school boards and teachers' unions, while complaining about charter schools' supposed advantages, have worked to de-stabilize schools, made sure they had less money than other public schools, and discouraged experienced teachers from joining them.

The charter movement overall has survived a hostile environment and even thrived in some places. Individual schools have fallen victim to one problem or another, but many schools have defined themselves, developed stable staffs and loyal followings, and offered learning opportunities not otherwise available.

Some entrepreneurs have also innovated in response to adversity, compensating for the absence of local suppliers and human resource pools by creating multi-site school providers, called

charter management organizations (CMOs) or, in the case of for-profit firms, education management organizations (EMOs). Despite the many barriers to for-profits' success documented above by John E. Chubb, EMOs have become important elements of the charter movement. Like networks of private schools, they provide the staff recruitment and training, legal and financial services, and legal representation needed by groups of charter schools. Such organizations can help level the playing field by making up for the lack of charter school support infrastructure in a given locality. However, for the charter school movement overall to reap all the advantages of large scale, it will also need local marketplaces for charter-related services and human resource pools that are, relative to vertically integrated CMOs and EMOs, more flexible, more open to new ideas, and less expensive to build and maintain.

In addition to adapting to harsh environments, chartering has also won new friends, especially among the superintendents and school boards of some of America's largest cities, who found that the school systems they inherited are simply unable to meet the higher academic standards set by state and federal governments. For similar reasons, a growing pro-choice movement among African Americans and Hispanics has also strengthened pro-charter coalitions in many places.

Yet the opponents work continually to tilt the playing field even more steeply against charter schools. It is not clear, for example, how much more the movement can grow if state legislatures stick with existing caps on school numbers, or if funding arrangements and government authorizers' duties are not made fairer and more neutral. To date, charter schools have defeated most efforts to unionize their teachers, but proposed legislative changes that would create a bias toward unionization and coverage by district collective bargaining agreements could cripple charter schools.

It is also clear that the charter movement can grow and improve significantly only if the large foundations continue to support it. Though many schools are learning to operate on enrollment-based funding, most charter schools need other money for the one-time costs of start-up and facilities purchase. Though a few individuals will donate years of their time and spend their own money on start-up, lack of financial support will prevent many capable people from starting charter schools.

Ultimately, charter schools will be recognized as a public responsibility, and states and localities will create tax-supported venture capital pools for charter start-up. But for now, any hope that charter schools will become much more numerous—enough to provide options for all the poor and minority families that want them and to create the needed local services infrastructure and human resource pools—depends heavily on private investment.

Despite opponents' efforts to tilt the playing field against charter schools, charter schools have many advantages over schools run by politically controlled bureaucracies. These advantages include discretion over use of funds, ability to use time, money, and instructional technologies in innovative ways, freedom to hire teachers and to compete for people of high ability by offering attractive packages of working conditions and pay. They also have access to philanthropic investment and to private risk capital.

However, a profoundly hostile regulatory environment makes it difficult for schools to exploit these advantages. Highly capable organizations are less likely to try providing schools if the field is tilted against them. Because so many obstacles are rooted in public policy, or in the lack of market provision of key goods and services, individual schools cannot overcome them. Overcoming supply side barriers requires concerted action by pro-choice policy activists, philanthropists, businesses, and school heads.

Barriers to Chartering and How They Can Be Overcome

The most important barriers to charter school development are state, legal, and policy frameworks including poorly crafted charter laws (analyzed above by Caroline M. Hoxby),¹ inequitable funding (Osberg), and inadequate authorizers (Finn Jr. and Hill). There are two additional barriers—first, an underdeveloped infrastructure of people and organizations able to provide services charter schools need; and second, school districts' reluctance to use the chartering provisions of No Child Left Behind. This section will define the problems posed by each of these barriers and suggest how they can be overcome.

