



Hopes, Fears, & Reality

A BALANCED LOOK AT AMERICAN CHARTER SCHOOLS IN 2011

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For Charter Schools and School Districts, Empty Space Equals Opportunity

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Charter schools and other autonomous public schools of choice have long been viewed by most American school districts as a drain on their resources and a threat to the well-being of the system. Rather than embrace these schools as partners in a shared endeavor, traditional school districts typically have adopted a posture of opposition or, at best, indifference (Hinman, 2009). During the past decade, however, as schools of choice have gained prominence in the media and among politicians, an alternative approach has emerged. In several cities across the country, district leaders are abandoning the monopoly model that has characterized American public education for generations in favor of a system in which great schools are replicated, bad schools are closed, and innovative models are encouraged. The portfolio management model emphasizes choice, autonomy, equity, and accountability for results (Hill, Campbell, Menefee-Libey, Dusseault, DeArmond, & Gross, 2009).

Although the experience of each of these “portfolio districts” is as unique as the cities themselves, common among the districts is a willingness to use public resources in unconventional ways to lower the cost of change. Instead of using their control of public funds and facilities to maintain a failing status quo, as so many urban school systems have done for decades—and as many still do today—portfolio districts use public resources strategically to adapt to changing needs and incentivize public competition and innovation (Lake & Hill, 2009).

Whereas traditional school districts think of school buildings as fixed institutions, portfolio districts see the buildings as public assets that can be reconfigured to best fit ever-changing needs (New Visions for Public Schools, 2005). Several portfolio districts have found ways to reduce excess facility capacity and generate new revenue while at the same time incentivizing new school development. Shared facilities, or “co-located schools,” can turn empty space into new opportunities (Haimson, 2010).

USING PUBLIC FACILITIES AS STRATEGIC ASSETS

A traditional school district that hopes to transform itself from a monopoly operator into a portfolio manager must be willing to change how it manages its resources. In a traditional district, nearly all resources—facilities, transportation, technology, supplies, and even teachers—are allocated and managed centrally. The focus in such a system is on maximizing the size of the system and perpetuating its existence. In a portfolio district, funds follow individual students directly to individual schools, and schools are responsible for allocating funds to serve students' needs. In a portfolio district, as Paul Hill (2006) wrote, the “students, not the system . . . become the primary organizing principle for educational policies—and, more importantly, for schools themselves.”

Across the country, urban school districts have thousands—and in some cases tens of thousands—of excess seats, which means dozens of vacant and half-empty school buildings and millions of dollars in wasted maintenance costs (Woodall, 2011). In a growing number of cities, those underutilized buildings have been opened up for use by new schools, even those schools not operated directly by the school district.

For some traditional school district leaders, the idea that a district would offer to sell or lease its unused buildings to charter schools is “ridiculous at best,” as Milwaukee School Board President Michael Bond, whose district has 27 vacant school buildings, recently said. “It’s like asking the Coca-Cola Company to turn over its facilities to Pepsi, so Pepsi can expand and compete with the Coca-Cola Company” (Richards, 2011).

Leaders of portfolio districts take a different view. The purpose of a portfolio district is not to dominate the market with a single flavor of schools at the expense of other choices but rather to create a diverse variety of excellent educational options for all students regardless of who provides the options. It does not matter to the leader of a portfolio district whether students attend a district school or a charter school. What matters is whether those schools are producing good outcomes for students. Joel Klein, former chancellor of New York City’s public schools, summed up this point of view well when he said, “People in the school don’t own the building. The people who own the building are my 1.1 million children, who are entitled to an equitable crack at a great education” (Meyer, 2008a).



Beginning with pioneers such as New York City and Chicago almost a decade ago, the number of cities in which districts are opening up previously vacant and underutilized facilities to new charter schools continues to grow. Even cities that previously have rejected this approach are changing course. Only a few years ago, the St. Louis Board of Education made headlines by including charter schools

along with liquor stores in a list of entities banned for 100 years from purchasing vacant school buildings. Recently, however, Superintendent Kelvin Adams announced a new portfolio-oriented reform strategy, “Creating Great Options,” which explicitly encourages the development of new, district-authorized charter schools by offering them space in district facilities (Crouch, 2011).

