

Growth of Charter Schools and Virtual Schools: Two Policy Reports from Western Michigan University and the National Education Policy Center

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Michigan State Board of Education

April 13, 2021

Definitions

- Education Management Organizations (EMOs)
 - For-Profit EMOs
 - Nonprofit EMOs
 - CMOs
- 15th Edition of the EMO Profiles will be released in February 20221

National Education Policy Center.

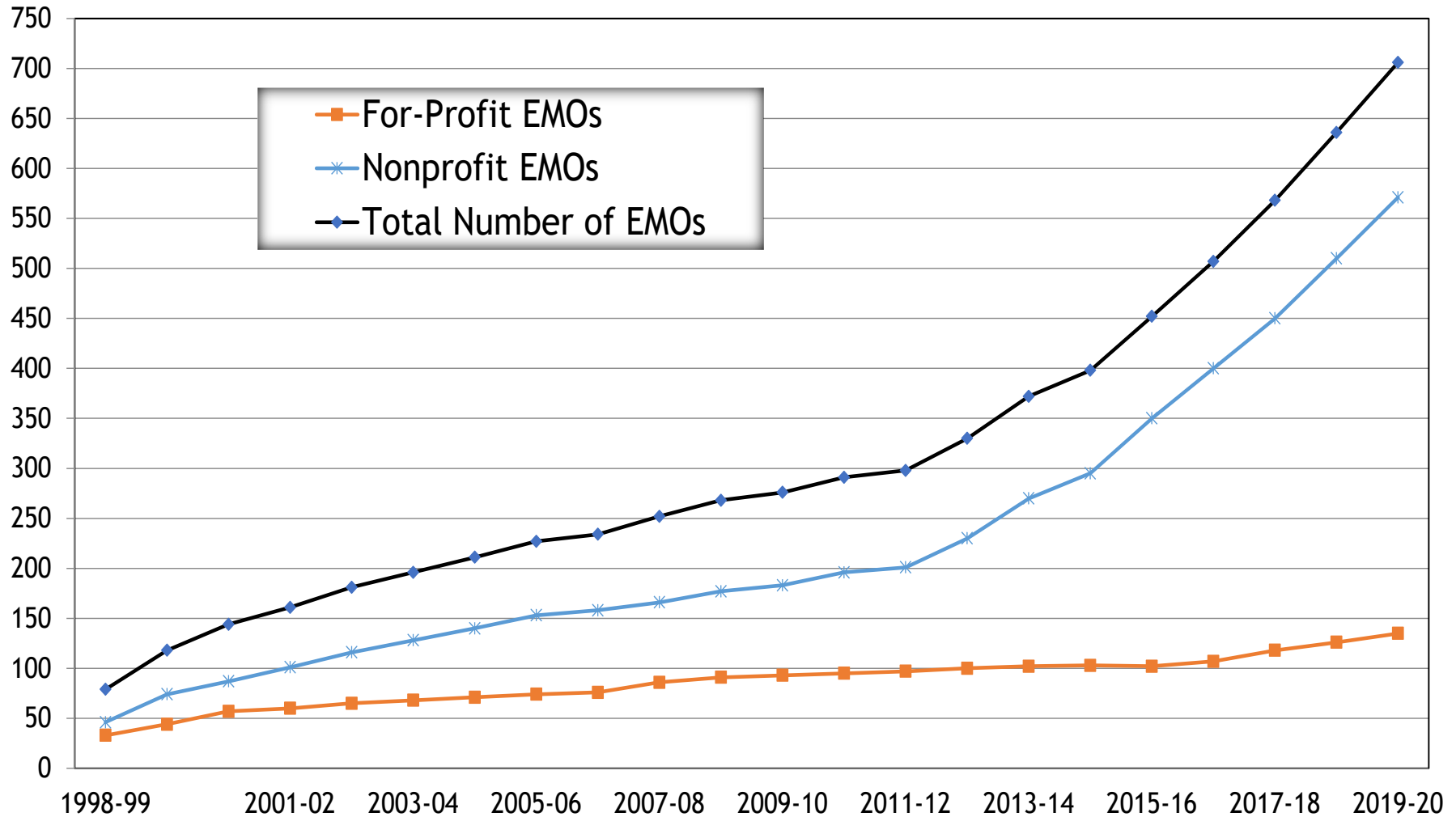
<https://nepc.colorado.edu/publication/emo-profiles-fifteenth-ed>