State Legal and Policy Frameworks

Charter School Laws

Caps on the numbers of schools can prevent groups with sound ideas from opening charter schools, and can prevent the charter sector in any locality from gaining the advantages of large scale. This in turn denies families access to a real marketplace of viable options. Fixed limits on charter terms, often three to five years with no clear criteria for renewal, can force charter schools to fight for their lives just as staff and families have learned how to work together effectively. Term limits also put all charter schools, even highly effective ones, at risk of politically motivated non-

1. Hoxby's results are broader than those of an earlier study on one feature of state laws. For evidence that laws allowing multiple charter authorizers lead increased numbers of charter schools see Jack Buckley and Simona Kuscova, *The Effects of Institutional Variation on Policy Outcomes: The Case of Charter Schools in the States*, New York, National Center for Research on Privatization in Education, Occasional Paper 79, 2003.

renewal. Each can discourage some capable entrepreneurs from starting schools.

The same provisions can discourage financial institutions from developing lines of business, lending money to charter schools, insuring them, and providing goods and services that district-run public schools get from their central offices but that charter schools need to buy.

As John E. Chubb argues above, charter law provisions that bar for-profit firms from receiving charters and groups holding a charter from operating multiple schools also cut off important sources of entrepreneurship and private investment.

Finally, state laws can limit schools' freedom of action by requiring them to hire only certified teachers. This can cut off charter schools' access to artists, musicians, and mathematicians and scientists who are not certified teachers. It can also force charter schools to hire teachers in a labor market where wages have been artificially inflated by restrictions on supply, and discourage experimentation with technology-rich instructional methods that require new kinds of teachers. Federal law also interferes with charter schools' access to good teachers, via the NCLB "highly qualified teacher" requirement. Because this rule has been interpreted to favor education-school-trained teachers, it limits charter schools' ability to make innovative use of artists, scientists, mathematicians, and other masters of key subject matter.

Pro-charter people shouldn't kid themselves that the movement can live with these provisions. They are, as intended, strong barriers against the emergence of a healthy charter sector. The remedies are clear enough. Charter laws need to be amended to:

- Empower new authorizers, including colleges and universities, mayors, and qualified nonprofits in states where school boards hold a monopoly on authorizing charter schools.
- Protect charter schools from arbitrary denial of applications

by establishing appeal processes, to a state agency or independent body, in each state.

- Eliminate arbitrary caps on the numbers of charter schools. Amend state laws so that the number of charter schools depends only on the availability of competent and willing school providers.
- Eliminate fixed terms for charter schools, in favor of provisions that make it clear a school's charter is valid only as long as it can demonstrate student learning.
- Eliminate bans on for-profit firms holding charters directly, in favor of common funding and oversight provisions for all charter schools, no matter who runs them.
- Allow an organization holding one charter to operate multiple schools as long as all their schools meet agreed performance expectations.
- Allow charter schools to employ teachers and administrators in whatever numbers, and with whatever mixtures of skill and experience necessary to deliver the school's instructional program. All authorizers have ample power to reject a charter proposal in which the staffing plan does not match the instructional methods to be used.

Charter school associations are pursuing this legislative agenda in a few states, but in most states charter school supporters have no agenda other than defending what little they have. This needs to become a multi-state agenda with designated initiative leaders and agendas in each state.

A model for the kind of multi-state legislative campaign required is the national Business Roundtable's standards-based reform initiative, which the organization pursued in the early 1990s. After creating a common nationwide legislative agenda, the Roundtable designated leadership groups in every state to

press governors and key legislators to enact it. The national Roundtable provided materials and assistance to designees in every state, and produced an annual state-by-state progress report. The result was a much more concerted, and ultimately effective, legislative strategy than any one state business group would have pursued on its own.

The national business community has not stepped up on charter schools, preferring less controversial if less effective reforms. However, others can imitate their tactics. A similar foundation-backed effort, managed by the national Alliance of Public Charter Schools, could be effective.

Inequitable Funding for Charter Students

The school financing provisions of charter-school laws also impede the movement's development. These include funding schemes that give charter schools only a fraction of the per pupil amount available to public school districts, and exclusion of charter schools from valuable things that district-run schools get free, including facilities and state contributions to teacher pensions.

