

Resources for understanding Charter Management Organizations (CMOs)

As educators, elected officials, and communities struggle to develop policies to strengthen and improve educational systems in these difficult times, a great deal of confusion exists about what Charter Management Organizations (CMOs) are and how they work. This list of resources provides information to help clarify the role of CMOs.

General information

[*Understanding the Policies that Charter Operators Use for Financial Benefit*](#) (2015)

This brief from researchers Bruce Baker and Gary Miron details the prominent ways individuals, companies, and organizations generate profit by controlling and running charter schools.

[*Nationwide Assessment of Charter and Education Management Organizations*](#) (2016)

In this audit, the U.S. Department of Education Office of the Inspector General determined that “charter school relationships with CMOs posed a significant risk to Department program objectives. Specifically, we found that 22 of the 33 charter schools in our review had 36 examples of internal control weaknesses related to the charter schools’ relationships with their CMOs,” including the risk of waste, fraud, and abuse.

[*National Charter School Management Overview*](#) (2017)

A list of CMOs and Education Management Organizations (EMOs) for the 2016-17 school year from the National Alliance for Public Charter Schools, a pro-charter advocacy organization.

Examples of CMO operations

[*“Charter Schools Exploit Lucrative Loophole That Would Be Easy to Close”*](#) (2019)

Researchers Derek Black, Bruce Baker, and Preston Green describe how some “nonprofit” charter schools take public money and pay their owners with it, creating an enormous incentive to overpay for facilities and supplies and underpay for things like teachers and student services.

[*“How to Profit from Your Nonprofit Charter School”*](#) (2018)

Retired teacher and education writer Peter Greene outlines ways that “nonprofit” charter schools can be lucrative undertakings using public dollars by being connected to CMOs.

[*“How Charter School Operators Enrich Themselves in Real Estate”*](#) (2017)

Journalist Steven Rosenfeld summarizes the findings of a [study](#) comparing corporate management practices at five large charter schools to the financial shell game that occurred at Enron, the Texas-based energy conglomerate that imploded a dozen years ago.

Examples of CMO scandals

[“Florida’s charter-school sector is a real mess”](#) (2019)

The Washington Post: “One of the primary reasons for the explosive growth and failure of Florida charter schools is that nearly half are run by for-profit Charter Management Organizations (CMOs). The nonprofit charter school becomes a “pass thru” for the for-profit corporation to staff the school, provide fiscal, procurement and legal operations, and even be the landlord. [Two Miami alternative charter schools](#) that were part of the Life Skills charter chain paid 97 percent of their income to their for-profit CMO—the now defunct White Hat Management Corporation of Ohio.”

[“Inside the Charter School Empire Prosecutors Say Scammed California for \\$80M”](#) (2019)

The Voice of San Diego details the financial arrangement of A3 Education, a complex organizational structure with two top leaders and several lieutenants who led the charge to enroll thousands of summer school students, who did not actually take classes.

[“Use of state employees by Epic’s school-management firm could be embezzlement, auditor says”](#) (2020)

Tulsa World reports on Epic Charter Schools, a charter school chain found to have pocketed \$125.2 million in public dollars over six years by siphoning the money to Epic Youth Services, a for-profit CMO.

[“Fraud and waste in California’s charter schools”](#) (2018)

In the Public Interest’s report builds on existing research to show that, due to a severe lack of oversight, an untold amount of California’s public funding is being lost to charter school fraud and waste each year.

[“Charter schools and their management companies won at least \\$925 million in federal coronavirus funding, data shows”](#) (2020)

The Washington Post documents how charter schools received federal emergency stimulus money from the same fund that traditional public schools did—but some charter schools decided to double dip and apply for Paycheck Protection Program (PPP) loans meant for private small businesses as well.