Data Sources

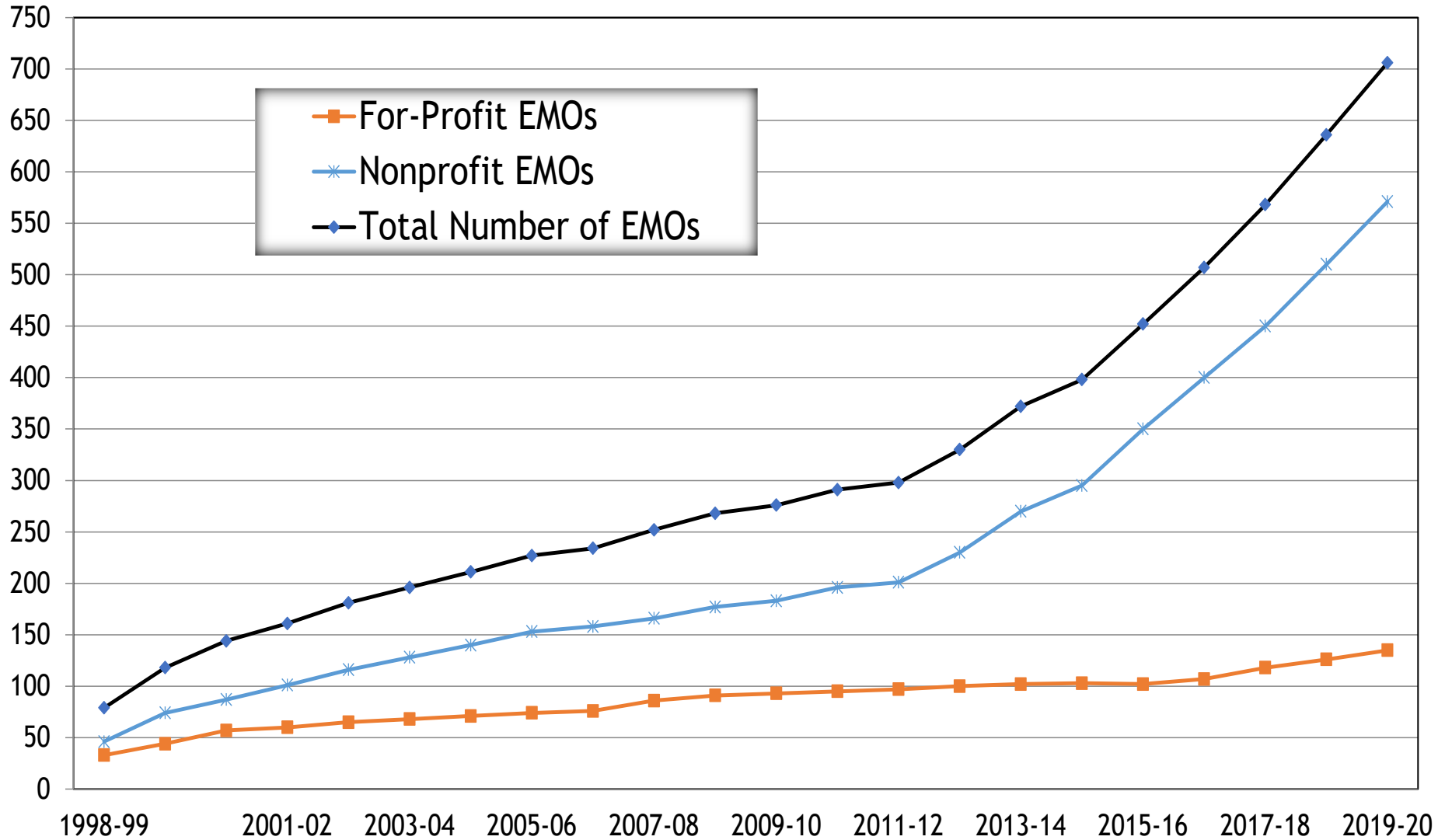
- State Education Agencies
- NCES - Common Core of Data
- School Web sites
- EMO (both for-profit & nonprofit) Web sites
- Telephone or email communication with schools
- Telephone and email communications with oversight agencies (state DOEs, state virtual school orgs, etc.)