As Eric Osberg's chapter shows, compared to public school districts, charter schools get less money for every pupil they educate. Compared to individual public schools, charters also must pay for many things that their competitors get free—everything from facilities to accounting services, insurance, teacher pensions, and often special education services. True, charter schools often have sources of income that district-run public schools don't, including federal start-up funds and philanthropic contributions, but these are trivial compared to regular public schools' much greater access to federal program funds and to hidden support provided by state government. States (e.g. Illinois) support school districts by subsidizing teacher pensions and other benefits for which charter schools must pay market rates.

Public school financing is such a mess that not even school district CFOs know how much money they have or how it is distributed.² Though most charter schools are independent of districts, they suffer from districts' financial chaos. Muddled accounting and uncontrolled spending cost money. Districts, having wasted money that could be spent on instruction in their own schools, resist any further financial drains, even when they are relieved of the obligation of educating the children for which money was provided them. Districts therefore join teachers' unions in pressing for charter funding arrangements that provide less money per pupil than the districts themselves get. In these ways, opponents work to force charter schools to help pay for districts' inefficiency.

Charter schools would clearly benefit from a more transparent method of funding public education—one that accounted for state and local funds on a per pupil basis.³ Compared to the current funding practices, which focus money on programs, buildings, and job slots rather than the children to be educated, pupil-based funding would be easy to track. Money could also be quickly reassigned from one school to another when families exercise choice. Extra money could be allocated to children who pose particular educational challenges—non-English speaking immigrants, the poor, and the disabled. A pupil-based funding system would guarantee that the same amount would be spent on a child no matter where he or she went to school. It would also ensure that charter schools got all the money taxpayers contributed for the education of their children.

2. See Marguerite Roza and Paul T. Hill, "How Can Anyone Say What's Adequate If Nobody Knows How Money Is Spent Now?" in *Courting Failure: How School Finance Lawsuits Exploit Judges' Good Intentions and Harm Our Children*, Education Next Book, ed. Eric Hanushek (Stanford, CA: Hoover Institution Press, forthcoming 2006).

3. See Thomas B. Fordham Institute, *Fund the Child: Tackling Inequity and Antiquity in School Finance* (Washington, D.C.: June 2006).

Chartering can benefit from a rationalization of public-school finance, but supporters should understand that not all forms of rationalization are equally good. Supporters of school finance “adequacy” lawsuits would increase total public funding without changing the way money is allocated and controlled.⁴ Charter schools might get a little more money as a result of adequacy litigation, but school districts and the schools they run would get much more, thus worsening charters’ competitive position.

Charter supporters need to campaign for pupil-based funding at least as vigorously as they do for removal of unproductive regulations and arbitrary caps on the numbers of schools. They need to risk losing the support of those who favor school choice only because they think it will cost less.

Too Many Inept or Hostile Charter Authorizers

Many state laws allow only local school boards to charter schools. This creates a fox-in-the-henhouse situation, in which the very institutions that have the most to fear from the development of a vibrant charter sector are able to block its development. As Finn Jr. and Hill note, only a tiny fraction of the number of local school boards legally empowered to authorize charter schools have approved even one charter school. Even when local school boards approve charters, they are much more likely than other authorizers to sponsor conversion schools, essentially existing public schools that do not bring new providers into public education or fuel development of new services.

In many places, charter schools are handicapped by the authorizers’ incapacity or hostility. Charter schools don’t benefit from having weak or negative authorizers. To the contrary, authorizers that approve charters and then ignore them can turn

4. See the companion Koret Task Force book being published in the same month as this one, Eric Hanushek, ed., *Courting Failure*.

nasty and arbitrary when a problem occurs and they are charged with neglect. Authorizer unpredictability is a serious entry barrier for potentially competent charter school operators and for potential providers of services and financing. Hostile authorizers kill the very entities they are supposed to protect.

