

APPLICATIONS

CORE RESOURCE
EVALUATING
CHARTER SCHOOL
REPLICATORS

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nacsa
NATIONAL ASSOCIATION OF
CHARTER SCHOOL AUTHORIZERS



EVALUATING CHARTER SCHOOL REPLICATORS

A quality authorizer...

Welcomes proposals from first-time charter applicants as well as existing school operators/replicators, while appropriately distinguishing between the two kinds of developers in proposal requirements and evaluation criteria.

Encourages expansion and replication of charter schools demonstrating success and capacity for growth.

NACSA's Principles & Standards for Quality Charter School Authorizing: Application Process and Decision Making

OVERVIEW

Replicating successful charter schools is an important strategy for scaling up the number of quality schools educating students across our country. Many successful charter operators are approaching authorizers with applications to replicate their schools, and in some cases, are seeking approval for multiple schools at the same time. A replication proposal, however, is very different from a new-operator application (from an applicant without any existing schools), and authorizers should treat replications as such.

Authorizers should **develop specific, differentiated application guidance, questions, requirements, and criteria** for school replicators, to invite and be prepared to review replication proposals rigorously and appropriately.

Some elements of a standard charter school application and review process can be streamlined for existing school operators – especially for operators already within the authorizer's portfolio. However, authorizers need to examine and carefully evaluate the **performance record, growth planning, and growth capacity** of existing operators or replicators. A replication proposal is not easier (and in some ways requires more scrutiny) than a new-operator application – but it is qualitatively different.

To maximize the potential of replication as a strategy for expanding educational opportunity, authorizers should design and manage their application processes carefully to ensure that only schools with a **demonstrated track record of success** and the **capacity for successful growth** are allowed to replicate. Just as is true when reviewing applications for new charter schools, it is imperative to maintain high standards and rigor in the application review process. Authorizers should tailor the review process to examine what is important for replicators, while streamlining or eliminating questions that are not.

NACSA's *Principles & Standards for Quality Charter School Authorizing* states that in designing a charter application review process, "a quality authorizer welcomes proposals from first-time charter applicants as well as existing school operators/replicators, while appropriately distinguishing between the two kinds of developers in proposal requirements and evaluation criteria." The *Principles & Standards*

Replication vs. Expansion

Replication means replicating an existing school or school model. In contrast, a school expansion refers to a significant expansion of an existing school's student body or the addition of new grades or a new division, beyond what was proposed and approved in the school's initial charter. Think of replication as seeding a forest, while expansion means simply growing new branches on a tree.

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Proposals for expansion and replication raise many of the same questions for evaluation –most important, whether the existing school or schools are performing well and whether the school or network leadership has the capacity to manage growth successfully. Because replication involves starting entirely new schools rather than simply expanding an existing one, it often raises more – and more complicated – issues for authorizers to navigate. Therefore, this guidance and the accompanying course module and Core Resources focus on replication of existing schools or school models – while many of the lessons in this course can be applied to school expansion applications as well.

VARIOUS FORMS OF REPLICATION

Replication may take one of several forms, including:

- A single school with its own board of directors
- Multiple schools forming a network --governed by a separate board of directors for each school, or by a single governing board for the entire network (an “umbrella board”)

In either case, the applicant may propose to operate a school through a management contract with a third-party provider. In addition, replicators may seek to open multiple schools in the same year, several schools over a series of years, or both. State law may either encourage or limit certain replication options.

Regardless of the form of replication proposed, authorizers should focus on the strength of the proposal, the capacity of the applicant to implement it successfully, and the likelihood that the school will provide quality education for its students. Replication raises special issues for authorizers, but the elements of a quality review process remain the same.

THREE KEY TASKS

In addition to the essential elements of any quality charter school application process, when it comes to replication, authorizers should focus on three key tasks:

Essential Elements of Any Quality Charter School Application and Decision-making Process...

- Proposal Information, Questions, and Guidance
- Fair, Transparent, Quality-Focused Procedures
- Rigorous Approval Criteria
- Rigorous Decision Making

NACSA's Principles & Standards for Quality Charter School Authorizing: Application Process and Decision Making

- Encouraging and facilitating applications from successful existing operators
- Defining success, especially for a school model whose performance record is entirely from out of state
- Evaluating an existing operator's capacity and readiness to replicate

NACSA's *Principles & Standards for Quality Charter School Authorizing* states that a quality authorizer encourages expansion and replication of charter schools demonstrating success and capacity for growth and establishes distinct requirements and criteria for applicants who are existing school operators or replicators.

