

**FOR-PROFIT EDUCATION FIRMS GROW IN NUMBER, CONTROVERSY
NEW PROFILES DIRECTORY OFFERS GUIDE TO EDUCATION MANAGEMENT INDUSTRY**

For Immediate Release

TEMPE, Ariz. – The number of for-profit companies managing public schools in the United States soared 70 percent in the past year, according to data compiled by the Education Policy Studies Laboratory at Arizona State University.

The fourth annual *Profiles of For-Profit Education Management Companies* found that 36 companies now operate 368 schools in 24 states and the District of Columbia. An overwhelming majority of those schools are public charter schools.

Profiles of For-Profit Education Management Companies: 2001-2002 is the most comprehensive resource available on the growth of so-called Education Management Organizations, or EMOs. This year's directory is the fourth published by Professor Alex Molnar and the first compiled by the Education Policy Studies Laboratory at Arizona State University. Previous editions were published by the University of Wisconsin-Milwaukee.

"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," the report notes in its introduction. The trend pits supporters, who believe for-profit education management companies can be driven by the pursuit of profits to produce better educational institutions, against critics, who argue that quality, equity, and accountability in public education are likely to suffer as for-profit management of K-12 public schools spreads.

The annual directory 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. Management of traditional schools previously accounted for the greatest growth in the EMO industry. However, this year's directory notes a dramatic shift to management of charter schools. Of 368 schools listed in the directory as being managed by for-profit companies, all but 68 were identified as charter schools.

States such as Arizona and Michigan with the most-permissive charter school laws tend to have the most schools managed by for-profit companies. While nationally about 10 percent of all charter schools are managed by for-profit EMOs, an estimated 25 percent of Arizona's charter schools are operated by EMOs, the authors note. Arizona and Michigan account for nearly half of all schools managed or operated by EMOs.

"Profitability continues to be an elusive goal for EMOs," the directory's authors observe. "The consensus view of investors, researchers, and others is that the evidence thus far is insufficient to demonstrate that the quality of education is improved or that private management companies can profitably manage schools."

As EMOs continue to lose money, the authors observe, critics of the trend worry that pressure to reverse those losses may lead to "policies or actions that are not in the best interests of students or the public."

The Education Policy Studies Laboratory (EPSL) at ASU offers high quality analyses of national education policy issues and provides an analytical resource for educators, journalists, and citizens. It includes the Education Policy Research Unit (EPRU), which examines public school reform issues and proposals, and the Commercialism in Education Research Unit (CERU), which examines the prevalence and impact of commercialism in schools. The EPSL and two of its research units are directed by ASU Professor Alex Molnar.

Visit the EPSL on the Web at: <http://www.educationanalysis.org>

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