From the enactment of the first charter laws, government agencies were clearly assigned responsibility for charter approval and oversight. This is sensible in principle; if charters are “public” schools there has to be some plausible chain of responsibility that traces to the public. Reasonable observers would expect these agencies to hire the people and create the systems necessary for government to oversee independent providers. After all, government has been contracting out for goods and services for decades, and many local, federal, and state agencies have learned that good performance by providers requires smart proposal evaluation, clear contracts, and knowledgeable oversight.⁵

But school districts, the one entity designated by every state law to authorize charter schools, generally did not want to take on the function at all. Most made no arrangements for soliciting and evaluating proposals, and many that felt forced to consider charter schools often assigned responsibility to central office units that had many other tasks. Chartering was often last minute, ad hoc, and inconsistent. In states where there was no appeal to district decisions, many authorizers turn down charter applications without considering the merits of particular applications.

Other authorizers, particularly state departments of education and state colleges and universities, have taken their jobs much more seriously, developing the kinds of in-house expertise and data systems that government has always needed to oversee public health services or weapons systems development.

5. See Frank Camm, “Strategic Sourcing in the Air Force,” in *Strategic Appraisal: United States Air and Space Power in the 21st Century*, ed. Zalmay Khalilzad and Jeremy Shapiro, MR-1314-AF, RAND, 2002, pp. 397–435.

As school districts awaken to the need to charter schools—in order to meet parents' demands and provide the NCLB-required options for children in consistently low-performing schools—they will need to become competent authorizers. They can get some help from the foundation-funded National Association of Charter School Authorizers. However, even the best charter authorizers are short on funding and capacity, and are just starting to wrestle with tough questions about when to help versus when to close struggling charter schools.

It is clear that school districts can't be trusted to work through all the problems of quality charter-school authorizers. Continued foundation investments in NACSA are necessary, as is a more aggressive effort to document the links between authorizer practices and the quality and stability of charter schools.

But government must also change its policy and make investments. With respect to policy, authorizers need to be held accountable, both for whether they create the opportunities for chartering and how responsibly they oversee schools once chartered. A multiple authorizers policy, allowing charter applicants to avoid hostile or negligent overseers, is a necessary sanction, especially for school districts. If others authorize successful charter schools, districts can suffer declines in the numbers of children they educate, and thus the numbers of teachers they employ and of schools they oversee.

State constitutions and No Child Left Behind also give states the authority to bypass or replace school boards that consistently neglect their obligation to provide effective education for all children. Buttressed by this authority, state education agencies can demand changes in district practices toward charter schools, and even dismiss school boards and arrange their replacement. Such actions are unlikely in today's public education system, where administrators all up and down the line are more loyal to one another than to the children and families served. However, these

things can change under strong political pressures. These can be orchestrated by state charter school associations but are best delivered by foundations, businesses, and mayors who believe the futures of their communities depend on dramatic improvements in public education.

Authorizers also need funding for charter application approval and oversight of schools once established. Though some state laws allow authorizers to keep a tiny fraction of the money available to the schools they charter, most lack a clear source of revenue. Assuming that authorizers will be held accountable for performance, states need to fund charter authorizers as they do school districts, providing a fixed minimum amount for an authorizer that oversees even one school (e.g. the equivalent of one senior staff member and a clerk plus a small facilities allowance) with additional amounts for every school overseen. NACSA will develop models for authorizer operations that can be the basis for funding. None of them is likely to cost less than \$150,000 for the smallest authorizer and \$20,000 for each additional school overseen. This seems a hefty sum, but consider that under these assumptions, the New York City public schools central office would have a budget of about \$22 million—a far cry from the hundreds of millions its activities cost today.

This is an area in need of both policy action and philanthropic investment. State charter laws need amendment both to give authorizers access to enough money to do their jobs effectively, and to allow charter schools to bypass inattentive or intransigent authorizers. Philanthropic investment in authorizer development—initially through expansion of NACSA’s efforts—is also needed.

Table 7.1 summarizes the legislative changes needed in the states. As it shows, most states need multiple changes in their charter laws.