To encourage replication applications from successful existing operators, authorizers should explicitly invite replication applications in their Requests for Proposals (RFPs) and reduce barriers to replication for applicants with a strong track record of success without lowering standards or reducing rigor.

Authorizers should tailor their RFPs, application questions, and review process to encourage and facilitate quality replications. To maintain rigor, however, authorizers should require that replication proposals include all the essential elements of any strong charter school application, including:

- An effective educational program
- A solid business plan
- Effective governance and management structures and systems
- Founding team members who demonstrate diverse and necessary capabilities
- Clear evidence of the applicant group's capacity to execute the school plan successfully

In addition, authorizers should require replication applicants to:

- Provide clear evidence of their capacity to operate new schools successfully while maintaining quality in existing schools
- Document their educational, organizational, and financial performance record based on all existing schools
- Explain any never-opened, terminated, or non-renewed schools (including terminated or non-renewed third-party contracts to operate schools)
- Present their growth plan, business plan, and most recent independent financial audit reports
- Meet high standards of academic, organizational, and financial success to earn approval for replication

A quality authorizer...

Encourages expansion and replication of charter schools demonstrating success and capacity for growth.

Establishes distinct requirements and criteria for applicants who are existing school operators or replicators.

NACSA's Principles & Standards for Quality Charter School Authorizing: Application Process and Decision Making

As long as authorizers maintain high standards for every applicant, authorizers should encourage replication of successful schools. When it comes to quality schools, more is always better.

To ensure that only quality schools with the capacity necessary for success are approved for replication, applicants with an existing record of performance should be judged on that record. In designing application requirements and criteria for replication, authorizers must:

- Define what it means to have a record of success
- Determine what evidence to require of replication applicants
- Decide the standard of performance required for approval

It is critical for authorizers to examine the academic, financial, and operational performance record of schools operated by the replicator – particularly those serving student populations demographically similar to the proposed replication.

The elements of rigorous application evaluation and decision making are essential for new and existing operators alike, including **thorough review of the written proposal, a substantive in-person interview, and due diligence to examine experience and capacity.**

CONDUCTING DUE DILIGENCE

Due diligence is the process of verifying information provided by charter applicants and collecting and evaluating additional information. Due diligence is necessary to verify the accuracy of information provided by applicants, and to assess any other significant information – from various reliable sources – that may affect the authorizer's decision making.

Due diligence is a heavier task when reviewing applications from existing operators, because there is more evidence to gather and review.

To conduct effective due diligence on existing school operators, authorizers often need to go beyond the information and data provided in the application and seek more evidence through other means. The key to effective due diligence for existing operators is to gather as much relevant information as possible about the applicant's past performance to best inform the authorizer's evaluation of the applicant's likelihood of success in the future.

In addition to the strategies set forth in the above box, in conducting due diligence, authorizers will need to decide:

Strategies for Effective Due Diligence

- Speaking with the authorizers of an existing operator's schools
- Reviewing news and other media reports regarding the operator's schools
- Verifying evidence provided by applicants through independent sources
- Documenting findings in a due diligence memo for each applicant

- How to weigh information from different sources – who have may conflicting perspectives; and
- How much to weigh each piece of information.

EVALUATING CAPACITY FOR GROWTH

In addition to evaluating an operator's record of academic, financial and organizational performance, authorizers must thoroughly evaluate the operator's capacity for successful and sustainable growth.

Replicators should provide clear evidence of their capacity to operate new schools successfully—academically, financially, and operationally – while maintaining quality in existing schools. They should also demonstrate the ability to manage both the **scale** and **pace** of growth proposed.

In evaluating capacity for growth, authorizers should carefully consider:

- Evidence of successful expansion or replication experience
- Demonstrated record of ability to attract financial support
- Evidence in the application and interview that the applicant's leadership team and governing board are equipped to address the challenges of replication
- Viable talent pipeline to attract, develop, and retain strong leaders and teachers

Authorizers should approve existing operators for replication only after thorough evaluation of the applicant's capacity for growth.

