

Contents

WASHINGTON PERSPECTIVE

Career College Association Selects Harris Miller as New CEO/President. p.1

CER Exclusive Report
Mixed Bag: New Congress Offers Opportunities for Key Education Policies, Though Politics Limits Time. p.2

College-Loan Fight Looms for Banks in U.S. Congress. p.4

Spelling Suspends Future Nelnet Payments
Lenders Able to Keep Hundreds of Millions in Past Taxpayer Subsidy Payments; Billions in Future Payments Stopped. p.5

In Brief:
For-Profit Colleges Make Bigger Gains in Graduating Students. p.6

Study Shows Attitudes and Motivations of First-Year Students. p.6

Education Department Says Students at California For-Profit Colleges Will Retain Aid Eligibility. p.6

Senator Kennedy on the Student Debt Relief Act. p.6

For-Profit Schools Get Share of State Grant Money Article Generates Response from the For-Profit Sector

The sector responded with a series of letters to the editor from Art Keiser, Keiser University; Mark Pelesh, Corinthian Colleges; Elise Scanlon, ACCSCT; and Sheryl Moody, ACICS. p.7



The Career College Information Source

The *Career Education Review* is a copyrighted and trademarked publication of The Baxandall Co., Inc., d/b/a Workforce Communications

- Michael J. CooneyEditor
- Terry L. StaerkelProduction Manager
- Stacy L. WeinreisProduction Designer
- Terri DoughertyStaff Writer
- Sean P. JohnsonStaff Writer
- Jim MeyerStaff Writer
- Barbara SchmitzStaff Writer

WORKFORCE COMMUNICATIONS

627 Bay Shore Drive, Suite 100, Oshkosh, WI 54901
 920-231-9950 • 1-800-558-8250 • Fax 920-231-9977

Web site: www.workforce-com.com
 Email: mcooney@workforce-com.com

Editorial Advisory Board:

- ❖ **Chairman**
 Stephen B. Friedheim
 Education Systems & Solutions, Dallas, TX
- ❖ Richard W. Ashley, President
 Enrollment Management Innovations, Fort Myers, FL
- ❖ Richard C. Close, Managing Director
 Jefferies & Co., Nashville, TN
- ❖ Richard R. Dumaresq, Executive Director
 PAPSA, Harrisburg, PA
- ❖ Jan Griffin, President
 Griffin Marketing Group, Indianapolis, IN
- ❖ John B. Lee, Ed.D., President
 JBL Associates, Inc., Bethesda, MD
- ❖ Robert L. Martin, Executive Director
 Career College Foundation
- ❖ Tom E. Netting, Vice-President
 Jefferson Government Relations, Washington, DC
- ❖ Harry Weber, President
 Weber & Associates, Greenville, SC

▶ The *Career Education Review* is archived by the University of California, Los Angeles (UCLA).

CAREER COLLEGE UPDATES

New Arts School Picks Charleston

The Art Institute of Charleston will fill the culinary gap left by loss of Johnson & Wales. p.9

Driving School Proposal Is Met With Opposition

Local residents oppose the proposed new location for Allstate Commercial Driving School of Shelton. p.10

Only the Smart Survive

The number of private, for-profit colleges and program offerings is growing fast in Alberta. There's just one problem—the number of prospective students is not. Now the players are positioning themselves to withstand an expected industry shake-out. p.10

For Local High School Grads Prince William Rife with Tech Ed Options

In this feature story both private ACT College and the Aviation Institute of Maintenance were featured. p.14

Florida's Leading Career College Announces its Transition to University Status; Keiser University Celebrates 30 Years of Career-Focused Education

The University that serves more than 10,000 students at its 14 campuses throughout the State of Florida has established a \$1 million annual scholarship program. p.17

PERSONNEL APPOINTMENTS AND PROMOTIONS

ITT Educational CEO to Step Down

Rene R. Champagne, chairman and chief executive officer will step down from his CEO position and will remain chairman. **Kevin M. Modany** will become CEO. p.18

Lincoln Educational Services Corporation Announces Management Changes

Shaun McAlmont has been promoted to president and chief operating officer replacing **Lawrence Brown** who will assume the new role of vice chairman. **Scott M. Shaw** will become executive vice president. p.18

Universal Technical Institute Announces Appointment of Senior Vice President of Marketing

Marketing consultant **Rick Crain** will join the company in the senior marketing role. p.18

NEW CAMPUS LOCATIONS

Chamberlain College of Nursing to Open Columbus Campus

This is the first step for the St. Louis-based Chamberlain College of Nursing's plan to expand its footprint nationwide. The school is a division of DeVry and has co-located its campus with DeVry University. p.19

EDUCATION TRENDS

Route to Their Future

Inspired by a need for workers to install fiber optic systems, Verizon's Broadband Institute is getting great reception. p.20

Costs Keep Students from First-Choice Colleges

Most students cited "academic reputation" and evidence that graduates "get good jobs" as "very important" reasons for attending the college where they're now enrolled. p.22

Community Colleges Aim for More Respect

The institutions, which serve more than half of U.S. undergrads, are working to improve access and uphold academic standards. p.23

Nearly Half Hispanic Students Didn't Graduate High School

Nearly half of Hispanic high school freshmen and more than a third of black urban and low-income freshmen in 2002 failed to graduate four years later, according to the Department of Education. p.25

Most Latino Students Spurn College Loans

Educators fear that a tendency to work their way through school can hurt them academically. p.26