Table 7.1 Changes Needed in Charter Laws by State

<i>Changes Needed In Charter Laws</i>	<i>States</i>
Lift or eliminate caps on numbers of charter schools	Arkansas, Hawaii, Idaho, Illinois, Indiana, Iowa, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, Nevada, New Hampshire, New York, North Carolina, Ohio, Rhode Island, Tennessee, Texas, Utah, Wisconsin
Equalize funding for students in charter and traditional public schools	Alaska, Arizona, Arkansas, Colorado, Connecticut, Georgia, Hawaii, Idaho, Illinois, Kansas, Louisiana, Minnesota, Missouri, New Hampshire, New Jersey, New York, Ohio, Oregon, Rhode Island, South Carolina, Texas, Wyoming
Create multiple authorizers and hold all authorizers accountable	All states
Direct state funding for authorizers	All states
Treat non-profits and for-profits equally	All states but Arizona, Colorado, Virginia, Wisconsin
Allow multiple schools under one charter	All states but Arizona and California
Eliminate fixed charter terms	All states

Infrastructure Needs

Small scale is a major problem for the charter-school movement. In a friendlier environment of policies and government oversight, the sheer numbers of charters would have elicited suppliers offering everything from real estate brokerage and building maintenance to accounting services, appropriately designed loans, management help and teacher training. A large charter sector would also naturally produce a cadre of former administrators, teachers, and alumni who understood what it means to work in a charter school and could adapt to them easily.

Regrettably, the factors working against scale for charter schools have also retarded development of this marketplace. Op-

ponents can continue pointing to the marginal character of charter schools, the difficulty they have starting up, and their low but non-zero failure rates.

Thus there is reason to accelerate the development of a marketplace for the services and human capital that charters need. This will almost certainly require philanthropic investment, at least until the number of charter schools grows large enough to support needed services with school-paid fees.

Philanthropies are now making relevant investments in organizations capable of managing large numbers of schools in multiple sites. The firms thus created, called charter management organizations (CMOs), vertically integrate non-profit school providers that perform most of the roles of school districts. (Similarly structured for-profit educational management organizations (EMOs) depend on private investors rather than philanthropy.)

Such organizations are necessary, especially in an environment where opposition is strong and much of the intellectual and organizational capital required to run a school must be imported from outside a community. But EMOs and CMOs are complex and their central service and quality control mechanisms are expensive. A recent analysis of EMOs and CMOs by some of their major investors, including Gates foundation strategist James Shelton, concluded “such models are likely to grow slowly and in many cases are unlikely to be replicable at a broad systems level.”⁶

If Shelton and his colleagues are right it seems unlikely that the existing EMOs, even with major foundation investments, can start enough charter schools in the next ten years to create charter-rich environments in a large number of localities.

One way to reach the benefits of scale is to concentrate the work of all the existing EMOs and CMOs in one or two major

6. Susan Colby, Kim Smith, and Jim Shelton, *Expanding the Supply of High-Quality Public Schools* (San Francisco: The Bridgespan Group, 2005).

school districts. The major actors in the charter movement, including associations, foundations, and CMOs/EMOs, should identify one or two mid-size cities willing to turn at least half their schools over to chartering, and develop these as demonstrations of what a fully-functioning charter system could accomplish. This would force a new level of collaboration among EMOs and CMOs, which now scatter their effort across very different parts of the country, from New York to Florida to northern and southern California.

An additional strategy, one that would complement rather than substitute for EMOs and CMOs, would be for pro-charter philanthropies to invest in local support infrastructures that would make it easier for new locally based charter schools to emerge. If new schools found it easier to secure facilities, obtain legal and financial services, and find teachers and administrators who know what it means to work in a charter school, wholly new charter schools could form more readily and successful schools would have a much easier time expanding and duplicating themselves. Individual charter schools with good reputations and more applicants than seats could reproduce as if by cell division, from one to two to four and so on. This could be done the same way that the Jesuits and other private school brands have expanded, by sending a few experienced people out to recruit others into a school whose core ideas the founders carry. School founders in new localities find the people and other resources they need locally.

The cell division model is different than the vertically integrated firm model used by the EMOs and CMOs, which control new schools centrally. It is not necessarily faster or more effective than the EMOs and CMOs, but makes greater use of grass roots initiative, and does not require an ever-larger central apparatus as the number of schools grows. However, it requires a far more friendly local environment, including policies and public oversight

that do not stifle fragile new organizations, and access to talented educators able and willing to work in an entrepreneurial school setting. A local environment friendly to local charter school initiatives would also be a much easier place for EMOs and CMOs to operate.

