Restarting with an Education Management Organization

Center on Innovation & Improvement

Education management organizations (EMOs) are for-profit or non-profit organizations that manage public schools (Kowal & Arkin, 2005; Molnar et al., 2009). In contrast to traditional vendors that are contracted to provide specific services (e.g., professional development, payroll, food services) to districts and schools, EMOs are contracted by districts to manage and run individual schools, both traditional as well as charter schools, or clusters of schools. EMOs that manage networks of charter schools are referred to as charter management organizations (CMOs). The parameters of an EMO's management responsibility are spelled out in a performance contract between the district and an EMO. Similar to restarting with a charter, restarting with an EMO can be an effective component of a district's portfolio of strategies for improving persistently low-achieving schools (Lake & Hill, 2009).

The landscape of EMOs has expanded rapidly over the past 15 years. According to the Education Public Interest Center, which has tracked the development of EMOs over the past decade, the number of for-profit EMOs expanded from 21 to 95 between 2000 and 2009 (Molnar et al., 2009). Similarly, the number of non-profit EMOs expanded from 65 to 103 between 2000 and 2009 (Miron & Urschel, 2009). Together, for-profit and non-profit EMOs currently manage over 1300 schools in 32 states (Molnar et al. 2009; Miron & Urschel, 2009). The 20 largest EMOs (e.g., the 13 largest non-profit EMOs and the seven largest for-profit EMOs) together manage approximately two-thirds of all schools managed by EMOs throughout the nation. Currently, over 90% of EMO-managed schools are charter schools (Molnar et al., 2009).

EMOs vary in terms of their focus, size, and overall capacity to manage significant numbers of schools. Some EMOs work in multiple districts and manage schools across the nation, such as the 20 largest EMOs. A growing number of small to mid-size EMOs work in regions, single states, or in a single district intentionally focusing their efforts on a particular niche, mission, or student population. Given that EMOs are an emerging type of service provider with varied capacity to manage schools, states and districts interested in contracting with EMOs to dramatically improve schools need to conduct rigorous due diligence to verify capacity and ensure that the services provided reflect those required.

Restarting with an EMO involves converting a school or closing a school and reopening the school under the control of an EMO. Similar to restarting with a charter school, restarting with an EMO entails that district leaders, including the local school board, exercise leadership in recruiting, selecting, supporting, and monitoring EMOs. Contracts with EMOs are conceptually similar to those with charter management organizations, except that there will, of course, be no references to the state laws that authorize the creation of charter schools. As with charters, some helpful resources for creating contracts and evaluating prospective contractors are the Comprehensive School Reform Quality Center and The Finance Project (2006), Haft (2009), and the National Association of Charter School Authorizers (2009; 2006; 2004).

The relationship between a district and an EMO typically evolves along these lines:

1. District leaders recruit potential EMOs and use a rigorous selection process to ensure that EMOs have the capacity to address identified needs (e.g., a track record with high schools or perhaps a larger percentage of children for whom English is their second language).

2. District leaders attend to system-level governance, including the capacity of the district to identify and monitor the performance of EMOs (CCSRI, 2009).

3. The district or school board enters into a performance-based contract (see for example, Denver Public Schools, 2009) with the EMO that defines the legal relationship between the district and EMO and includes:

   a. The specific autonomies to be provided to the EMO;

   b. A written and agreed upon delegation of responsibilities for the EMO and for the district;

   c. The performance benchmarks and indicators to be used to measure the success of the EMO in support-ing school improvement, including explicit consequences for not meeting agreed upon benchmarks and outcomes; and

   d. Fiscal incentives used to hold the EMO accountable for its performance (Kowal & Arkin, 2005).

Action Principles

For State

1. Develop state-specific mechanisms that will support a district's ability to restart with an EMO. For instance, state education agencies could:

- Cultivate the development of within-state education management organizations (EMOs), through incen-tives or partnerships with universities or education organizations.

- Utilize a rigorous RFP process to recruit and identify potential EMOs to work with targeted districts and schools. For sample RFPs and performance indicators, see Chicago Public Schools (2009) and Denver Public Schools (2009).

- Develop a model RFP process to be used by districts.

- Develop and promote the policy conditions that will support effective use of EMOs, such as clarifying or defining:

  - How to select and evaluate EMOs.

  - The scope of autonomy (flexible and non-negotiable) to be granted to EMOs.

  - The scope of the district's and school's conditions that the EMO will be expected to address.

  - The EMO's responsibilities and expected outcomes to be included in a performance contract.

For District

Attend to System-Level Governance

1. Develop the capacity (internally or externally) to effectively identify, select, and monitor EMOs.

2. Engage parents and community members to implement the EMO option and select high-quality providers.

3. Research and prioritize EMOs that have the capacity to provide service in the district.

4. Develop and use a rigorous selection process to recruit and select potential EMOs.

5. Ensure alignment between EMO services and existing district services, as appropriate.

Contracting with EMOs—Articulating the Legal Relationship

1. Engage stakeholder groups to identify the right mix of autonomy and flexibility to be provided to prospective EMOs as a means of gaining support for the EMO option.

2. Clearly articulate the autonomies to be provided to EMOs.

3. Clearly articulate the delegation of responsibilities between the district and the EMO with respect to tar-geted schools.

4. Develop a set of non-negotiable performance benchmarks to serve as the foundation for holding EMOs accountable.

5. Develop financial incentives to hold EMOs accountable for ongoing performance.

6. Outline consequences for failing to meet benchmarks including modifying or cancelling the contract.

References and Resources

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