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Commercialism in Education Research Unit

*****NEWS RELEASE*****

**from the Commercialism in Education Research Unit (CERU)
and the Education Policy Studies Laboratory (EPSL)
at Arizona State University**

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<http://www.asu.edu/educ/eps1/CERU/Documents/EPSL-0402-101-CERU.pdf>

**ANNUAL REPORT FINDS NUMBER OF FOR-PROFIT SCHOOLS
CONTINUES TO INCREASE AS VIRTUAL CHARTER SCHOOLS EMERGE
AS A NEW TREND IN FOR-PROFIT EDUCATION**

TEMPE, Ariz.— The 2003-2004 Profiles of For-Profit Education Management Companies released today by Arizona State University's Education Policy Studies Laboratory finds continued growth of the for-profit education management sector, primarily led by growth in the management of charter schools.

The report documents the continued growth of the for-profit management of charter schools. Of 463 for-profit schools listed in the directory, 375 (81 percent) were identified as charter schools. The percentage of Education Management Organization (EMO)-managed schools that are charter schools is up from the figure of 74 percent reported in the 2002-2003 Profiles.

Large EMOs (operating 10 or more schools) accounted for approximately 81 percent of EMO-managed schools and 89 percent of enrolled students. In contrast, although small- (3 or fewer schools) and medium-size (4 to 9 schools) EMOs together made up 75 percent of all profiled EMOs, they account for only 19 percent of the schools and 11 percent of the students enrolled in for-profit schools.

Large EMOs averaged 521 students per school, medium-sized EMOs averaged 229 students, while small EMOs averaged 265 students per school. All of the schools in the medium and small EMO categories were charter schools, while 77 percent of schools in the large category were charter schools.

The 2003-04 Profiles confirmed the closure of 63 EMO-managed schools. Two major EMO operators, Edison Schools and Chancellor-Beacon, accounted for 68 percent of the closed schools.

Permissive Charter School Laws attract For-Profit Operators

States such as Arizona and Michigan with the most-permissive charter school laws tend to have the most schools managed by for-profit companies. The authors found Arizona and Michigan account for more than half of all schools managed or operated by EMOs.

Virtual Schools: Virtually no accountability

The report also documents the emergence of virtual charter schools. Virtual charter schools, schools in which instruction is delivered primarily via the internet and with little or no contact with certified teachers, were found to be a growing, but highly controversial development. The controversy arises because of the lack of any systematic regulatory or accountability response on the part of states where they operate. Such virtual schools operate with virtually no accountability to the states that fund them.

EMO Management Is Controversial

According to EPSL director Alex Molnar, “Publicly funded schools run by education management companies on a for-profit basis are a controversial innovation intended to improve schools through the profit-seeking motive of the marketplace. However, profitability continues to be an elusive goal for many EMOs. The consensus view of investors, researchers, and others is that the evidence thus far is insufficient to demonstrate that for-profit management increases the quality of education or that private management companies can profitably manage schools.”

The sixth annual Profiles of For-Profit Education Management Companies is the most comprehensive resource on the for-profit education management industry. The report found that 51 management companies operate in 28 states and the District of

Columbia, enrolling some 200,400 students. An overwhelming majority of those schools are public charter schools.

The annual profiles report includes information about companies contracted by school districts to manage existing traditional public schools, companies that manage public charter schools, and companies that do both. The researchers compiled the data from company survey responses, company websites, state department of education websites, newspaper articles, company press releases, government publications, and other sources.

The Commercialism in Education Research Unit (CERU) conducts research, disseminates information, and helps facilitate a dialogue between the education community, policy makers, and the public at large about commercial activities in schools. CERU is the only national academic research center dedicated to schoolhouse commercialism.

Visit the CERU website at <http://schoolcommercialism.org/>

The Education Policy Studies Laboratory (EPSL) at Arizona State University offers high quality analyses of national education policy issues and provides an analytical resource for educators, journalists, and citizens. It includes the Commercialism in Education Research Unit (CERU), the Education Policy Analysis Archives (EPAA), the Education Policy Research Unit (EPRU), and the Language Policy Research Unit (LPRU). The EPSL is directed by Professor Alex Molnar.

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