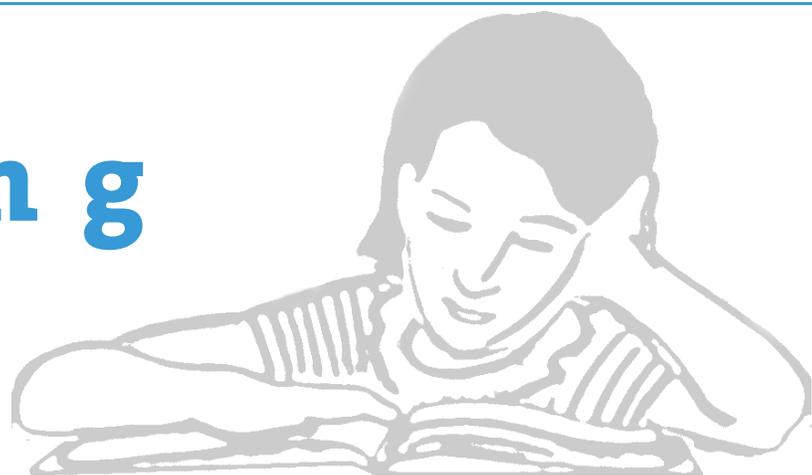# NATIONAL CHARTER SCHOOL RESEARCH PROJECT

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Finding a Balance:

How Application And Authorization Policies Impact School Supply

Meghan Squires and Lydia Rainey

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Finding A Balance:

How Application And Authorization Policies Impact School Supply

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DRAFT

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Managing School Performance: A Working Paper Series from the National Charter School Research Project and the Doing School Choice Right Project

This paper is part of a collection of nine working papers that provides research-based practical guidance to authorizers across the whole range of authorizer practices, from building supply and selecting applicants, through oversight and support, to intervening in and closing failing schools. Developed through CRPE's "Providing Public Oversight" research initiative in partnership with Public Impact.

Screening applications is an essential part of managing a portfolio of schools. Districts and authorizers interested in building a portfolio of schools not only need to cultivate interested groups[1] but they must also have the means to decide which of these groups have what it takes to operate a successful urban school. Like most government and private agencies that use third party contracting, the screening process for schools typically starts with a request for proposals (RFP), a review of submitted proposals, and award of the contract. In many ways, these early contracting processes can influence which schools comprise a portfolio. For example, if a portfolio manager specifies in its RFP a preference for an aviation themed-school, local flight clubs might be much more likely to apply to start a school.

This study sets out to understand how authorizers approach screening and selection and how these processes can affect the charter school supply. By examining the experiences of eight urban district authorizers, our research finds that the current screening and selection processes are the result of learning from past experiences of approving and overseeing charter schools. We also find that authorizers have converged around heightened expectations and an increasingly rigorous application process to ensure improved quality of approved schools.

When trying to understand the consequences of the screening processes for the development of new schools, we encountered two, somewhat contradictory occurrences. On the one hand, this increased rigor of the application process – or raised bar – has been healthy for charter school supply development in these cities, and the quality of schools has improved. On the other hand, the raised bar can reduce the diversity of approved schools. Finally, no matter how rigorous the screening, it can never fully eliminate risk of school failure. Over relying on screening to ensure quality can have adverse affects later on in the life of the school.

This dichotomy illustrates the two goals that authorizers are often trying to accomplish: increase the number and improve the quality of charter schools. This paper concludes with lessons from public management literature on how to balance these somewhat competing goals. By both designing screening practices and investing in ongoing oversight authorizers can advance both goals and strengthen their school portfolios.

Methodology

To understand a variety of application and screening policies, we interviewed authorizers and charter school applicants in eight cities: Chicago, Indianapolis, Los Angeles, Miami, Milwaukee, New Orleans, New York City, and Washington D.C. Sites were selected based on several criteria including the authorizers' experience overseeing charter schools, the number of charter schools present in the city, and the presence of focused new school development efforts. All cities in this study have at least one local body (in most cases it is the school district, in other

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[1] This process is examined by another paper in this series: *Buying Smart in Thin Markets: District Tactics to Improve the Quality and Quantity of Autonomous Schools*. NCSRP Working Paper #2008-3, Stephen Page and Katharine Destler.

cases it is a local university or the Mayor's office) who oversee and manage charter schools and most of these entities have several years of experience exercising this authority. The cities in our sample also have a relatively large number of charter schools compared to other cities throughout the country. Most continue to open schools. It should be noted that our sample of authorizers is comprised largely of district employees with a hands-on approach to school screening and management. Given the proactive approach shared by many authorizers in this study, the practices and opinions of our sample are not necessarily representative of all authorizers, particularly those not associated with a school district.