- Key indicators from our growing data sets on EMO-managed schools are posted in EMO Profiles reports.
 - These cover numbers of schools and students managed and owned by EMOs, school characteristics, student demographics, and measures of student- and school-performance

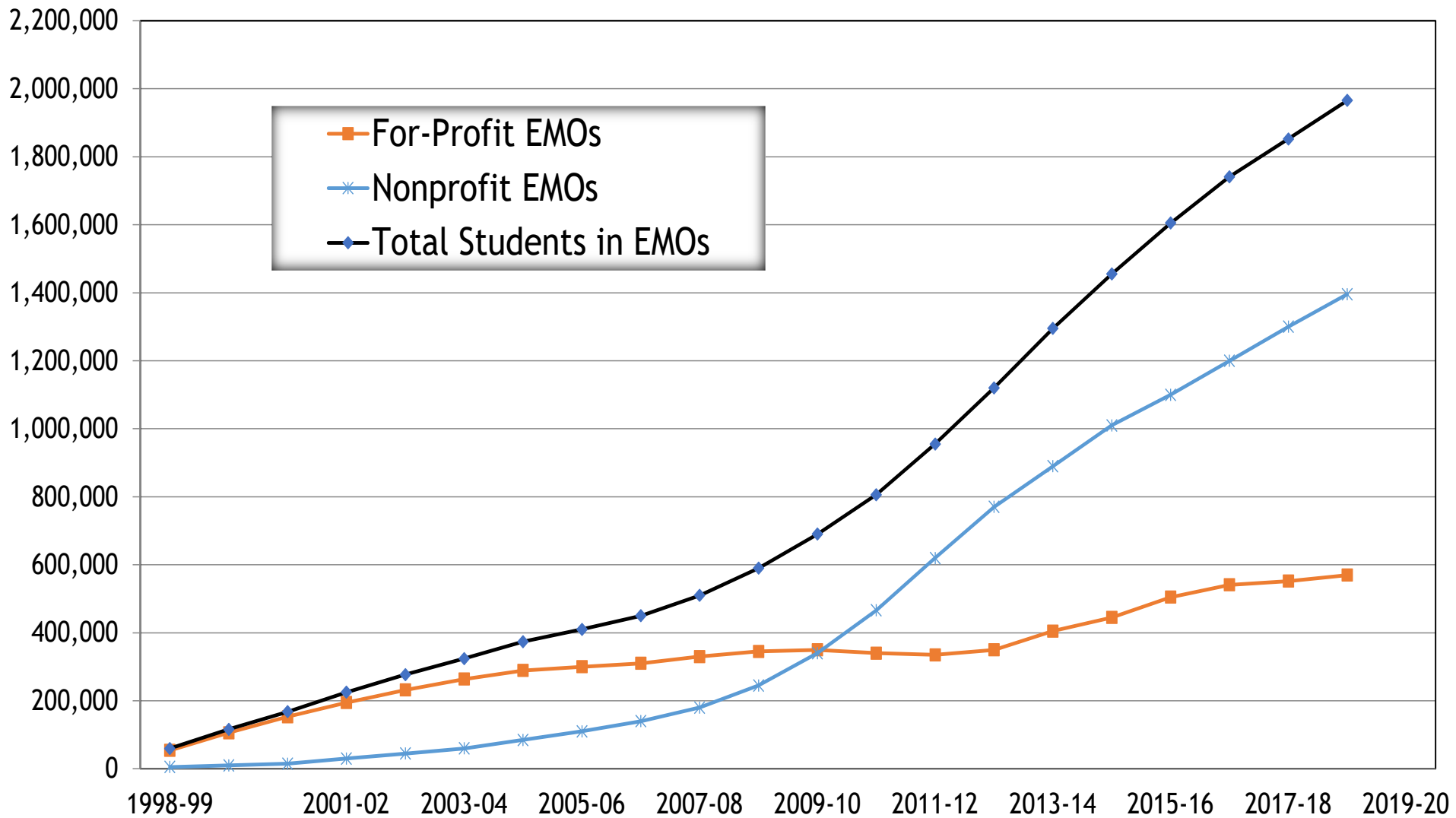
Growth in the Number of Private Education Management Organizations (EMOs)



