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## CER OPINION AND ANALYSIS

### For What it's Worth...

This month Stephen Friedheim reports on the annual BERA meeting. p.1

### Watching Washington: Accreditors, Educators and Regulators Spend Quality Time Together

Sean reports on the Higher Education Summit from the perspective on the national accreditors in attendance plus perspective on the evolving situation in California that has left for-profit schools without state oversight. Finally, the debate between the two federal student loan programs took another turn when it was reported that the direct loan program was over billing students by millions of dollars. p.4

## WASHINGTON PERSPECTIVE

### Direct Loan Program Alleged to Have Overcharged Millions

Representative Howard P "Buck" McKeon (R-CA) has issued a Dear Colleague letter following the *Washington Post* story. p.7

### Lawsuit Says Education Dept. Overcharged on Student Loans

The suit alleges that DOE have overcharged millions of Americans with student loans during the past decade. p.8

### Attorney General Announces Landmark Student Loan Agreements – Schools to Adopt New College Code of Conduct and Repay Students

The respective schools have agreed to reimburse \$3.27 million to students. Citibank commits \$2 million to educate college-bound students about college loans. p.9



The Career College Information Source

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***In the States: California***  
**Regulation of Career Colleges  
Likely to Expire, Then Change**

California for-profit schools will be without regulations as the state's lawmakers debate possible new legislation. p.12

***In the States: Ohio***  
**For-Profit Schools Could  
Lose Millions**

Ohio students seeking two-year degrees would be affected. p.14

***In the States: Wisconsin***  
**Career College Student Outcomes  
Reported by Wisconsin Educational  
Approval Board**

The EAB directory of schools offers the prospective students and the general public the opportunity to review each schools student outcomes by program. p.15

**CAREER COLLEGE UPDATES**

**Baker College Online Posts 8.8  
Percent Winter Enrollment Increase**

A total of 26,859 students throughout the Baker College system took online classes this winter quarter. p.16

**OEDb'S Online College  
Rankings 2007**

For-profit online colleges took the top four spots in the listing. p.16

**Technology: It Can Ber Her World**

High school girls learn about the many opportunities that are available in the technology field. p.18

**NEW PROGRAMS**

**Kaplan University Launches  
New Online Homeland Security,  
Allied Health, Paralegal and  
Other Programs in Fast-Growing  
Career Fields.**

The programs include bachelor and associate degree programs and certificate programs. p.19

**YTI Career Institute Approved to  
Offer New Trades Programs**

The Institute will offer Electrical Technician and Residential Systems Integration programs. p.20

**NEW CAMPUS LOCATIONS**

**ITT Educational Services** will open new campuses in Columbia, South Carolina and Baton Rouge, Louisiana. p.21

**Baker College** will open a new Diesel Tech Center in Owosso, Michigan. p.21

**The Arts Institute of Ohio** will move to an expanded campus location in Symmes Township outside of Cincinnati. p.22

**PERSONNEL APPOINTMENTS  
AND PROMOTIONS**

**Gary E. McCullough** will join Career Education Corporation as president and chief executive officer. p.23

**Steve Quattrociocchi** has been named president of Corinthian Colleges' CCI Online. p.23

**Robert E. (Bob) Barr** will join Education Management LLC as the new senior vice president of interactive. p.24

**Kathy Mizereck** has been named the new FAPSC executive director. p.24

**Capella University** has announced major leadership changes and will launch a national search for a new president. p.25

**EDUCATION TRENDS**

***Analyst's Comments by Mark Hughes, CFA  
SunTrust Robinson Humphrey***

**New Report Underscores Cyclicity**

The SHEEO report highlights two of the key drivers of counter-cyclicity among for-profit schools. p.26

**Positive IT Education Data**

Demand for education in the IT segment is improving, and that growth should continue as long as the economy and the job market remains reasonably firm. p.27

**High School Auto Course Load Dips**

Data from the Department of Education points to a recent decline in participation in high school auto tech programs. p.27

**Analyst's Comments by Trace Urdan  
Signal Hill Capital Group**

**Eduventures Presents**

The value proposition for online programs will diminish in importance and specialized accreditations serving highly specific populations sets represent the future of the medium. p.28

**Huge IPEDS Scaled Back**

The Department of Education has scaled back its plans to collect additional outcomes-related information as part of IPEDS. p.29

**Bennett Hypothesis Endorsed  
by Study**

Economists have found that private colleges generally respond to increase in federal Pell Grant aid by raising their tuition. p. 29