Authorizer interview questions focused on the charter school application processes, including how portfolio mangers evaluate applications and what they look for in applicants. In addition, a series of questions examined how these application processes, as well as whether the number and quality of their applicants, have changed over time. Interviews with school leaders focused on the leader's experience with the application and screening processes. After conducting all interviews, we analyzed the data and compared the case and contexts of each site to those in the other sites. From this analysis, we have developed findings and recommendations for current authorizers and for districts or other entities that are considering adopting a portfolio management approach to school development and oversight.

In additional to field research we also turned to public management and contracting research literature. We conducted a review of this literature and use its theories on screening and selection criteria throughout the paper to explain our findings.

Background: The downside of authorizing low-quality schools

The changes in screening policies can be traced back over ten years ago, when local portfolio managers approved the first few schools in response to the passage of charter school legislation across the country. When the first charter laws were passed, very little was known about how contracting could and should work in education and authorizers lacked firm ideas about how to screen applications. Most authorizers admit that in the first few years of authorizing new schools they were ill equipped to identify and reject low quality schools. Many authorizers relied on market theory to guide their oversight. Believing that poorly designed schools would be unable to recruit enough students, authorizers banked on the schools having to close their doors after only a short time in operation. Others were less trusting of the market, but still had little idea about how to assess a school that existed only on paper. Their screening processes typically followed statutory criteria laid out in their state's law. The authorizers weren't the only inexperienced ones. Charter school applicants were not fully aware of what went into running a quality school, and authorizers received many poor quality applications. For both authorizers and applicants, the first few years of charter school law and operations illuminated how important to success the screening process is.

What authorizers found was that approving applicants who followed application guidelines and whose applications met most of the evaluation criteria did not necessarily guarantee that the opened school would be successful. Once approved groups were running schools, managers saw consistent problems in many of the school's operations: under-developed educational programs,

overly optimistic budget forecasts, poor financial management skills, and general mismanagement at the executive and board levels. One authorizer recalled that during the early years of authorizing schools, schools sometimes had a great concept in their application but when the manager visited the school they would be missing certain core aspects of the curriculum. This disparity between the application and the school in operation was sometimes disastrous: "We had one charter school open that never was able to get certification as a high school [because they were missing state-mandated curricular components]," they recalled. "So the students were graduating with a certificate of completion, not a high school diploma."

Approving and overseeing low quality schools had several negative effects. First, and most obvious, schools with financial problems or poor leadership did not deliver the best possible education to their students. Children – and often school staff and parents – lost in these scenarios and opening poor quality schools ran contrary to the goals of charter school initiatives. As one authorizer said, "The overall goal [of creating new schools] is promoting choice and good options. The available choice is meaningless if you don't have good alternatives." Beyond this problem, having low quality schools as part of their portfolio often fueled those opposed to new schools. Teachers unions, community groups and others skeptical of new, often non-unionized, schools operated by outside groups were quick to hold up examples of failing schools as part of their argument against these initiatives.

A second issue associated with authorizing low quality schools was that identifying the specific problem in each school, and then finding an effective remedy took an enormous amount of time and other resources. Closing schools, one remedy to the myriad of problems exhibited by these early new schools, proved difficult – and also presented political obstacles[2]. "We're learning it's very hard to shut down bad charters, just like it's hard to shut down any other bad public school," said one authorizer.

As pressure to authorize high quality schools increased and authorizers had some real world experience to build on, authorizers saw an opportunity to learn from their mistakes and began sharing their successful practices with each other. A new professional organization for authorizers, the National Association of Charter School Authorizers (NACSA), was formed, and members ratified the Principles & Standards for Quality Charter School Authorizing in 2004. This document, which members update every year, outlines the beliefs that guide quality charter school authorizing and identifies core authorizer responsibilities. NACSA positions the document as a result of lessons learned and states the commitment of members to "increasing the number of high quality charter schools."