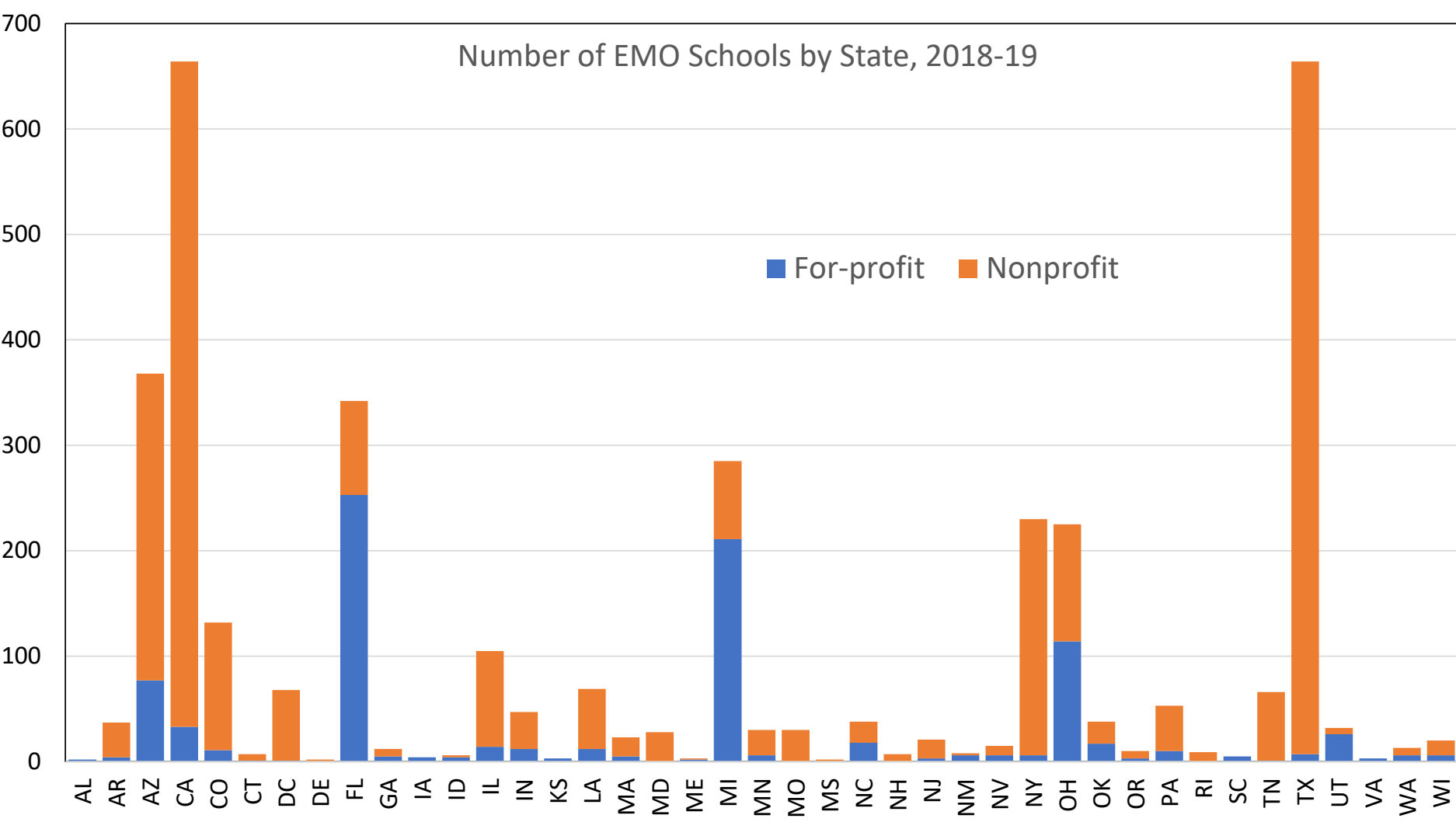
Growth in the Number of Schools Operated by EMOs