Though a charter friendly local support environment would include many features, its two most critical elements would be schools' access to facilities and needed human resources. Charter schools often struggle for years to find adequate and affordable space, and virtually all new charter schools must overcome the fact that a high proportion of the teachers and administrators hired don't understand what they are signing up for.

The facilities problem is difficult both because charters have little money to put into rent—and unlike district-run schools any money they pay for rent reduces the amounts available to pay for instruction—and because safe and accessible space is often scarce in the neighborhoods that charter schools serve. The human resources problem is also difficult for two reasons: First, public school teachers and administrators, one important potential source of charter school staff, have learned all the wrong lessons about working in interdependent teams and accepting the natural consequences, good and bad, of their school's performance. Public school principals in particular often don't understand that they must run a productive organization and that managing on the basis of their favorite adage, "It's my way or the highway," isn't always the best way to run a school that adapts to students' needs. Second, individuals from outside the public education establishment often join charter schools in order to fulfill their personal visions of great education, but often find themselves in conflict with others who have similar motives but conflicting visions.

Philanthropic initiatives in a number of cities could help solve both these problems.

Charter schools' facilities problems could be solved, or at least

ameliorated, by creation of local real estate trusts that specialize in locating facilities that might accommodate charter schools, making city lists of appropriate properties available to people interested in starting charter schools, helping potential charter school operators incorporate specific facilities plans in their charter proposals, and representing charter schools as they make lease agreements with private landlords.

Charter schools would find it easier to solve their human resources problems if there were larger numbers of teachers and principals who knew what it meant to work in a school that must attract and keep students if it is to survive. The numbers of such people will naturally grow over time, but in the short run there is a need for a deliberate effort to find and train people so charter schools can have a professional labor pool from which to draw. Formal training programs, whether offered by a non-profit or local college of business or education, could inform teachers about the difference between working in bureaucracy-run schools and schools of choice. Potential charter school teachers and administrators could also be taught the basics of budgeting, cost projection, obtaining insurance, hiring and personnel management, and management of contracts for services and supplies. Once hired these individuals would still have to learn about what makes their particular charter school unique, but they would start understanding the basic circumstances of work in a school of choice.

Willing state and local officials and pro-charter philanthropies could try out these ideas by experimenting with real estate and educator training programs in one or two cities. Ideally, these would be cities that have relatively few charter schools now, but the possibility of gaining many more due to need, room under state caps to permit formation of new schools, and the availability of local philanthropies and nonprofits capable of creating schools.

Neglect of NCLB's Chartering Provisions

No Child Left Behind requires school districts to create options including charter schools for children in consistently low-performing schools. At present, many districts are ignoring these provisions, and telling parents whose children are supposed to get options that there is nothing available locally. A few cities like Chicago have paid some attention to the options provisions, and are at least trying to increase the numbers of charter schools available.

Determined federal enforcement of NCLB options requirements would increase pro-chartering pressure. Federal officials need to keep the lost opportunities for chartering in mind as they try to placate NCLB's opponents.

Charter school associations in each state should monitor major districts' implementation of No Child Left Behind, pressing districts to provide charters as options for children in consistently low-performing schools.

For federal research sponsors and pro-charter think-tanks the first step is obvious. A national study of the gap between the numbers of children eligible for options under NCLB and the numbers of alternatives made available can illustrate the need for accelerated chartering. Then, state and local charter school associations could start demanding the opportunity to provide NCLB-required options, and local children's advocates can add their own demands on behalf of children left behind.

School districts might resist all these pressures, claiming that chartering is just one possible remedy that they are not obligated to use. These claims might need to be challenged in court. Though it is not clear that private parties can now sue school districts seeking the relief from bad schools contemplated by NCLB pro-charter, Congressional leaders could put teeth into the

options provisions via a technical amendment giving parents private rights of action.