SPECIAL CASES

In addition, authorizers should understand two common types of school replication, and essential evaluation elements to apply to them:

1. **Multiple schools under a single governing board** (an “umbrella board”)
2. **Schools operated under third-party management contracts** with an education service provider (ESP)

Case 1: Multiple Schools under One Governing Board

When applicants seek to replicate multiple schools under a single board of directors (where permitted by state law), authorizers should focus on:

- Capacity of the network's leadership and its directors to create, operate, and

govern multiple schools successfully

- The network’s ability to recruit, develop and retain high-quality teachers and school leaders
- The applicant’s systems, policies, and procedures to manage and distinguish between school-level and network-level finances and stakeholder interests
- Transparent, independent **academic and financial** reporting and accountability for each school or campus within the network

Case 2. Management Contracts with Third-Party Providers

When applicants seek to replicate schools through a management contract with a third-party provider, the authorizer should closely scrutinize and be satisfied with its examination of:

- The independence of the school’s governing board from the management organization
- The board’s process and rationale for selecting the provider
- Any existing or potential conflicts of interest or related-party transactions, and
- The details of the proposed management agreement, including:
 - » The services to be provided and the compensation for those services
 - » Roles and responsibilities of the board, school staff, and the management organization
 - » Financial controls and oversight
 - » Contract oversight and enforcement, including the board’s evaluation measures and mechanisms to ensure performance accountability of the provider
 - » Ownership of real estate, facilities, and educational equipment
 - » Documentation of loans and investments
 - » Disclosure of any existing or potential conflicts of interest
 - » The ability to terminate the agreement without excessive penalties if the provider fails to perform

In all of these cases, as when considering any charter school application, is critical for authorizers to focus first and foremost on the strength of the proposal, the capacity of the applicant to implement it successfully, and the likelihood that the school will create excellent educational opportunities for the proposed student population.

NACSA’S CORE REPLICATION RESOURCES FOR AUTHORIZERS

Building on NACSA’s Knowledge Core Course Module #1 (“The Charter Application Process & Decision Making: An Overview”), this course equips authorizers to develop differentiated application guidance, questions, requirements, and criteria for school replicators, to invite and be prepared to review replication proposals rigorously and appropriately.

As part of this course module, NACSA is providing the following Core Resources to help authorizers develop

high-quality tools for use in inviting and evaluating proposals from school replicators:

Core Replication Application Addendum. This is designed as an addendum to NACSA's *Core Charter School Application*.

- **Core Replication Evaluation Criteria.** This is designed to supplement NACSA's *Core Application Evaluation Criteria* and should be used **in addition** to it when evaluating all replication applicants (i.e., all applicants to whom the *Core Replication Application Addendum* applies).

USING THE CORE RESOURCES

The Core Resources are provided as examples of high-quality authorizing in practice, and are designed to be useful to authorizers of all sizes and agency types across the country. NACSA encourages authorizers to adapt these Core Resources to fit their own needs and circumstances. As explained in the introduction to each appendix, however, each resource does contain essential elements that should not be removed or substantively modified. These essential elements are derived from NACSA's *Principles & Standards for Quality Charter School Authorizing* and are common to each Core Resource.

The term “organization” as used throughout the *Core Replication Application Addendum* applies to any applicant or partnership among groups applying to replicate a school model. Thus, it may include:

- An existing school or group of schools proposing to replicate
- An existing school network or charter management organization (CMO) applying directly for a charter
- A governing board proposing to contract with a CMO or ESP
- Other entities and arrangements.

In the case of an applicant proposing to contract or partner with a service provider, the *Core Replication Application Addendum* requires applicants to provide requested information for both entities if applicable.

APPENDIX A: NACSA’S CORE REPLICATION APPLICATION ADDENDUM

The *Core Replication Application Addendum* is designed to apply to the full spectrum of possible replication applicants and should be required for any applicant seeking any of the following:

- approval for multiple schools
- replication of existing schools or school models
- governance of multiple schools by a single board of directors
- school operation/management via contract with a third-party education service provider (ESP)

In addition to a proposal summary and overview, the *Core Replication Application Addendum* has three main sections:

Section 1: Curriculum and Instructional Design Supplement is required of all applicants to whom the addendum applies.

Section 2: Applications for Multiple Schools and Applications from Charter Management Organizations or Networks is required of all applicants seeking approval for multiple schools, replication of existing schools or school models, and governance of multiple schools by a single board of directors, including applicants seeking approval of multiple schools who are intending to contract with a third-party Education Service Provider (ESP). (The addendum defines an ESP as any third-party entity, whether nonprofit or for-profit, that provides comprehensive education management services to a school via contract with the school’s governing board.)

Section 3: Performance Evaluation Information is required of any applicant intending to replicate an existing school or school model, including applicants that are part of a charter management organization or network or who intend to contract with a third-party education service provider.