Finding: Raising the screening bar to ensure quality

Based on this learning and sharing, authorizers have converged on a set of closely related screening policies and practices. In general, authorizers have become more, and in some cases

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[2] Another paper in this series by Bryan Hassel and Julie Kowal examines the challenges associated with closing. *Closing Troubled Schools*, NCSRP Working Paper #2008-8, Julie Kowal and Bryan Hassel, Public Impact.

much more, stringent regarding their application requirements and more selective about which applicants they approve. The managers' rationale behind ratcheting up the demands on applicants is that it is much easier to screen out incapable or questionable applicants early on rather than confront problems in an operational school. In essence, it is easier to stop a low quality school before they open.

In arriving at this consensus, authorizers have made changes to their process in hopes of ensuring high quality schools. We categorized these changes to the screening processes into three broad areas, each of which is described below.

Broad change #1: Get to know applicants better
The most common thing that district authorizers reported changing in their screening processes was asking for more information on a variety of application sections. But they also use interviews and informal routes to gather additional information about the applicants themselves. This section describes the approaches managers have taken to gathering information about the applicant and their school plan.

Because earlier versions of charter school applications did not provide, as one authorizer put it, "enough depth of understanding" on how the school would function, most charter school applications now ask for much more detail than earlier versions on areas such as the applicant's education program, financial management plan, and leadership team. "The general outline has not changed, but for some of the questions, we have either clarified what we want or asked for more detail. As we've come to understand more what these independent schools have to do, we've required more. Definitely the bar has gone up as we've learned more." All managers reported requiring fully developed plans of how the school would function regarding three main areas of school operation: academics, finances, and leadership. Some managers went further and require plans for other areas of school operation.

Academics: Reading curriculum and instruction was one area that managers consistently cited as needing more information from schools—particularly because this is where managers saw some existing schools flounder. "Originally [the application] didn't specifically ask how you address the lower readers, the higher readers…it wasn't that specific. It was just, 'what is your curriculum going to be.' And now, [applicants] have to address every single subject area, and how they will prepare students for meeting all the state-required tests. It's very, very specific, which originally it wasn't." Authorizers are also interested in making sure the applicant's plan is designed to meet the needs of their stated community. "We look to see if [the applicant] has done their homework on the area of the city that they want to locate in … Do they know the specific needs of the kids in that area?" For example, in districts with high Latino populations, authorizers pay particular attention to English Language education provisions.

Finances: Authorizers now require more detailed information on a school's fiscal plan "because some of the schools that we have closed have been for financial reasons. They didn't have the financial resources. Part of that is because they overestimated how many students they can actually recruit to the school." Because a school's fiscal stability depends on the merits and strength of its recruitment plan, many authorizers designed applications that demand fully developed plans on how the school will achieve community outreach goals.   One authorizer

spoke about what he had learned in assessing a school's ability to make enrollment and meet financial goals: "Its easier for groups to make it here if they have one good on-the-ground person, whose time is dedicated to making their school real in the community where they are." Another authorizer summarized the fiscal importance of applicants connecting with the community: "Community members will either vouch for the new school and make the enrollment happen or be suspicious of the new faces and block all efforts." Understanding these forces based on experience, authorizers now look for these dedicated staff and developed financial plans when assessing a group's charter application.

Leadership: Concerns for both instructional and financial aspects of a school reverberate in concerns over an applicant's leadership. Several authorizers mentioned that while academic and fiscal issues present threshold importance, a strong and knowledgeable leadership team is critical to a school's success. Typically, there are two areas in which the manager wants to see leadership capacity: the governing board and school-level leadership.

Regarding governance board composition, authorizers look for legality (e.g. Does the composition of the board meet the specifications in charter school law?) but also for a balance of skills and knowledge among the board members. "We ask, 'What kind of a board composition do you have? Do the folks on your [proposed] board have experience in education, do they have legal experience or financial experience?'" Again, these questions are motivated by managers' experience overseeing charter schools. Authorizers recall instances where directors and boards lacked understanding in these key areas of importance and problems arose in these areas once the school was operational. Similarly, the authorizers recall boards and directors with expertise in finance, law, business, and education and the help that these individuals provided new charter schools. To better gauge the leadership capacity of different groups, many authorizers request resumes and check references for both board members and school leaders. One authorizer said, "We conduct what we call a capacity interview, where we talk to the board of directors from the school and the petitioner team which often includes their principal and financial director. We determine whether they have the capacity to successfully implement the program set forth in their petition.