Beyond Buildings

Portfolio districts don’t just share buildings with charter schools; they also share resources and services. Examples include:

- ◆ Creating a shared transportation system to ensure equitable choice throughout a city
- ◆ Offering district-operated food services to charter schools to ensure they can provide federally subsidized meals to students in poverty
- ◆ Distributing federal and state grant funds to all schools on a per-pupil basis
- ◆ Offering specialized professional development to all schools that choose to purchase it
- ◆ Sharing access to a pool of specialized personnel to ensure that all schools can provide services to students with special needs
- ◆ Providing all schools access to district data systems
- ◆ Creating a unified school accountability system to ensure that all schools are held to the same performance standards

LESSONS FROM DENVER

The experience of Denver Public Schools (DPS) during the past five years presents a vivid example of how a school district that is willing to think differently about its mission and resources can leverage new and existing public facilities to create a thriving market for new public schools of choice.

Denver, whose charter school office I directed until early 2011, has a long history of using public dollars to support the development of new, autonomous public schools. The Rocky Mountain

School of Expeditionary Learning, one of Colorado’s first autonomous public schools of choice and a partnership between five metropolitan school districts, has been housed in a former DPS elementary school for almost 20 years. In 2004, the district used bond funds to construct a new 800-student K–8 facility

and agreed to lease it to Omar D. Blair Charter School, now one of the district's most successful schools. Also in 2004, DPS agreed to invest \$5 million in bond funds to help build the Denver School of Science and Technology, a nationally recognized charter middle school and high school from which every graduate is accepted at a four-year college.

But Denver only began implementing portfolio management as a districtwide reform strategy in 2007. In April of that year, a study by the Rocky Mountain News and the Piton Foundation, conducted with the district's cooperation, found that, as in many urban districts across the country, a quarter of the city's school-age children did not attend a DPS school. Denver had lots of space in schools in some parts of town, while in other, growing areas, schools were at capacity. In some Denver communities, the study found, more than half of the eligible students took advantage of Colorado's open enrollment law to attend public schools in surrounding suburban districts. Enrollment in charter schools had increased 300 percent during the previous six years, while the district had more than 30,000 empty seats in its school buildings, a third of its total capacity (Mitchell & Hubbard, 2007).

Rather than ignore or try to downplay these dismal facts, Denver's board of education and then-superintendent Michael Bennet, who is now a U.S. senator, seized upon the facts as proof of the need for dramatic change. Together, they published a response in which they bluntly acknowledged the district's failings and called for systemic change. "It is hard to admit," they wrote, "but it is abundantly clear that we will fail the vast majority of children in Denver if we try to run our schools the same old way. Operating an urban school district in the 21st century based on a century-old configuration will result in failure for too many children. It is long past time to admit this" (Bennet & Denver School Board, 2007).

The board of education and superintendent offered a vision for a new kind of school district, one that would embrace school choice and competition both as a practical reality and a civil right. To create dramatic change, they argued, "we must insist that DPS no longer function as a one-size-fits-all, centralized, industrial-age enterprise making choices that schools, principals, teachers, and, most important, parents are in a much better position to make for themselves. We must unleash the creative energy of our entire city, and build an environment that propels everyone in our schools—students, parents, teachers, principals—to find their

own solutions, rather than assume DPS, alone, will find the right answers in time. DPS needs to function more like a partner, building capacity and leadership at the school level and serving as an incubator for innovation.”

Throughout 2007, the district partnered with A+ Denver, an independent community commission made up of more than 100 Denver residents, including former mayors, community advocates, business leaders, parents, and teachers, to explore ways the district could reallocate resources to reduce waste and improve student performance. After poring over reams of data on enrollment trends, performance gaps, and financial conditions, an A+ Denver panel was blunt in its assessment: “DPS, in its current form, is failing. It’s failing our students academically and it’s failing our community. Business as usual cannot continue if the District is to both fulfill its educational mission and survive financially.”

Six months later, using principles and criteria developed by A+ Denver as a guide, the board of education unanimously voted to close eight school buildings and create five new schools in existing buildings. The board also resolved to solicit proposals for the development of innovative and high-performing new schools that would begin to open in 2009 (Denver Public Schools, 2007).

Even after closing eight buildings, DPS expected to reduce its excess capacity by only 3,000 seats. The district still had at least 20,000 empty seats in existing buildings. Many of the district’s comprehensive middle school and high school buildings were literally half empty in 2008—such as West High School, which had fewer than 1,000 students in a building built for 2,000—but with students to serve, the schools could not simply be closed (Mitchell, 2008b).