Section 4: Third-Party Education Service Providers is required of any applicant intending to contract with an ESP.

The term “organization” as used throughout the *Core Replication Application Addendum* applies to any applicant or partnership among groups applying to replicate a school model. Thus, it may include:

- An existing school or group of schools proposing to replicate
- An existing school network or charter management organization (CMO)

- applying directly for a charter
- A governing board proposing to contract with a CMO or ESP
- Other entities and arrangements.

In the case of an applicant proposing to contract or partner with a service provider, the *Core Replication Application Addendum* requires applicants to provide requested information for both entities if applicable.

Authorizers should be sure to emphasize to applicants the importance of providing complete information for all applicable sections and encourage applicants to seek clarification from the authorizer if an applicant is unsure as to whether a particular section applies to them. If an applicant believes that a particular question in any section is not applicable to their proposal, the applicant should so state and explain why the applicant believes the question does not apply.

DUE DILIGENCE

The *Core Replication Application Addendum* is designed to ensure that authorizers gather all information necessary to conduct comprehensive due diligence regarding the academic, organizational and financial performance of an operator's organization and its existing schools or school models, while also allowing authorizers the flexibility necessary to **adapt the scale and scope of their reviews for applicants of different types and with varying numbers of schools.**

To accomplish this, the *Core Replication Application Addendum* enables a sampling approach, which may be appropriate for evaluating replicators with large networks of schools. The *Core Replication Application Addendum* requires applicants to provide (in a template that accompanies the Addendum) basic administrative and demographic information for each of the replicator's existing schools. With this information, the authorizer can then tailor its due diligence to suit the size and type of operator. For example:

- **For a small or emerging network of schools**, it is usually appropriate to require the applicant to provide performance data for **all currently operating schools** in the network.
- **For operators with many schools**, requiring in-depth performance data for the entire network may be impractical and not useful (particularly if some schools in the network are demographically different from the proposed schools). For applicants operating such large networks of schools, the authorizer can select a meaningful **subset of schools** for which it requires the applicant to provide performance information, including:
 - » Multi-year disaggregated academic proficiency and growth data;
 - » Recent renewal evaluations and site visit reports; and
 - » Independent financial audit reports.

When selecting a sample set of schools for which to request this additional information, authorizers should select schools that a) have been open long enough to establish a record of performance, and b) serve

student populations demographically similar to the applicant's target student population.

APPENDIX B: NACSA'S CORE REPLICATION APPLICATION EVALUATION CRITERIA

As explained in the Guidance above, even though applications for replication raise more—and often more difficult—issues for authorizers than do applications from new operators without existing schools, the elements of rigorous application evaluation and decision making are essential for new and existing operators alike. These include a thorough review of the written proposal, a substantive in-person interview, and due diligence to examine experience and capacity. For this reason, the *Core Replication Application Evaluation Criteria* is intended to supplement—rather than replace—NACSA's *Core Charter School Application Evaluation Criteria*. **Authorizers using these Core Resources should use both sets of evaluation criteria when evaluating replications for evaluation.** The *Core Replication Application Evaluation Criteria* follows the structure of the *Core Replication Application Addendum* and focuses on evaluation of the operator's capacity for successful and sustainable growth.

About NACSA

The National Association of Charter School Authorizers (NACSA) is dedicated to improving the quality of public education by improving the performance of charter school authorizers. NACSA is the oldest national organization devoted exclusively to strengthening charter schools by developing outstanding authorizers and is the trusted resource and innovative leader working with public officials and education leaders to increase the number of high-quality charter schools in cities and states across the nation. NACSA provides training, consulting, and policy guidance to authorizers and education leaders interested in increasing the number of high-quality schools and improving student outcomes.

About NACSA's Knowledge Core

NACSA's Knowledge Core is a new interactive web-based knowledge and learning portal designed to serve the professional needs of both novice and experienced charter school authorizers in carrying out their complex work. From the basics of authorizing to advanced topics, NACSA's Knowledge Core provides a rich array of core authorizing resources, training, guidance, practical tools, and professional networking opportunities to deepen NACSA members' knowledge and help them meet NACSA's *Principles & Standards for Quality Charter Authorizing*. NACSA's Knowledge Core includes short interactive courses and self-paced, multimedia learning modules; easy-to-customize templates, protocols, and policies; a dashboard to track individual learning progress; and a discussion forum and searchable peer network to facilitate knowledge sharing among members.

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