Regarding school level leadership, all authorizers request information about the school level leaders, typically in the form of organizational charts, resumes, questions about the qualifications of the school's staff and how they will share the leadership responsibilities. Applications often ask that applicants describe how proposed leaders have overcome organizational management challenges in the past and led groups of people to successful outcomes. Furthermore, many applications ask to see that a leadership team is in place. One authorizer explains that they use this information to see whether leadership capacity is distributed beyond just the principal. They do this to avoid instances where "the one charismatic individual crashed and burned, and there wasn't a team around to pick it up."

Interviews: Aside from these more formal approaches to gathering additional information about applicants, authorizers have also begun to use informal approaches as well. For example, most authorizers require an interview of either the core members working on the application, the governing board members, or the principal. Managers see these interviews as an opportunity to "ask clarifying and due diligence questions" but also to expand their understanding of an

applicant beyond just the paper application. One authorizer said, "We ask applicants about the mission and vision of the school, about how board members will evaluate the schools progress, about what expectations they have of the principal, about how the school will look and feel. We hear varying answers. Some people's answers are very specific and other people's are not. We do not let applicants advance if they cannot be specific." Another authorizer uses the interviews to understand applicants reasons for wanting to open a school: "Interviewers see whether applicants have the right motivation – making great schools that change the lives of kids and their families," said one authorizer. Interviews allow authorizers to meet the people behind the application and allow a range of applicants from all experience levels and skills sets to articulate their school plan face-to-face with the authorizer.

Broad change #2: Clarify their expectations
The second broad change seen in the screening processes is that authorizers not only get to know their applicants better by requesting more information, they also clarify what they want to see in applications. Besides their expectations, authorizers have also taken strides to clarify their processes and decision criterion. Where before there was much confusion about what exactly constitutes a properly completed charter school application, all authorizers have taken strides toward creating a transparent process. As one authorizer stated, their application criterion is "much more clearly spelled out now than they ever were before. We've tried to make our criteria very clear up front, so people have a good guideline when they sit down to write their petition." In addition to understanding what authorizers are looking for, this change allows school applicants to also understand how their applications will be reviewed and by what standards they will be judged. In publicizing the screening criteria and the importance of each aspect, authorizers inform applicants of the logic behind the screening and selection process. As one authorizer put it, "The number one change in the screening process is that we now have an application process and rubric that is public. Everyone knows what the expectations are and how they are going to be evaluated."

In some cases, the process of clarification crosses over to helping schools to achieve these expectations. Authorizers communicate their information primarily through information sessions for potential charter school applicants describing the application process and one-on-one help with different sections of the application.

Information sessions: During these sessions, applicants learn about what is expected of them in opening a school and deadlines for the application process. Depending on the city, these sessions are offered by either the authorizer or a non-profit in the community dedicated to providing technical assistance to charter schools.

What authorizers have found is these information sessions offer an excellent opportunity to convey their high expectations to many potential applicants. By providing – and sometimes mandating that school participate in – technical assistance, authorizers set the spotlight on what is most important to them as authorizers and which aspects of the school plan are crucial to success. Portfolio managers use these early interactions with applicants to articulate the ingredients necessary for applications to be successful: "There's a big different between providing technical assistance and writing the application for them. Good technical assistance is a way that you can set expectations. It's like teaching the students: I believe a good lesson plan

with instruction always translates into good results at the end. You are not giving the student the answers….you are preparing them to succeed."

Similarly, one authorizer explains that providing applicants with more information has improved the quality of the applications. "We try to get as many educators as possible to the table who are interested in starting a new school, to basically walk them through what the process looks like…. We follow that open house with weekly professional development sessions for any planning teams that are interested in learning more about the nuts and bolts of what it takes to submit a quality proposal." Sessions offered to planning teams cover such topics as outlining a recruitment plan, finding a facility, and designing a curriculum. The authorizer offers this open house and these weekly sessions to "aggressively try to make sure we're having high quality proposals come in on the deadline."

One-on-one interactions: Much like with the larger, information sessions, authorizers use one-on-one meetings to convey their expectations to applicants. But they also take advantage of one-on-one opportunities as a way to counsel applicants and make clear their high expectations. Before the application deadline, four authorizers ask applicants to submit a concept paper of some sort a few months prior to the full application deadline. For some cities this is a letter of intent, for others it is prospectus which outlines the school's design. Different from the revise and resubmit practices of some processes, the concept paper gives a sense of where applicants fall in terms of quality and preparedness and helps authorizers decide whether to give applicants the red or green light. For those applicants who demonstrate some weaknesses, authorizers are able to guide them to the professional development sessions; for those applicants who appear unprepared to meet the final deadline, authorizers may suggest they take the extra time to plan and resubmit the following year. Other applicants realize it for themselves, seeing the enormity of work required to submit a quality application. Authorizers use these assistance sessions and resulting concept papers as a means to filter applicants and ensure the highest quality supply.

