



Executive Summary

In March of 2021, the Network for Public Education published *Chartered for Profit: The Hidden World of Charter Schools Operated for Financial Gain*. In this follow-up report on the charter for-profit sector, we chronicle its expansion during the years of the Covid-19 pandemic by reporting growth in the number of schools, the number of for-profit corporations that run them, and student enrollment.

According to our research, the for-profit sector dominated the charter school sector during the pandemic years. As the pandemic wore on – the percentage of charter schools run by for-profits jumped from 15 percent to 16.6 percent of the charter sector. This is a far greater percentage than is reported by the National Alliance for Public Charter Schools, which inexplicably does not report schools run by for-profit Education Management Organizations (EMOs) that control only one or two schools. These micro-EMOs comprise nearly half of all for-profit EMOs.

However, the number of schools run for profit underestimates the true growth of for-profit schooling during Covid 19. The percentage of students attending a charter school designed to produce a profit for its management company soared. According to the Common Core of Data of the National Center for Education Statistics, the total student enrollment in charter schools during the second year of the pandemic (the 2021-2022 school year) was 3,676,635. Student enrollment in for-profit-run charter schools jumped to 731,406 that year.

That means that 20 percent of all charter school students, 1 in 5, were enrolled in a charter school managed by a for-profit management corporation by the pandemic's end.

More disturbing is that 27 percent of the students attending for-profit-run schools were enrolled in low-quality virtual charter schools that teach students either exclusively or primarily online. That was in 2021. During the prior year (2020) the number was even higher.

Those who defend for-profit charter schooling claim it is no different from public schools using vendors for transportation services or to purchase textbooks. However, as this report explains, for-profit chartering is very different from vendors who supply discrete products and services. We detail the various ways in which the owners of EMOs extract profit via a lack of oversight and regulation that fails to protect taxpayers from sweetheart deals, sweeps contracts, and related party transactions designed to enrich EMO owners, their

Table of Contents

Acknowledgements • 2

Executive Summary • 3

Introduction • 5

For-profit Chartering: How it Works • 7

The Landscape in 2022 • 10

How Charters Run-for-profit Cash in on Kids • 12

Low-cost/High Profit: Virtual Charter Schools • 26

A Growing Market: For-profit Chartering • 29

Conclusions and Recommendations • 31

Methodology • 34

Endnotes • 36

friends and their family members. And we explain how the acquisition of real estate and exploitative lease and purchase agreements drive the expansion of for-profit-run charter schools and, in some cases, put the school at financial risk.

Chartered For-Profit II: Pandemic Profiteering makes a case for substantive state and national reform so that the best interests of students and taxpayers trump financial gain. Like our first report, it provides insight into the most controversial sector of the charter school world—charters operated for financial gain.