Low Rate of Latino College Attainment Threatens California's Economy

Better information on scholarships, grants,

and loans would have increased their likelihood of completing college. p.27

ACE, Lumina, and the Ad Council Launch "KnowHow2GO" College Access Campaign

The program targets low-income students in grades 8 to 10, and secondarily, their parents and adult influencers. p.28

LEGAL AND REGULATORY ISSUES

Director of Education of Technical School Pled Guilty to Student Financial Aid Fraud

Charles Nnaji, former director of education of Metro Technical Institute falsified GEDs and attendance records. p.29

Former South Texas Vocational Institute President Pleads Guilty to Taking Title IV Education Funds Meant for Needy Students

Reynaldo Garcia of Brownsville, Texas entered guilty pleas to six felony counts. p.29

New York State Attorney General Investigating Student Loan Deals

The New York AG is looking into the sweetheart deals that some lenders have struck with financial aid administrators to win student loan business. p.30

Harrison to Shut 3 N.J. Campuses; Deptford, Delran, Vineland Schools to Remain Open

Distressed by money problems, the school will dismiss students and close its doors. The closure will affect an estimated 100 students or less. p.31

State Finds Serious Problems at Gibbs School In Manhattan

The state plans on closing the school if the deficiencies are not corrected. p.32

Suit Alleges Big Law Firm Let a Ponzi Scheme Involving Private Student Loans Unfold

Andrew Yao's student loan business provided a lifestyle few can attain, and has resulted in \$500 million in losses. p.33

CORPORATE SCHOOL NEWS AND REPORTS

APOL Apollo Group, Inc.

The Apollo Group has acquired Insight Schools, an innovator in online high school education. p.36

The company received an expected Staff Determination Letter from NASDAQ regarding its trading status. p.36

The company asked the U.S. Supreme Court to curb abuse of the False Claims Act, and has retained former United States Solicitor General Theodore B. Olson to lead its legal team before the Supreme Court. p.37

Analyst's comments from Howard Block: Indiscriminate use of search engines is growing number of dropouts. p.38

CECO Career Education Corporation

The company has won a reprieve from the U.S. Department of Education, which lifted its restrictions against the company's acquiring schools or opening U.S. campuses. p.42

Career Education Corporation has acquired a pre-eminent European fashion and design school. Istituto Marangoni expands CEC's international offerings in new markets. p.42

COCO Corinthian Colleges, Inc.

The company reported that net revenue was \$245 million for the second quarter, compared to \$244.5 million for second quarter 2006. Operating income fell to \$3.6 million from \$17.5 million in the previous year, and net income was down to \$2.6 million compared to \$10.7 million in the second quarter of 2006. p.43

Analyst's comments from Kirsten Edwards: Outlook lowered; turnaround likely but not imminent. p.44

DV DeVry Inc.

The company reported that earnings increased 51 percent on record revenues. Revenues for the second quarter of fiscal 2007 increased 13.2 percent to \$237.5 million, compared to \$209.9 million for the same quarter one year ago. For the six-month period of fiscal 2007, revenues were up 12.7 percent to \$458.2 million compared to \$406.6 million last year. p.45

Analyst's comments from Trace Urdan: Premature enthusiasm. p.46

EDU New Oriental Education and Technology Group, Inc.

The company reported that total net revenues increased by 32.9 percent y/y and net incomes increased U.S.\$1.0 million from a net loss the previous year. Total student enrollments in language training and test preparation courses increased by 20.3 percent to a total of 217,500. p.47

ESI ITT Educational Services, Inc.

The company reported that new student enrollment in the fourth quarter of 2006 increased 15.6 percent to 10,208 compared to 8,828 in the same period of 2005. Total student enrollment increased 9.1 percent to 46,896 as of December 31, 2006, compared to 42,985 as of December 31, 2005. Earnings per share in the fourth quarter of 2006 increased 19.8 percent to \$0.97 compared to \$0.81 in the fourth quarter of 2005. EPS in the company's 2006 fiscal year increased 16.7 percent to \$2.72 compared to \$2.33 in 2005. p.49

Analyst's comments from Kirsten Edwards: Fundamentals improving at ITT, but valuation limits upside. p.49

Analyst's comments from Trace Urdan: Secret superpowers come through again. p.50

LAUR Laureate Education, Inc.

The company has entered into an agreement to be acquired by its founder/CEO and investor consortium for \$60.50 per share in cash. p.51

Press comment: Laureate's CEO teaches 'Buyout 101'—After the news, investors bid up

the stock 11.7 percent near the close of NASDAQ trading January 29. p.52

UTI Universal Technical Institute, Inc.

Analyst's comments from Mark Hughes: Auto tech wages still lag. p.53

FINANCE & INVESTMENT

Back to the Future: Everyone Wants A Flux Capacitor

Three current themes in the postsecondary universe are reminders of the environment of years past: renewed emphasis on ground-based operations, an increased focus on high school recruiting, and a downstream shift in the program mix. p.54

Sector Preview: For-Profit Education

Analysts say for-profit schools are showing signs of improvement, but enrollment still suffers. p.57

REVIEW OF ADVERTISEMENTS

Display Ads and Advertorials p.58

- Monroe College's King Graduate School of Business
- ATI
- TechSkills
- Kaplan College
- Institute of Business & Medical Careers, Inc.
- DeVry University's Keller Graduate School of Management