In clarifying expectations through one-on-one meetings, authorizers also get to know the applicant better, as in broad change #1. Authorizers watch how applicants work through challenging situations and how they respond to critical feedback. "We want to see whether people can learn. Are they changing and learning each step of the way?," said one authorizer.

One authorizer invites all applicants to seek guidance as they work to complete the application in order to get to know the applicant better. The manager claims this hands-on, open assistance leads to an inclination about the success of the school. "We always offer to help them with the application, not to help them put it together, but to consult with them. Those who take us up on that are usually much more successful than those who fly on their own." This authorizer wants to ensure that approved schools will work collaboratively with them once they are up and running.

One of the benefits authorizers talk about of having the applicants fully understand authorizers' expectations is that after they fully understand the rigor of the application process, many decide they are not ready to apply that year, and self-select out. In this way, these sessions function as a first screen for quality. One authorizer said that only around 50% of all applicants in a given year end up opening schools. "Many fall off along the way, when the start to realize, 'Wait, this entails so much.' And we encourage others to withdraw their application because we know they

are not going to be able to succeed." This informal screening process is valuable to authorizers since it limits the number of sub par applications they must review, and the number of "NOs" they must deliver. "There is a lot of emotion that goes into saying no," said one authorizer. "It is helpful to have some applicants drop out early on so that we can focus on the applicants who are truly qualified." In the "Discussion" section of this paper, we examine the possible downsides of having so many groups self-select out of the applications process.

Broad change #3: Fine-tune applicant process
Finally, all of the authorizers in this study made many changes designed to fine-tune their screening and approval processes. Often these changes were made to streamline the application process and respond to feedback from applicants. While they vary from authorizer to authorizer, all changes to the structure of the processes reflect authorizer attempts to improve the quality of charter schools. The following paragraphs describe a few types of changes authorizers made to the structure of their processes.

Reviewing for high levels of competency in all areas: Early on, many authorizers reviewed applications by scoring each individual section and totaling the points. If an applicant scored above a cut score, their application was approved. While this seemed to be a highly objective way of approving applicants, it also meant that sometimes schools could make the cut score even if they had serious deficiencies in one or more areas. Recognizing this flaw, most authorizers in reviewing applications now demand high levels of competency in all areas, and reject applications which present deficiencies in any one area. Now applications must be balanced "because if one any one section the applicant scores less than 50%, the application is out. Or if [the application] has a great education plan, but the budget numbers do not add up, the applicant will not receive a charter." One authorizer summarized part of her review process by saying, "A school is only as strong as its weakest area. If a school has a strong education plan but a weak governing board, we would likely not approve the applicant's proposal."

Developing a two-stage process: Six of the authorizers in this study have application processes that feature a first round followed by a revision stage. In this model, managers review applications with an eye towards the sections that are inadequate or underdeveloped and then ask applicants to revise and resubmit based on these comments. In some districts, all applicants must go through this process, in others it is reserved for applicants who have submitted an application with portions that are not up to par, but who otherwise have an appealing idea. Districts also vary in the formality of this process, with some authorizers working with applicants to discuss preliminary assessments of the application and suggest strategies for improvement, while others use more formal, written reviews. As an authorizer with a less formal approach describes it: "we try to guide them along the way, telling them 'this is going to work and this is not going to work.'" Authorizers believe that this process serves double duty: it is a chance to help applicants refine the plans to create a quality school, and it can be a chance for a district to let a school down easy. If a district encounters an application that is far from adequate, many authorizers find that applicants will self-select out of the process when faced with a substantial amount of reworking. One authorizer reports that after their office provides applicants feedback on their application, "many say 'I didn't realize I needed to know all of this. There is so much information and there's no way I can get this.'" In many ways, the two-stage process serves a

similar purpose to the many changes that authorizers have taken to clarify their expectations to applicants in that they both cause some applicants to self-select out of the process.

