

# THE DISTANCE ON-LINE INDUSTRY: COMPETITORS FOR KIOSKS AND TRAVELER ENROLLMENT BOOTHS

## Report Part 1

by

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## Research Support

Center of Black Business  
History, Entrepreneurship and Technology

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# THE DISTANCE ON-LINE INDUSTRY: COMPETITORS FOR KIOSKS AND TRAVELER ENROLLMENT BOOTHS

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## **REVIEWING ON-LINE DISTANCE EDUCATION MARKET**

In 2004 about 13% of the 500,000 or so U.S. students, earning a degree in the Distance Education Industry, are enrolled at the University of Phoenix Online. Consequently, in 2004, the University of Phoenix Online ranked first in the number of distance education students, according to Sean Gallagher, an analyst in education at the Boston-based market research team, Eduventures Inc., who noted that: "As of August 31, 2003, University of Phoenix Online had 79,381 degree-seeking adult students enrolled worldwide." That number is increasing as are profits in the Distance Online Industry, also according to Eduventures that noted: "In 2001 the U.S. Online Higher Education Market was \$4.5 billion. In 2005 the Online Higher Education market is estimated to increase to \$11 billion."

Specifically, the new technologically-driven infrastructure of the nation's economy has radically changed the job market, whereby 85% of American US jobs require an increased competency in various specialized areas of employment. Consequently, there has been an increased demand for employees with college degrees. Moreover, with the projected increase in the nation's population by 2010, including an estimated 97 million students, the competition among degree-granting institutions will intensify not only among those in the for-profit Distance Education Industry but also among the traditional brick and mortar institutions.

Presently only 27% of the American population over 25 has a college degree. Most of this non-degreed population cohort, who are employed, have recognized that to secure their future in the job market, not only for advancement but also, even to just keep their jobs, there is the recognition that they need a college degree. Moreover, most seek a degree specific to their present area of employment. At the same time, most of these individuals over 25 have families and other responsibilities that limit their ability to pursue education at traditional brick-and-mortar institutions. Until recently, those institutions were limited in responding to the needs of this age-group in providing degreed programs for this group.

On the other hand, in responding to the needs of this group, the for-profit distance education industry, has grown enormously and has become very competitive in their efforts to attract the over-25 age working adult. According to John Lee, a Bethesda (Md.) educational consultant, noting the changes in that Industry reported that: “Of today's [2003] 4,500-odd remaining for-profits, about 800 now grant degrees (almost all are accredited), up from just 316 in 1990.” Also, in response to the nation’s changing demographics, significantly, these for-profit institutions not only “target working adults hungry for technical and professional skills, including many lower-income ones, “ as reported in a Businessweek article, focusing on the degree programs offered by the Distance OnLine Industry aimed at furthering students' careers.

Until the 1990s, virtually only the for-profit educational institutions provided educational programs for this cohort of working adults over age 25. Since then, the results have been an expansion not only in the number of distance on-line students but also in the number of for-profit distance education providers. According to a Bethesda (Md.) educational consultant, in noting the changes in the Distance Education Industry, he reported that by 2003, there were 4,500-institutions in the industry including the: “800 [that] grant degrees, an increase of up from just 316 in 1990.” Why this increase? For one, it has been a response to the nation’s changing demographics. Significantly, these for-profit institutions have responded to a target market that consists especially of: “working adults hungry for technical and professional skills, including many lower-income ones.”

### **MINORITIES AND THE DISTANCE EDUCATION ONLINE INDUSTRY**

Consequently, non-profits have targeted this potential student population market, not only those over the age of 25, previously eager for a college degree, but especially those in this cohort who had found it difficult after high school graduation to be successful in the competition for admission at traditional brick and mortar institutions. A large number of minorities are representative of this group, where economic has played a part in limiting their opportunities to proceed on to college after high school graduation. For many, immediate employment after high school was a necessity. Subsequently, working members of this population have found that opportunities for career advancement, for moving into a new career and, increasingly, or just to retain their jobs, require a college degree,.

Until recently, traditional brick and mortar institutions have been limited in response to meeting the needs of this market, especially among minorities, as compared to the Distance OnLine Industry, where it has been emphasized, as one article notes that: **“Even without affirmative action, almost half of for-profit students are minorities.”**

At the same time, the U.S. median age continued to rise, from 35.3 years of age, as of 1 April 2000 to 35.9 years of age as of 1 July 2003. Moreover, while the median age of non-Hispanic whites, reporting only one race, was the highest at 39.6 years of age, that of Hispanics, at 26.7 years, was the lowest of all groups except the two-or-more-races population. More specifically, however, for the future of the Distance Education On-Line Industry, by 2020 the U.S. population will not only be older (30% will be age 55 or older), but also more ethnically diverse. While white non-

Hispanics will comprise some 55% of the nation’s population, Hispanics and Blacks, will comprise at least 38% in 2020. Moreover, one-third of the growth in the population will be due to immigration, primarily of persons from Hispanic and Asian places.