**Accelerating Hispanic Progress in  
Higher Education**

Studies have shown that the ethnic group with the least number of college loans is Hispanics. p.30

**Cost of Living, Not Tuition, Makes  
Community College Unaffordable,  
Says Report.**

College fees represent less than 5 percent of the cost of total attendance for the typical community college student. p.31

**LEGAL AND  
REGULATORY ISSUES**

**United States Reaches Conflict-of-  
Interest Civil Settlement with Former  
U. S. Deputy Secretary of Education**

Dr. Eugene W. Hickok Jr. has admitted liability and agreed to pay \$50,000 for continuing to hold bank stock that he was required to sell under conflict-of-interest rules. p.32

**CORPORATE SCHOOL NEWS  
AND REPORTS**

**CECO Career Education  
Corporation**

Company announces the dismissal and termination of McSparran shareholder derivative suit. p.33

*Analyst's Comments from Howard Block,  
Banc of America Securities*

Management's plans to be "aggressive" with student financing may spark a recovery in enrollment. p.33

**CPLA Capella Education Company**

The company has announced the filing of registration statement for an offering of common stock. p.34

**DV DeVry**

The company has announced a voluntary separation plan for eligible campus-based employees. p.35

*Analyst's Comments from Howard Block,  
Banc of America Securities*

Model Revisions, anticipated impact of separation plan. p.35

DeVry University announces recent graduate employment success rates. Ninety-one percent of DeVry graduates in the active job market held positions in chosen career fields within six months. p.36

**ECLG eCollege®**

The company has reported record revenue from continuing operations, up 26 percent from 2006. Fourth quarter net income from continuing operations of \$2.4 million, up 95 percent y/y. p.37

**LAUR Laureate Education, Inc.**

The company has reported record revenue and strong fourth quarter and year end 2006 results. Total student enrollment increases 13 percent to 243,800 students worldwide. p.39

Laureate receives no other offers to go private. The sole \$3.8 billion bid from CEO Doug Becker's investor group goes to shareholders. p.40

*Analysts' Comments from Trace Urdan & Jeff Lee,  
Signal Hill Capital Group*

With no sweetener likely, the deal carries a heavy price and no Doug Becker, if voted down by shareholders. p.42

**LINC Lincoln Educational  
Services Corporation**

The company reported revenue growth of 7.4 percent to \$321.5 million and a decrease in operating income margin to 8.7 percent of revenues. p.43

The company will realign into two distinct business units: Lincoln Tech Group and Lincoln Education Group. p.44

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ACQUISITIONS AND MERGERS

**Lincoln Educational Services Corporation Acquires LPN Program from Harrison Career Institute**

The acquisition expands the highly successful Licensed Practical Nursing program to the state of New Jersey. p.45

**Leeds Equity Partners Acquires Instituto de Banca y Comercio and National College of Business & Technology, Two Leading Puerto Rico-Based Postsecondary Institutions**

The acquisition provides Leeds with significant presence in Spanish/English post-secondary education market. p.45

INTERNATIONAL  
CAREER EDUCATION

*Analysts' Comments by Trace Urdan & Jeff Lee, Signal Hill Capital Group*

**China's Private Schools Must Serve the Public Good**

New regulations exert future control over the country's privately-run higher education sector. p.47

**Brazilian Higher Ed Name Debuts in Local Market**

The IPO of Anhanguera Educacional Participacoes S.A. priced 24.7 million shares at R\$18 raising \$243.3 million. p.47

**New Oriental Gains Exclusive Rights to Distribute Thomson's Online Training Course for English Teachers**

The company has rights to distribute the materials in mainland China for five years. p.48

FINANCE AND INVESTMENT

*Analysts' Comments by Trace Urdan & Jeff Lee, Signal Hill Capital Group*

**Quality is Job One**

Different public companies are taking very different approaches to managing bad debt and benefiting either in the short term or long term as the case maybe. p.49

**Milken to Sell on Eve of Sierra Nevada College Deal**

In the same week Sierra Nevada College planned to finalize its partnership with Knowledge Universe Learning Group, the privately held company's founder Michael Milken put an estimated \$1 billion stake in the company on the block. p.51

EDUCATION  
POLITICS AND POLICY

**Institute for Higher Education Policy President Urges Six Immediate Critical Changes to Higher Education Policy in Congressional Hearing**

Institute president Jamie P. Merisotis outlined six comprehensive new policy recommendations. p.52

CCAS SENIOR EXECUTIVE  
MANAGEMENT SEMINAR

**Photos and commentary.** p.54