School districts are more likely to exercise an option that is a mixed blessing for the charter movement, reconstituting low-performing schools within the district's financing and collective bargaining systems, and calling them charters. In the past, district "reconstitutions" have been half measures that protect so many adult stakes that the resulting schools are little different than those that preceded them. Such half-baked chartering threatens to produce many bad schools, to the detriment of the children they serve and the reputation of chartering.⁷

School districts have the authority to charter in these ways but it is in the interest of the charter movement to make sure local school boards and local publics hear that half-baked chartering is not the only option. State charter associations should get onto local board agendas to say there is a right and a wrong way to do chartering and the wrong way will accomplish nothing. The "right" way must include giving charters real authority over hiring, firing, and spending, flexibility over use of time and materials, and status as schools of choice. State associations can also make sure local communities know about successful charter schools that could be imitated or hired to reproduce themselves, and about available EMOs and CMOs.

Summing Up

Taken together, the actions recommended in this chapter are ambitious and will be costly. They reflect our conclusion that the charter movement, though well started, is not likely to become a

7. For a discussion of the risks and possible benefits of chartering under No Child Left Behind, see Martin R. West and Bruno V. Manno, "The Elephant in the Reform Room: Are Charter Schools on a Collision Course with the No Child Left Behind Act?" *Education Week* 25, no. 34 (May 3, 2006): 44.

much larger factor in American public education—or even to be given a proper test as a system or mutually supporting institutions providing options for families—without serious efforts to level the playing field by elected officials, and continued investment in the capacities of schools, authorizers, teachers, and administrators.

How much action and investment, and for how long, are empirical questions. The barriers now reinforce one another, and actions that weakened each of them incrementally could lead to major expansions in chartering. However, chartering's opponents, especially teachers' unions and school boards, have been able to find and exploit weaknesses (such as ambiguous provisions of charter laws) that proponents had not anticipated. This is likely to continue. Charter proponents would therefore be naïve to think that the movement is close to some tipping point beyond which matters will take care of themselves.

Philanthropies have carried the charter movement to this point. It is time for elected officials and business leaders who want better schools, especially in big cities, to support the creation of real educational options. Charters need a level playing field, and only elected officials can ensure they get it.

Do the philanthropies need to continue supporting the charter movement? The answer is yes, especially if they take on the task of creating strong charter associations in every state, building up authorizers, and stimulating development of rich charter support infrastructures in at least a few localities. However, groups already created by philanthropic investment can also focus their efforts more effectively, especially on the federal level advocating for full use of NCLB provisions and in the courts.

After nearly fifteen years, the charter-school idea is an important part of the landscape of public education, but it is not as dominant or influential as some supporters hoped it would become by now. Relative to supporters' early expectations, the playing field has been tilted more sharply against charter schools than

charter enthusiasts first understood, and creating large numbers of good new schools has proven more difficult than expected.

However, these difficulties seem large only relative to optimistic expectations. Despite opposition, the charter-school movement has grown faster, lasted longer, and held together longer than other reform initiatives like site-based management and magnet schools.

This is due in part to the fact that charter schools have bases of support outside the conventional school district structure. The private groups that run charters, foundations that fund them, and parents that rely on them sustain chartering against flip-flops in school board support and attacks from unions. This same support base also solves problems via investments in institutional support mechanisms and research and development. Thanks to foundation funding, chartering is one area of public education where research matters: problems get attention and dollars go to areas of evident need and opportunity. That sets chartering apart from other reform initiatives that were totally contained within the public-school system, which did not enjoy these forms of external support, and have consequently, languished.

Despite this extraordinary support, charter schools still face many challenges. Today's chartering policies let a few schools emerge but they prevent the growth of a critical mass of charter schools that could support one another, increase the numbers of teachers and principals who know how to work effectively in schools of choice, stimulate development of supportive vendors and financial institutions, and give parents many real options. We have suggested ways charter supporters—elected officials, advocates, philanthropists, and school providers—can work together on chartering's new frontier, which is the removal of barriers to scale and the development of mature charter sectors in key cities.