What initially seemed like a continuing problem quickly became an opportunity. In the spring of 2008, the district released the Call for Quality Schools, its first request for proposals for new schools. In response, the district received 19 letters of intent to apply. Suddenly it became obvious that DPS would get a significant number of new school applications, several of which were likely to be approved to open in the fall of 2009. The next question became: Where will these new schools be located?

The district did not want to reopen the buildings it had just closed, and it definitely did not want new schools to access the private real estate market, lest a new charter school open across the street from one of the district’s half-empty middle



schools and draw away students. Moreover, the district needed to find a way to reduce the money it was wasting to maintain unused space in existing buildings, which cost an estimated \$600 to \$700 per empty seat (Meyer, 2008b).

New school applicants worried about where they could find space. As in communities across the country, in Denver one of the greatest obstacles to new school development, particularly for charter schools, was access to quality, affordable facilities (U.S. Department of Education, 2008). Research by the Colorado League of Charter Schools (2008) showed that, in 2007–08, the state’s charter schools were spending, on average, \$480 per student out of their operating revenue on facility costs. Schools renting space in the private market were spending \$536 per student, and the cost was even higher, \$650 per student, for schools that privately purchased or built their own buildings. By contrast, Colorado charter schools fortunate enough to have access to district-owned buildings and land were able to spend much less of their operating revenue on their facilities, an average of \$189 per student.

It did not take long for both the district and hopeful new school applicants to realize that what seemed like a liability—lots of empty space—was actually a great opportunity. Prodded by Denver’s education reform community, particularly the Donnell-Kay and Piton foundations, DPS decided to offer space in underutilized district facilities at a fraction of market rates to new schools approved through the Call for Quality Schools process. New schools would get affordable space, while the district could reduce wasted operating costs and generate new revenue.

That spring, just as DPS was receiving applications from its first request for proposals, the district launched the Shared Campus Initiative. At the time, there was only one shared campus in Denver involving two programs, a district-managed school and a charter school. Today, almost three years later, there are nine shared campuses in DPS, housing more than 22 co-located schools and programs, including 14 new charter schools. Seven of those are replications of the district’s most successful charter models. At the start of the 2011–12 school year, 18 charter schools—about half of the city’s total—were operating in district facilities, 14 of them in a shared campus partnership.



STRATEGIC PREPARATION FOR SHARED BUILDINGS

One of Denver's early attempts at creating shared school buildings didn't even get off the ground. At the same time the board of education voted to close its first school buildings in the fall of 2007, district officials tried to partner with a newly approved charter school to locate in one of the district's under-enrolled comprehensive high schools. The district was not prepared for the strong backlash that resulted and eventually had to back down from the co-location plan.

This initial failure led the district to engage in a full year of research and planning before making another attempt. DPS officials traveled to New York City and Chicago to learn from those cities' experiences with shared facilities and brought school leaders and district administrators from both cities to meet with Denver principals and board of education members. At the time, Chicago had more than 40 schools and programs in shared facilities, while New York had more than 600. DPS publicized the positive experiences of both of these cities with co-locations and demonstrated to a skeptical public and to board members that it was a strategy that could bring new schools to Denver. Joel Klein told the Denver Post (Meyer, 2008a) at the time, "When I have buildings that are half-empty and an opportunity to place a school in there that may create different opportunities for kids in that community . . . that's what we do. Sure, you get some noise. Overwhelmingly, it's working. People made the adjustments, looked for the opportunities. That's what will happen in Denver as well."

One of the first lessons DPS staff learned from leaders in New York and Chicago was that significant investment was required to convert a building designed to house a single comprehensive school into a shared campus with multiple schools. In the fall of 2008, just as the Shared Campus Initiative was getting underway but a year before any shared buildings were opened for operation, Denver voters approved a \$454 million bond issue, the largest ever requested or approved in Colorado. The bond issue included \$20 million earmarked explicitly to cover the costs of retrofitting existing school buildings to share space with new schools (Mitchell, 2008a). DPS has used these funds for physical changes to buildings—such as new fire doors to divide long hallways between two schools or a second set of administrative offices—as well as for extensive visual branding of each school on the shared campuses.



Denver also learned from New York and Chicago that shared campuses had to be created deliberately, with careful planning and collaboration with internal and external stakeholders. Shared campuses require central departments to operate in entirely new ways and to abandon the idea that a school defines a building, and vice versa. One of the steps DPS took early on that has been critical to the early success of the Shared Campus Initiative was the creation of the Office of School Innovation and Reform (OSRI). Originally created as the New Schools Office to manage the district's Call for Quality Schools process, OSRI is also responsible for recommending and creating shared campus facilities.