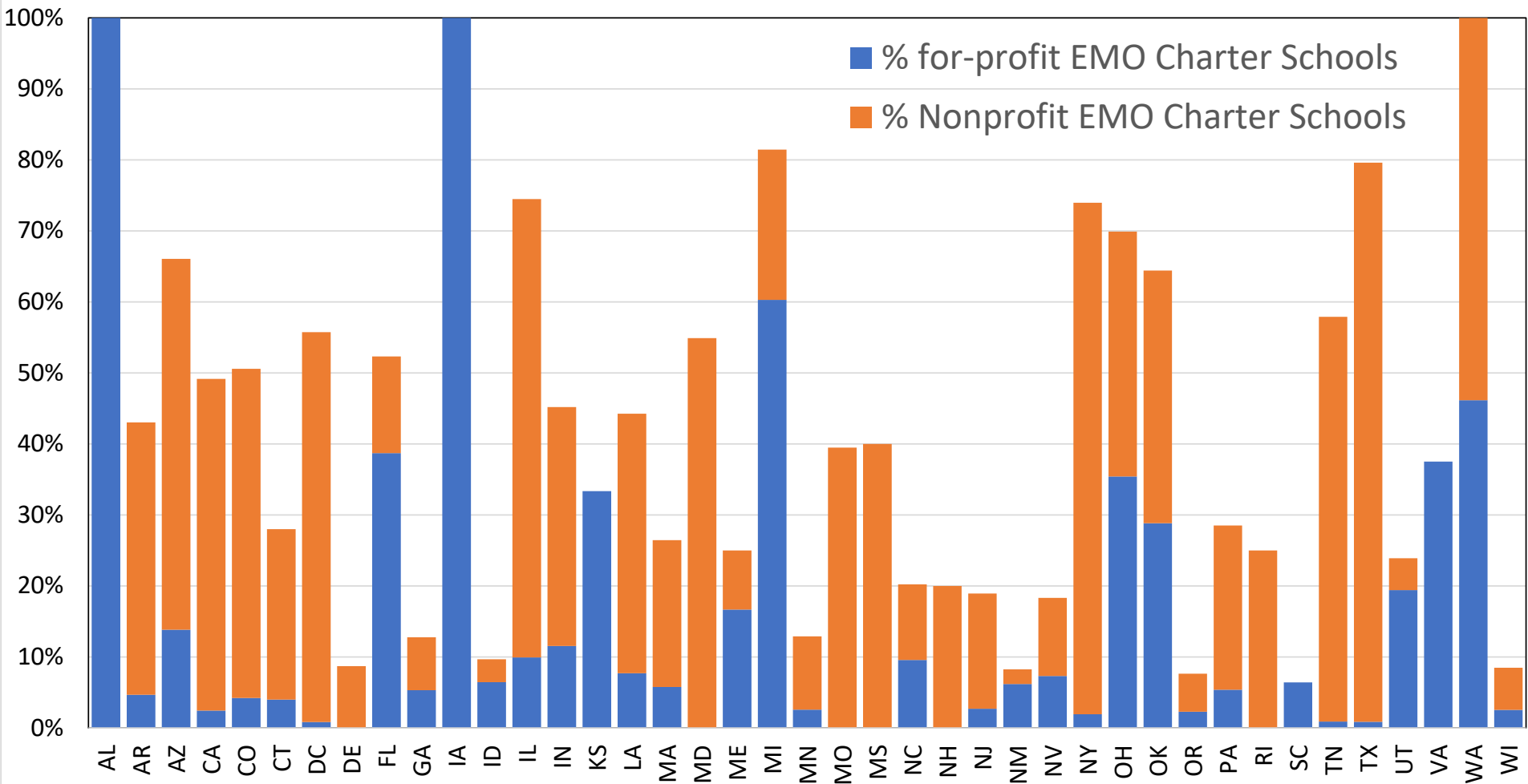
Growth in the Number of Students Enrolled in Schools Operated by EMOs