Creating alternative paths to approval: Some process changes involve forging new paths for charter approval. For those applicants who are replicating an existing school, one authorizer started a "gated" application process, where operators of existing schools who meet certain criteria apply to a separate approval process. To be eligible for an application invite, applicants must have at least two schools in operation, one of which has to have been in operation for at least one year; all "invited" applicants operate schools which achieve a certain level of performance. The application includes questions regarding student performance in existing schools. The rationale behind this brand new design is that applicants with exemplary operational schools should have the capacity to replicate past successes without having to undergo the same lengthy application process as new applicants.

Another example of a new approval process involves an extended timeline. Acknowledging the complexities of starting a school, all authorizers in our sample strongly encourage applicants to take their time in the start-up process and one authorizer has even begun to approve schools to open a full school year later. For example, if an authorizer approved an application in January 2007, the school would be able to open in September 2008, not later that same year. "In the first year, the applicant submits his application. Then the next year, the applicant goes out and really determines how many students are going to be in the school, selects and trains teachers, purchases the resources, and organizes the facility." It is their hope that the extra time will allow applicant teams to fully develop educational and operational plans as well as to identify the most capable team of leaders and staff.

All of these broad changes signal a convergence toward more rigorous and engaging application and selection process and signify how authorizers have really tried to improve the quality of schools they are approving. These authorizers started off with little idea of how to identify a quality school from an application, but eventually through trial and error and NACSA, these authorizers learned from their experience and have converged on a process that values a high screening bar for charter school applications. Some of the impacts of these changes on the supply of groups interested in starting new schools is, improved overall quality, more groups better understand what it takes to start and operate a successful school, applications have become much more lengthy, and some groups realize that they are not up to the task and self-select out of the contracting process. The next section explores the tensions inherent in this pursuit of quality, specifically vis-à-vis the quantity and diversity of applicants.

Discussion: How competing goals impact contracting

Often public managers, or in this case charter schools authorizers, have goals that reflect local needs or circumstances. For example, one city may want to improve the quality of education in an under-served and burgeoning neighborhood while another city may have plans to open new single-sex elementary schools. In each of these the authorizer would alter their new school screening process to specify a preference for a specific type of school. Some goals, such as these examples, may vary by locality. But there are also broad goals shared by a large portion of the

authorizer community. NACSA's Principles & Standards (2007) summarizes these as: "to increase the number of high quality charter schools." This statement translates to two goals: improving quality and increasing quantity. Five of the eight authorizers in our sample expressed having a dual focus of quality and quantity. One authorizer described his office's work by showcasing the two goals: "We conceive of our work as creating quality options, particularly in neighborhoods where there haven't been quality options in the past." However, in their screening processes, authorizers appear to have prioritized one goal – improving quality. The same authorizer who implied his office's dual goals later said that when reviewing and approving applications they "did not have a number in mind…we focused on quality."

Authorizers focused on improving quality may raise the bar at the expense of a diverse supply people interested in starting new schools, while authorizers focused on increasing quantity and diversity may lower the bar at the expense of quality. The challenge is that goals sometimes conflict: going after one goal very often compromises the other (Brown, Potoski, Van Slyke; 2006). While it is unclear from our interviews whether authorizers consider the inverse connection between quality and quantity when designing these processes and articulating expectations, it is clear that a tension between quality and quantity or diversity exists. New Orleans serves as case and point, as authorizers there strive to replace the many closed schools with new quality institutions, but authorizers in other cities also grapple with the goal of creating many new educational options for their communities and wanting those options to be high caliber. This section will discuss the competing goals of quality and quantity and the tension between them. We will use public management literature to discuss how authorizers prioritize goals and how these goals affect policies such as screening and selection of schools.

Goals shape the contracting process
There are many examples earlier in this paper of how the goal of improving the quality of chartered schools impacted authorizers' screening processes. Based on political pressures and the high cost of managing such schools, authorizers have sought to reduce the number of unsuccessful schools and reduce the chances that new schools will fail. Their experiences approving and overseeing unsuccessful schools has lead authorizers to want to approve only the highest quality schools.

This follows from similar experiences in contracting in other government areas. Research shows that when contracting is more risky, many governments take steps to reduce their exposure to factors that threaten contract performance (Brown & Potoski 2003). To reduce risk – in this case of authorizing poor quality schools – governments must focus on improving the quality of contracted work and aggressively increase the performance expectations of contracted work. (Monczka, Trent, & Callahan 1993).