OSRI convenes a cross-functional and interdepartmental project management team responsible for facilitating the creation of shared campus building teams at each site, which include school leaders, the facility manager, and other school staff and which meet regularly to coordinate schedules and address problems. Individual school leaders are empowered with solving their own conflicts at the building level, but OSRI assists leaders in creating effective building teams through a memorandum of understanding process and the formation of a site-specific shared campus plan. That plan includes a detailed listing of which spaces are assigned to each school and which are shared, the entrances and exits for each school, and general physical plant guidelines, such as building opening and closing times.

The Agreement on Shared Campuses

School leaders on shared campuses in Denver must sign a memorandum of understanding that outlines the following guiding principles:

- ◆ We believe that building sharing can have positive benefits and need not distract from every school's primary goal of educating every child.
- ◆ We believe it is for the mutual benefit of the school leaders to contribute jointly to the administration of the campus and to work cooperatively in its operations.
- ◆ We believe that each student, family, and community member connected to a school should have appropriate access to the publicly owned building facility in which the school(s) are located.
- ◆ We believe there should be equitable access to educational spaces within a building facility based upon the number of students enrolled in a school and the mission of these schools.
- ◆ We believe the autonomy and identity of each individual school is important to the success of that school and the campus as a whole.

The outreach to New York and Chicago also touched on school culture issues. Denver leaders were encouraged to create separate identities for each school, complete with different logos, colors, and bell schedules. Principals, they were told, should have equal say in building decisions, even if one co-located school had 500 students and the other had only 70 students (Mitchell, 2008b).

In addition to seeking out best practices from other cities, DPS also began what is now an annual process, the Strategic Regional Analysis (SRA). SRA, a comprehensive review of enrollment, performance, and capacity trends in each region of the city, is used by district staff and the board of education to make decisions about which school programs should be considered for replacement by new schools, where new schools are needed, and which district buildings are appropriate for co-location (Meyer, 2010; National Association of Charter School Authorizers & IFF, 2010).

To create the public will for the kind of significant change that the creation of a shared campus involves, districts need to engage communities early and often throughout the process. In particular, they need to engage those parents who otherwise would go unheard and give them a voice in proposing and selecting new options for their children. In Denver, the district's partnership with A+ Denver played a key role in creating independent pressure for change and in fostering the idea that all of Denver's children need access to great public schools regardless of whether those schools are district-managed schools or charter schools. Likewise, groups such as Metro Organizations for People and *Padres y Jovenes Unidos* have been instrumental in organizing students and parents to call for new schools.

Any city considering shared school buildings to incentivize the creation of new schools will need to approach this issue differently, but in Denver, a tight approach to managing the supply of both facilities and new schools has been critical to the initiative's early success. DPS has used its exclusive right to authorize new charter schools and its ownership of district facilities to closely manage the market for new schools. The district manages the timing and location of new schools by offering new school applicants that follow the district's timeline a guaranteed space in a facility of the district's choosing should their application be approved. This close control has been a source of some tension between the district and the city's education reform community from the beginning, but in light of the results thus far it is difficult to imagine that a less rigorous approach to market management would have resulted in better supply of new schools.



MEASURING SUCCESS IN DENVER

It is still too early to judge the success of Denver's Call for Quality Schools and its Shared Campus Initiative, especially in terms of the impact on student achievement. Last year, the district's highest and lowest performing schools were both created through the new school process, and both were housed on shared campuses (Mitchell, 2010). In terms of creating a robust, collaborative, and competitive market for new, autonomous schools of choice, however, the impact of these reform initiatives is impossible to ignore. District-owned buildings that only a few years ago had thousands of empty seats are now full of students, thanks to new schools, including replications of Denver's most successful models.

The district is getting national attention for a new 35-acre, multibuilding "college-style" campus opened in 2010. The campus is designed to house multiple educational programs, including the first replication of Denver School of Science and Technology, as well as SOAR Charter School (K–5), Hope Center (early childhood), and Vista Academy (a district-operated multiple-pathways center for Grades 6–12). Schools were chosen for the campus through the Call for Quality Schools process, and the facility was constructed using \$43 million in voter-approved bond funding.

After decades of decline, the district's enrollment has increased by 5,000 students in the past three years. Nearly 20 new schools and a dozen shared campuses have been created since 2007. Only time will tell whether those schools will be successful. Surely, though, in a city where thousands of children still lack access to a high-quality school, new schools are more promising than empty space.



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