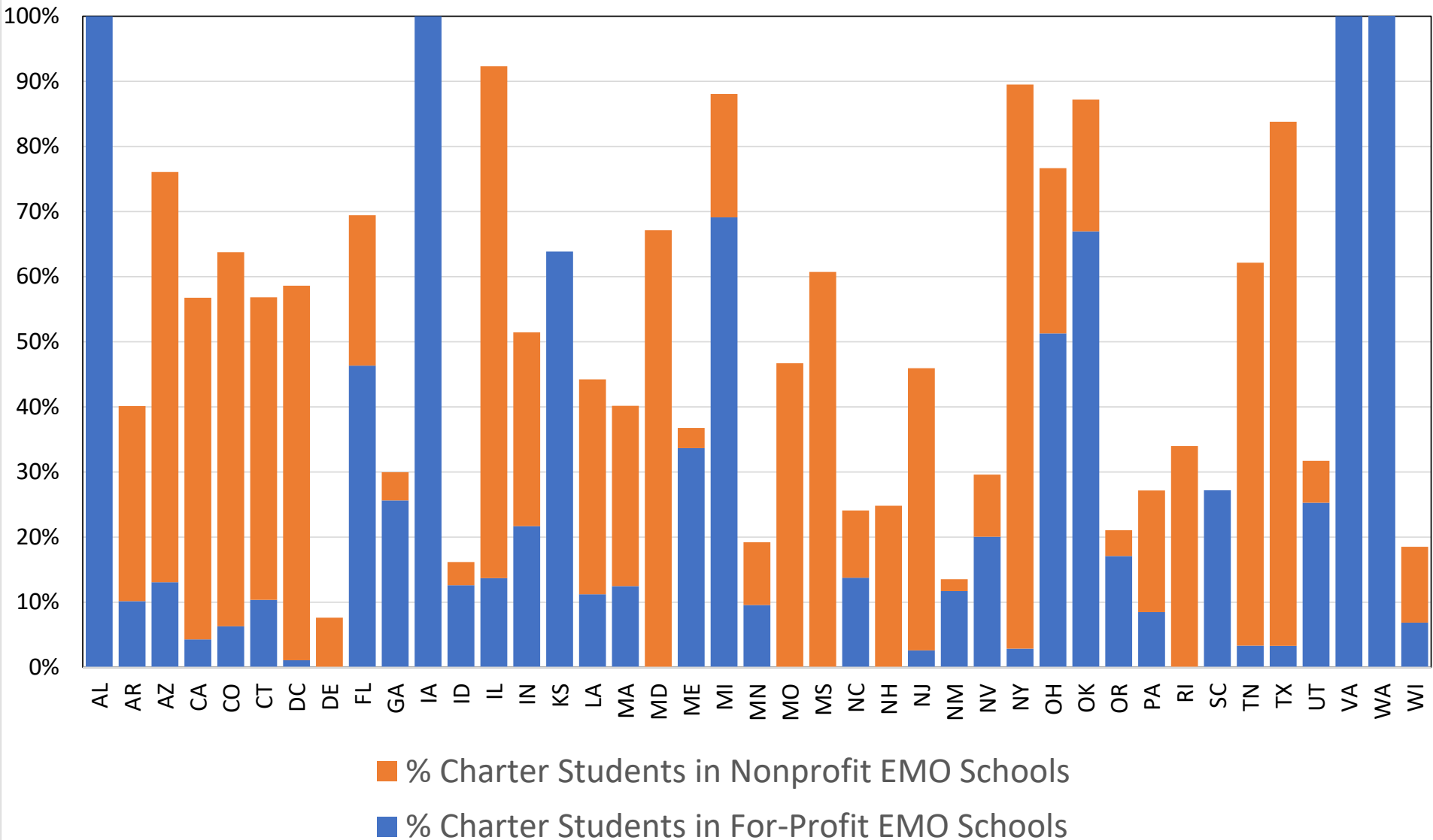
Number of Schools Operated by EMOs by State



Percent of Charter Schools Operated by EMOs, 2018-19



Percent Charter School Students in Schools Operated by EMOs, 2018-19



Virtual Schools & Blended Schools in Michigan, 2019-20

	Number of Schools	Number of Students	Ave School Enrollment
Virtual	47	16,953	360.7
For-profit EMO	9	11,257	1,250.8
Nonprofit EMO	0	0	-
Independent	38	5,696	149.9
Blended	33	6,712	203.4
For-profit EMO	19	3,100	163.2
Nonprofit	7	2,772	396.0
Independent	7	840	120.0
	Number of Schools	Number of Students	Ave School Enrollment
Virtual	47	16,953	360.7
Charter	9	10,382	1,153.6
District	38	6,571	172.9
Blended	33	6,712	203.4
Charter	14	4,324	308.9
District	19	2,388	125.7
Grand Total	80	23,665	295.8

