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CER OPINION AND ANALYSIS

Outside Action

State organizations busy fighting battles while the sector's eyes remain on Washington

This month we focus on the states of California, Idaho, Washington, Oregon and Ohio where state association directors are working hard on the challenges the sector faces. The major issue for the proprietary sector moving forward will be viable and continued lender access for our students. p.1

WASHINGTON PERSPECTIVE

A View From Washington

Sharon Bob offers a detailed look at recent congressional and DOE actions and their impact on the proprietary sector. p.4

Higher Ed Watch Roundup

Major headlines of the month...Congress takes on lender subsidies, the student loan industry fights back, and the Senate passes reauthorization of the Higher Education Act. p.7

Cost of Higher Education Gets More Pricey

Tuition is increasing by 10 percent to more than 15 percent in several states, even as tuition increases nationally at state schools are expected to slow. p.12

Attorney General Cuomo Announces Settlement with Nation's 2nd Largest Loan Consolidator

Nelnet agrees to end payoffs to more than 100 alumni associations and will pay \$2 million to educate college bound students about loan options. p.13

Dollars and Diplomas

In a *Forbes* editorial, editor William Baldwin suggests that the real scandal is not that the



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banks might be ripping off the students, but that the colleges might be. p.14

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Florida: State Leaders Should Explore Resources

New FAPSC executive director, Kathy Mizereck, makes the case for the for-profit sector as a valuable state resource. p.15

CAREER COLLEGE UPDATES

DeVry Means Business With Makeovers

The school's "Geek to Chic" contest transformed the campus' five biggest self-proclaimed geeks. p.16

Sullivan University Will Build Pharmacy College

The new college is aimed at easing Kentucky's pharmacist shortage. p.17

Graduate of Career College Sets an Example

A Bryant & Stratton College graduate in Milwaukee is profiled as a successful graduate, who has now returned to the school as an instructor. p.21

University of Phoenix Ranks #1 in Graduating Master's Degree Students from Underrepresented Populations

The University of Phoenix graduates more underrepresented students with master's degrees in business, health care and education than any other university in the nation. p.23

DeVry University Challenges Latino Youth to Speak Out on Higher Education

In partnership with MiGente.com, DeVry University launched a national essay contest. The grand-prize winner receives a \$10,000 cash prize to use towards a college degree. p.24

Trade School Bent Rules to Get Aid, Officials Say

Robert A. Berger's American Center for Career Training is profiled in the *New York Times* as

an example of a bad trade school and exemplifies the difficulties in regulating for-profit schools. p.25

NEW CAMPUS LOCATIONS

Universal Technical Institute completes the sale and leaseback of its Sacramento campus. p.27

DeVry University is relocating in Waukesha, Wisconsin to meet growing student demand. p.28

DeVry University announces its first Michigan location in the Detroit suburb of Southfield. p.28

PERSONNEL APPOINTMENTS AND PROMOTIONS

Nancy Broff joins Dickstein Shapiro in the firm's corporate and finance practice focusing on postsecondary education issues. p.29

William D. Rowe has been named the president of Student Resource Services, a leader in student retention services. p.29

Brian L. Swartz has been promoted to senior vice president, finance at the Apollo Group, Inc. p.29

Paul Schroeder has resigned as senior vice president of operations and business transformation at Capella Education Company. p.30

EDUCATION TRENDS

Proprietary Preference—For-Profit Colleges

Analysis of the top one hundred institutions conferring degrees on people of color has found that proprietary colleges are major players, particularly in the fields of engineering-related technologies, computer science and business. p.31

Digest of Education Statistics, 2006

The National Center for Education Statistics offers a detailed analysis of the state of American education. p.34

Reports of Interest p.35

- Survey shows increase in online degree seekers.
- Male gender bias in college admissions reported.
- Obese girls less likely to attend college.

CORPORATE SCHOOL NEWS AND REPORTS

COCO Corinthian Colleges, Inc.

Brown Reaches Multi-Million Settlement with Corinthian Vocational School

The company will pay \$6.5 million, including \$5.8 million in consumer restitution, to settle a lawsuit alleging that Corinthian engaged in false advertising and unlawful business practices by presenting inaccurate salary and employment information to students. p.36

EDU New Oriental Education and Technology Group, Inc.

Fourth Quarter 2007

The company reported that total net revenues for the fourth quarter of fiscal year 2007 increased by 29.1 percent and total net revenues for the fiscal year increased by 35.5 percent. p.38

ESI ITT Educational Services, Inc.

Second Quarter 2007

The company reported that earnings per share in the second quarter of 2007 increased 58.2 percent to \$0.87 and revenue increased 16.9 percent with operating margin growing to 26.6 percent. p.40

LAUR Laureate Education, Inc.

L Curve Sub Inc. and M Curve Sub Inc. Announce Successful Tender Offer for Laureate Education, Inc.

Douglas L. Becker, who controls both vehicles, will purchase the outstanding shares at a purchase price of \$62 net per share in cash. p.42

Second Quarter 2007

The company's campus-based institutions reported second quarter total enrollment increased 17 percent to 233,100 students. Laureate Online Education reported total enrollment increased 27 percent to 36,900 students, driven by a 24 percent increase in new student enrollment. p.42

Becker to Guide Laureate in Asia

CEO Douglas Becker will move to China to oversee the company's expansion in Asia. p.44

STRA Strayer Education, Inc.

Second Quarter 2007

The company has reported revenues grew 20 percent and new student enrollments for the summer increased 16 percent with total enrollment up 19 percent. p.45

ACQUISITIONS AND MERGERS

Plattform Holdings, Inc., a Portfolio Company of Arlington Capital Partners, Announces Acquisition of VentureDirect Worldwide, Inc. and Zuma, LLC

These two acquisitions substantially increase PlattForm's scale, resulting in the new entity having over \$175 million in gross revenue. p.48

FINANCE AND INVESTMENT

What to Expect – July 2007

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Due Diligence Points to Steady Conditions

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CONFERENCE REPORTS

FAPSC—Florida Association of Postsecondary Schools and Colleges 51st Annual Conference

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PAPSA—Pennsylvania Association of Private School Administrators 59th Annual Conference

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