



EPSL | Education Policy Studies Laboratory
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**

FOR IMMEDIATE RELEASE

Wednesday, February 5, 2003

CONTACT:
Glen Wilson
glen.wilson@asu.edu
(480) 965-1886

Alex Molnar, Director
Education Policy Studies Laboratory
(480) 965-1886
epsl@asu.edu
<http://edpolicylab.org>

Find this document on the web at:
http://www.asu.edu/educ/epsl/CERU/CERU_Research_Writing.htm

**ANNUAL REPORT FINDS LARGE FIRMS BECOMING
DOMINANT FORCE IN FOR-PROFIT EDUCATION**

TEMPE, Ariz.— The 2002-2003 *Profiles of For-Profit Education Management Companies* released today by Arizona State University's Education Policy Studies Laboratory finds that large education management organizations (EMOs) dominate the industry.

The report also documents a strong shift toward the for-profit management of charter schools. Of 417 for-profit schools listed in the directory, 320 (77 percent) were identified as charter schools.

Large EMOs (operating 10 or more schools) accounted for approximately 78 percent of EMO-managed schools and 88 percent of enrolled students. In contrast, although small- (3 or fewer schools) and medium-size (4 to 9 schools) EMOs together made up 79 percent of all profiled EMOs, they account for only 22 percent of the schools and 12 percent of the students enrolled in for-profit schools.

Large EMOs averaged 512 students per school, medium-sized EMOs averaged 283 students, while small EMOs averaged 220 students per school. All of the schools in the medium and small EMO categories were charter schools, while 70 percent of schools in the large category were charter schools.

Many Arizona Charter Schools Run For Profit

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 nearly half of all schools managed or operated by EMOs. While nationally about 12 percent of all charter schools are managed by for-profit EMOs, an estimated 19 percent of Arizona's charter schools are operated by EMOs.

The fifth annual *Profiles of For-Profit Education Management Companies* is the most comprehensive resource on the for-profit education management industry. The report found that 47 management companies operate in 24 states and the District of Columbia, enrolling some 190,000 students. An overwhelming majority of those schools are public charter schools.

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 the quality of education is improved or that private management companies can profitably manage schools."

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. 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 Reports Project (EPRP), the Education Policy Research Unit (EPRU), and the Language Policy Research Unit (LPRU). The EPSL is directed by ASU Professor Alex Molnar.

Visit the EPSL website at <http://edpolicylab.org/>