Furthermore, public management and contracting research finds that managers often use goals to guide their usage of different contract management tools -- which they anticipate will help achieve their goals (Brown, Potoski, Van Slyke 2006). And such is the case with charter school authorizers. Because authorizers have converged toward a consensus on increasing quality, screening processes are designed to increase rigor and engagement. These policies determine who receives contracts and which schools make up the authorizers' portfolio and oversight responsibilities. According to the literature, it benefits authorizers to pay close attention to these

contract initiation policies, because "Who you choose to work with determines which goals get achieved"(Brown et al., 2006). Authorizers must select vendors/schools that will best achieve the goals of improved quality and increased quantity.

Learning from the experiences of authorizing failing charter schools, authorizers have sought to reduce the likelihood that they will approve schools which will fail. To reduce exposure to risk and improve quality, authorizers have raised the bar for approving charter school applications. By raising the bar, authorizers have attempted to aggressively ratchet up expectations and application rigor, as exemplified in the broad changes discussed in this paper.

Problems of focusing only on quality
But focusing solely on improving quality has its down sides. In raising the screening bar, authorizers are more apt to choose proven models over innovative ideas, thus reducing the overall diversity of approved schools. One authorizer approaches existing charters to replicate their models throughout his city, while another authorizer admits that the majority of successful charter school applications come from education and charter management organizations due to their successful track records and strong financial backing. Another downside to continually raising the bar is that it may create in authorizers a false sense of security that the high bar eliminates risk of school problems. On the contrary, research shows that risk is ever-present, no matter how stringent the selection process (Kettl 1993). The problem is not the goal of improving quality, but rather the consequences for charter school supply resulting from only pursuing this goal.

By focusing solely on quality, two side affects of the three broad changes documented in this study – desire for proven models and excessively long and detailed applications – illustrate barriers to entry for many potential school groups. The focus on quality also creates a subtle bias toward experienced and well-financed applicants. This tendency toward proven success as a means to achieve quality involves a great tension between tested and untested educational models in the competition for charter approval. Authorizers with a raised bar appear to approve applications submitted by applicants with successful experience running a school. Authorizers acknowledge: "Unconventional, untested educational programs are a big part of why a lot of us want there to be charter schools. [We want to] do things differently and try things that haven't been tried. But, it's very difficult to assess that." Because it is so challenging, many authorizers are reluctant to approve unproven school models.

The connection between raising the bar and proven models also favors more experienced and established groups in other ways. In raising the bar, authorizers have made the application process more rigorous and often very time-consuming. Literature supports this tendency: in the pursuit of contracting goals, public managers often burden the system and potential contractors with excessive application hurdles (Kelman, 2002). Indeed, new and smaller groups or applicants struggle to undertake such an arduous process and these groups are more likely to self-select out of the process. One successful applicant described a 600-page application that was monstrous for even the educational management organization with which she is affiliated. Thus its no wonder that smaller groups take one look at the requirements and walk away, realizing as one authorizer stated that "there's a lot of work to do, and they are not ready for it." More established groups have the resources and experience to complete the process successfully.

Requiring more information from applicants also increases the time, energy, and financial costs of applying for a charter school. Since having appropriate levels of resources is impossible for many potential applicants, increasing the rigor of the application process may limit the diversity of applicants and the schools that are approved.

Another problem with raising the bar to improve quality is its inherent ineffectiveness in eliminating risk. Due to adverse selection, no matter how high authorizers raise the bar or how thoroughly they scrutinize the applications, they can never eliminate all risk. Authorizers want to approve the best schools. But, applicants always know more about their qualifications than authorizers can ever discover. As a result, authorizers can never be sure that they have approved the best possible school. Therefore, the screening and selection process will never be perfect and some level or risk is inevitable (Kettl, 1993).

The most significant downside for focusing only on quality is reduced diversity of the new schools. Asking an applicant for substantial amounts of information, as well as evidence of past success, often means that new schools favor established organizations and do not reflect a broad spectrum of new ideas in education. In addition to reducing the diversity of the applicant pool, this focus may limit the sheer number of applicants who apply. Fewer and less diverse applicants jeopardize the healthy competition that fuels the contracting process (Donahue, 1989). Finally, by screening for quality may create a false sense of security for authorizers since quality can never be ensured through the authorization process.

Recommendations

Given the downsides of focusing solely on improving quality, it is important to achieve a balance between the dual goals of improving quality and increasing quantity. Authorizers must remain committed to quality, but give equal effort to achieving a diverse portfolio of schools. Public management literature provides many tools for balancing goals and in general shifting some of the burden of quality control beyond the screening process.

