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SPECIAL REPORT

Secretary Spellings' Prepared Remarks at the National Press Club
An Action Plan for Higher Education
 In her speech, Secretary Spellings outlined five action steps to reform education in America. p.1

Secretary Spellings Comments on For-Profit Higher Education
 In an overlooked part of the question-and-answer session Spellings commented, "I am encouraged that some of the pioneers, some of the innovators in higher education, are for-profit institutions and organizations." p.5

CCA Releases Comments on Secretary's Action Plan on the Future of Higher Education
 In their press release, CCA proposed an "institutional report card" to give prospective

students clearer information to use when choosing the institution they will attend. p.6

Let's Really Throw Open Doors to Higher Education
 In her Op-Ed article, Spellings makes the case for Accessibility, Affordability and Accountability in all of higher education. p.7

CAREER COLLEGE UPDATES

Career Schools Follow Boards to Track New Job-Market Training
 The current job market calls for specialists in three different fields: computers, health care, and business and accounting. p.9

Classroom, Game Room
 DeVry's students play video games in class as well as doing the hard work of mastering their new career field. p.11



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DeVry Looks to Rebound With 'Red Bull' Generation

The company is working to make over its image to entice more high school graduates to enroll as full-time day students working toward an advanced degree. p.14

Training, Legwork Steer Ex-Meat Cutter Into a Medical Career and Well-Paying Job

Investing in a new career as a surgical tech offered the kind of career change that this student was seeking. The Concorde Career Institute program, while more expensive, was faster than the community college program. p.15

A Year After School Collapses, Lives, Court Case Still in Flux

The outcome of the ongoing criminal investigation of Decker College will impact whether students or creditors see any of the money that they are owed by the defunct school. p.16

Local Court Reporting School Founders

The Court Reporting Institute, with locations in Seattle, Tacoma, and Boise, Idaho, closed after many student complaints regarding false advertising, low graduation rates, and poor instruction. p.17

Third Party Hired to Process HCI Financial Aid Applications

FAME has been hired and approved by the court to provide financial aid servicing for Harrison Career Institute. p.18

Degrees of Risk

A suit by former Washington state BCTI students mired in financial-aid debt and few job prospects reflects the fast-growing for-profit education industry's problems. p.19

Aftermath of Enrollment at BCTI Leaves Debt, Demands From Collection Agencies

Students continue to suffer from ongoing collection efforts and no marketable skills after the failure of BCTI. p.23

NEW PROGRAMS AND PERSONNEL APPOINTMENTS

ITT Educational Services Announces Its New School of Health Sciences

The school's first offering will be a new

associate's degree program in Health Information Technology. p.24

Apollo Group, Inc. Announces the Appointment of Dr. William J. Pepicello as President of University of Phoenix

Dr. Pepicello, 57, has been with the University of Phoenix since 1995 and has been serving as acting president since June. p.24

EDUCATION TRENDS

Preparing for a Rush of Boomers

Rather than retiring and playing golf or going fishing, many boomers are expected to return to college to prepare for a new career or just to keep on learning. p.25

Explore a Career in Electronics Engineering

The profession is ranked eighth on the list of the 10 fastest-growing careers in the field of technology. p.26

At 2-Year Colleges, Students Eager but Unready

The nation's 1,200 community colleges are being deluged with hundreds of thousands of students unprepared for college-level work. p.28

Back to School/Traditional Lines Have Begun to Blur

Non-profit colleges have become more career-oriented, while for-profit colleges now offer bachelor's degrees and improved student facilities and services. p.28

FINANCE AND INVESTMENT

Champagne's Compensation Flows From ITT's Tuition

The Indianapolis Star looks at the comparative cost of attending ITT Technical Institute and the compensation package for president and chair Rene Champagne. p.31

Laureate Education Looks Abroad to Drive Long-Term Growth, Leads Otherwise Troubled Sector

As legal issues and softening enrollment trends continue to plague numerous for-profit companies, Laureate Education has emerged as a Wall Street darling. p.32

Camden Partners Oversees Merger Taking Concorde Career Colleges, Inc. Private

Camden's co-founder, David L. Warnock, served as lead partner for the transaction. p.33

LEGAL ISSUES AND INVESTIGATIONS

Ghent Beauty Academy Owner Sentenced for Misapplication of Department of Education Funds

William Nathan Harris, Jr. (Portsmouth, Virginia), owner of Ghent Beauty Academy, was sentenced to 24 months imprisonment and ordered to pay \$291,837 in restitution. p.34

CORPORATE SCHOOL NEWS AND REPORTS

APOL Apollo Group, Inc.