Performance of Michigan's Virtual & Blended Learning Schools, 2018-19 or 2019-20

- Number & Percent of Virtual Schools with Acceptable Ratings
 - Acceptable rating (>60) 8/47 virtual schools (17%)
 - Unacceptable rating (<59.9) 39/47 virtual schools (83%)
- Number & Percent of Blended Schools with Acceptable Ratings
 - Acceptable rating (>60) 0/33 Blended schools (0%)
 - Unacceptable rating (<59.9) 32/33 Blended schools (97%)
 - Data not available 1/33 Blended schools (3%)
- Graduation Rate
 - Full-time Virtual Schools 43 schools with data, 45.4% weighted graduation rate
 - Full-time Blending Schools 28 schools with data, 44% weighted graduation rate

School index based on growth, graduation rates, proficiency, English learners progress index, assessment participation, school quality and student success index. See <https://www.mischooldata.org/school-index>

Trends and General Observations

1. The process of identifying and profiling EMOs is becoming increasingly challenging. Interconnected webs of nonprofit and for-profit organizations and trusts, corporate or organizational owners with distant headquarters, affiliated entities —sometimes distributed geographically—engaging in services and property ownership, and various fund-raising entities make it challenging to accurately portray the existing EMO landscape.
2. The number of EMOs and the numbers of schools they manage have more than doubled in the past decade. Similarly, the enrollment of students in EMO-operated schools has grown from 600,000 in 2008-09 to 1.96 million in 2018-19.
3. Growth of nonprofit EMOs has outpaced growth of for-profits, while growth of the virtual school sector is also increasing—likely even more significantly in recent months and years because of the pandemic.

Trends and General Observations (cont.)

4. Small EMOs are rapidly increasing, and they show a pattern of steady expansion as they open or purchase an increasing number of schools.
5. Charter school growth has largely been fueled by EMOs, which have opened an increasing number of charters each year. Independent charter schools also continue to create their own EMOs and expand by opening additional schools.
6. The increased buying and selling of charter schools—which offers the strongest evidence of privatization of a reform originally intended as a public good—is one of the most striking trends observed.

Trends and General Observations (cont.)

7. EMOs have diversified by adding such services as tutoring, afterschool programs, summer school programs, alternative school programs, virtual schools, and improvement programs for turnaround schools. Some have also packaged and sought to sell or lease their curricula, accountability, and in-service training systems.
8. Despite considerable differences across schools and in their relationships with EMOs, differences between nonprofit and for-profit EMOs are decreasing.
9. Relationships evolve over time, but it appears that it is more likely for shifting relationships to involve vendors evolving into EMOs than the reverse.
10. A number of EMOs are expanding to other countries and tout plans for increased expansion globally.

Why Does It Matter?

- A key turning point for public charter schools with most charter school students now in privately operated schools.
- The charter school ideal espoused in policy from the 1990s has been corrupted. Charters were to be (1) locally-run, (2) autonomous, (3) highly accountable & transparent, and (4) open to all.
- Privatization through charter schooling has distorted and changed what charter schools are and what they can do as a new form of public schooling.

Guidelines and Safeguards

Given trends & ways in which EMOs have undermined the charter school ideal, we recommend policymakers require far more stringent controls and transparency than are evident in current practice.

- To ensure genuine accountability, a charter school board should be in place before an application for charter status is submitted. Such boards should have control and oversight of budget.
- Authorizers should not receive charter applications from EMOs, and if charter schools decided to contract with an EMO, the authorizer should be required to approve both the management agreement and leases or other agreements related to facilities and property.

Guidelines and Safeguards (cont.)

- Before signing contracts placed in front of them by EMOs, charter school boards should receive training relative to their legal and fiscal responsibilities, ensuring they function as intended as responsible representatives of public charter schools and the taxpayers supporting them.
- When contemplating a relationship with an EMO, a school board should require three or more bids from potential contractors.

Guidelines and Safeguards (cont.)

- EMO contracts should have stringent requirements for transparent reporting.
- Finally, federal and state agencies should direct start-up grants and financial support to independent charter schools, and stop direct awards to private EMOs.
- School boards should refuse “sweep contracts,” which allow an EMO to secure all revenues with a guarantee to leave a small year-end balance. The sweep contracts mask the actual budget and limit transparency by the governing boards and the public.