Remove unnecessary hurdles: One way to increase the level of innovation and diversity of schools it to reduce unnecessary barriers in the application process (for example, shortening the required length of submitted applications). By relaxing the standards of application processes, authorizers would make applying for a charter school more accessible to a variety of applicants. By attracting and successfully engaging a variety of applicants, more schools would complete the application process, and fewer would self-select out. Streamlining the process has the added benefit of reducing the paperwork burden for authorizers (Hoogland DeHoog & Salamon 2002).

Raise ongoing monitoring: Authorizers are smart to engage a broader pool of potential applicants but they must also invest in a more collaborative and hands-on model of selection and oversight (Hoogland DeHoog, & Salamon, 2002). Contracting with a broader pool means that capacities will differ and therefore more oversight will be necessary for schools at various levels. Just as raising the bar for new charter school application is an example of strategic charter school supply development, so is providing additional training to school applicants and operators. Training and oversight will help to enhance competencies in an underdeveloped market of schools and

cultivate a diverse base of leadership and staff (Monczka, Trent, & Callahan 1993). Furthermore, given adverse selection and the ever-presence of risk, oversight must be a critical feature in improving the quality and increasing the quantity of charter schools. Only where monitoring is consistent, robust and meaningful can authorizers see optimal contract performance (Hoogland DeHoog & Salamon 2002).

Authorizers should tailor contracts to schools: Though much effort is focused on the screening and selection processes, the writing of the contract, or charter, also deserves attention. Shifting some of the rigor of screening and selection to contract writing means that some measures of quality control can be built into charter contracts. Research shows that performance contracts yield accountability for mutually accepted and pre-determined outcomes and their flexibility in determining the contract allows for both authorizer and school to focus on the most crucial goals to be achieved. (Hoogland DeHoog & Salamon 2002). Authorizers could tailor the provisions of contracts to applicants, acknowledging weaknesses and including specific performance measures around these areas.

Use preferences similar to those for women and minority owned businesses: Various kinds of contracting preference programs are available at many levels of government for women and minority-owned businesses and a similar framework could prove beneficial for increasing diversity while maintaining quality in charter schools (Kelman 2002). The argument for employing certain preferences in contracting is that it allows the government to support a worthy socioeconomic goal. In the case of charter schools, for example, authorizing groups who might operate successful schools but who may not have the financial resources to compete in the laborious application process. While these preference policies would need to be thoughtfully designed so as to not create bias toward certain school groups or disincentives for well-equipped applicants to apply for charters, preference policies could serve to make the application process more accessible to certain groups and authorizer portfolios more diverse.

Get third parties involved in helping with technical assistance for "non-traditional" applicants: With preference programs in place, and a general awareness of authorizers towards increasing diversity, additional training will be needed to bring non-traditional applicants up to speed on how to manage the application process and tackle the day-to-day problems of running a school. Third parties – such as local nonprofits, academic institutions, or educational consultancies – could be cultivated to provide this technical assistance. By involving third parties in the process of training and supporting, authorizers create useful partnerships to communicate and close gaps in school operator skill levels. These partnerships are discussed in more detail in Katherine Destler's paper, *Working With Private Partners to Manage the Market: Collaborative Approaches to Charter School Oversight*, part of this working paper series.

Conclusion

In seeking to understand how screening processes can impact the overall supply of groups interested in starting new schools, this study uncovered two main trends. First, charter school authorizers have converged on a relatively uniform screening process that emphasizes application rigor to determine high quality candidates. Second, this trend has improved the

overall quality of schools, perhaps at the cost of diversity and quantity of interested groups. In many ways, authorizers have emphasized the goal of high quality schools at the expense of starting new and innovative programs to meet the needs of their community.

As noted above, there are many different tools available to help to balance these two, somewhat competing, goals. Combining a screening process that seeks diversity in its applicant pool, with ongoing technical assistance and oversight might hold the most promise for authorizers ready to move beyond the goal of quality. Further experimentation and research is needed before we know precisely how best to balance these goals.

Implicit in this process is that authorizers should continuously evaluate their goals and ensure that their processes match and support these goals. Tensions between improving quality and increasing quantity must be acknowledged and where appropriate mitigated so that both goals are advanced rather than undermined. As goals change or evolve, it is important to directly connect screening and other contracting processes to possible impacts on the supply of interested groups.

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