Court Revives U. of Phoenix Fraud Lawsuit

A whistle-blower lawsuit alleging financial aid fraud at the University of Phoenix has been reinstated by a federal appeals court. p.35

Court Ruling Won't Harm Apollo

The whistle-blower lawsuit against Apollo Group isn't expected to affect the company's stock price. p.36

Cardinals, University of Phoenix Sign Naming Rights Deal

The Arizona Cardinals have landed the second most lucrative naming rights deal in the NFL, inking a 20-year, \$154 million agreement with the University of Phoenix. p.36

U. of Phoenix Students Told of Stadium

The University is on the offensive, trying to sell students on the multimillion-dollar deal that will put the University's name on the Cardinal's stadium. p.37

Are Dismal Graduation Rates at UofP Precursor for Problems with Axia?

UofP's 2005 graduation rate of 7.7 percent slipped from 9 percent in 2004 and 10.5 percent in 2003. p.37

University of Phoenix Facing EEOC Suit

The Equal Employment Opportunity Commission has sued the University of Phoenix, alleging religious discrimination against non-Mormon enrollment counselors. p.38

CECO Career Education Corporation

Career Education General Counsel Stepping Down

Janice L. Block, senior vice president and general counsel, has left the company. p.39

Career Education Corporation CEO Jack Larson Among First to Be Honored in Berkeley's Haas School of Business Hall of Fame

Jack Larson, chairman, CEO and president, has been selected as one of the first inductees. p.39

Career Education Corporation Announces That Founder Jack Larson Will Be Stepping Down as President and CEO While Retaining the Post of Chairman of the Board

Lead director Robert E. Dowdell is named interim CEO as the board initiates an active search for a permanent CEO. p.40

Career Education Up As CEO Steps Down

Shares in the company climbed in trading after Larson's resignation. Analysts believe that the resignation opens up opportunities for improvement. p.41

Career Education Lowers Chairman's Pay

The company has reduced chairman John M. Larson's annual salary to \$500,000 to reflect his stepping down as chief executive. p.42

Career Education CEO Expelled

Financial commentator Rich Smith takes aim at Larson's departure and the circumstances surrounding it. p.42

COCO Corinthian Colleges, Inc.

Corinthian Colleges Reports Fiscal 2006 Fourth Quarter and Year

The company has reported for its fourth quarter that total student population was 64,544, down from the previous year. Total student starts were 20,210 and operating income was \$12.9 million compared with an operating loss of \$312,000 in the previous year. p.43

Probe of Corinthian Colleges Widens

State investigators have widened their investigation of Corinthian Colleges, Inc., a move that could force the Santa Ana-based vocational school operator to close campuses in California. p.45

UTI Universal Technical Institute, Inc.

Universal Technical Institute, Inc. Announces Reduction in Force

The company will terminate approximately 70 employees nationwide. p.46

Additional Analyst Comments

Howard Block/Banc of America Securities on: Lincoln Educational Services; still keeping the "IT" in ITT; and monitoring the growing presence of traditional institutions across the U.S. p.48

Trey Cowan/Stanford Group Company on: speculation about Datamark division continues to swirl. p.48

PUBLIC POLICY

Health Groups Again Protest House Codes in Health IT Bill

The groups are protesting a requirement in the House-passed bill that medical providers

and health insurance companies adopt a new system, known as ICD-10 codes, by 2010. p.50

New Student Loan Data Shows Rise in Defaults

All of the publicly-traded for-profit schools have reported increased default rates for the 2004 cohort. p.51

Student Loan 'Showdown'

The stage has been set for a showdown between the Secretary of Education and the Department of Education's Inspector General over Nelnet. p.53