What must also be considered is that from 2000 to 2020, the racial ethnic make-up of those ages 0-17 will change. Those who were 17 years old in 2000 will be 27 years of age in 2010 and 37 years of age in 2020, with Hispanics and Blacks, as previously emphasized, comprising at least 38% of that age-cohort in 2020. Moreover, based on several factors, immigration and birth rate of the Hispanic population, the overall minority population, most likely, will comprise more than that presently estimated as indicated below in the following table. Also see Appendix I for U.S. population projections to the year 2050,

<b>Ethnic Make-up</b>	<b>2000</b>	<b>2020</b>
American Indians/Native Alaskans	1%	1%
Asian/Pacific Islanders	4%	6%
Hispanic	16%	22%
Black, non-Hispanic	15%	16%
White, non-Hispanic	64%	55%

**Source: U.S. Census, *Population Projections of the United States by Age, Sex, Race, and Hispanic Origin: 1995 to 2050*.  
See APPENDIX REPORT: “Population Growth and College Graduates, United States “**

Also, there is the reality that traditional brick and mortar colleges, with their market targeted for the 18-25 year old undergraduates, until recently, have not been active in developing admission policies that support enrollment of minorities and other low-income population groups. The difficulty of these groups in securing admission to these institutions after high school graduation perhaps accounts for the statistics provided in a recent report by the U.S. Department of Education which notes that: “over 5.9 million, or 39%, of all students enrolled in higher education programs are over the age of 24.” This number is projected to reach 6.6 million in 2007 and 6.9 million in 2012.”

Significantly, in this age category, most of the potential students in this age group will seek a college degree through via distance education institutions. At the University of Phoenix Online, the average student is a working adult who is 35 years of age. And, in this age category, a substantial number of potential students, who will seek a college degree through distance education institutions, will be will be minorities and women. See Appendix I. Moreover, with the increased multicultural diversity in America, an increasing number of minorities also will be among applicants for degrees in for-profit institutions. According to the United States Census, in just the year from 2001-2002, there was a one percentage

increase in the number of college graduates and that: "The jump in the percentage of college graduates resulted from significant increases for women, non-Hispanic whites and African-Americans."

For this reason, according to according to a 1999 Merrill Lynch & Co. analysis of e-learning, generally, and the Apollo Group Inc., specifically, that operates the University of Phoenix Online, and for which credit has been given for their contribution in expanding opportunities for this group through their innovative use of new technologies for as emphasized in that report: "Technology has the potential to 'democratize' education, removing...obstacles and revolutionizing the delivery of educational content... The Internet, video-conferencing and satellite systems can eliminate the scheduling and monetary barriers many face by delivering educational content to student homes or marketplaces, reducing its cost and increasing geographic accessibility to the growing population of students, creating schools without walls.

Also, global expansion will broaden the Distance Online Education market. In addition to the nation's minority population increase, which will continue to comprise a growing student market for in for-profit distance education degrees, increasingly, a substantial number of potential students will be people of color from developing nations. Some 75% of the world's population are included in the group. Increasingly, this group will expand in their demand for college degrees from the American Distance Education Online Industry. As Sean Gallagher, an analyst at Boston-based market researcher, Eduventures Inc. notes that among the competitors in the Distance Education Industry:

They're aggressively expanding in foreign countries, too, targeting eager students from Chile to China. John G. Sperling, Phoenix founder and chairman of Apollo Group, predicts that as it rolls out online courses in developing nations, Phoenix could become the largest university in the world. Meanwhile, Career Education Corp. (CECO) plans to raise its enrollment in the U.S. and abroad, to 250,000 over the next few years. "Smaller schools and those that don't serve student needs are going to get buried," says Career Education CEO John M. Larson.

In 2006, the University of Phoenix describes itself as the: "the nation's largest private, for-profit university, with over 250,000 students and 20,000 faculty. It serves a population of working students at 254 campuses and learning centers in 39 states, Canada, Mexico, Netherlands and Puerto Rico as well as online, all over the world." Also according to Hoover, The company plans to add seven to nine new University of Phoenix campuses in 2006. It also plans to expand internationally, particularly in China and India. In meeting the needs of its students the "University of Phoenix offers academic degree programs at the Associate's, Bachelor's, Master's and Doctoral levels and also provides some continuing education, certification and workforce training programs".

As the competition intensifies in the search to increase enrollments, distance on-line providers respond by offering courses that reflect new and changing demands in the job market. Not only the University of Maryland University College (UMUC) but also the Albany, New York-based Excelsior

College have been in the forefront of offering courses in areas of Homeland Security. At UMUC, the Homeland Security Management program is “targeted to those in the public and private sectors with undergraduate education in fire science, criminal justice, forensics, information assurance, or general business who are responsible for IT, physical security, law enforcement, and other disciplines that support the nation's energy, transportation, water, and other infrastructure.” According to Dr. Meredyth Leahy, dean of liberal arts at Excelsior, “The Certificate in Homeland Security will meet the needs of these professionals who already have a degree or who want to pursue an in-depth study in this critical field. In addition, the Certificate in Homeland Security is applicable to the highly critical emergency management functions performed by disaster response agencies.”

Interestingly, too, Excelsior College, has the distinction of graduating more black men, 172, than black women, 116, according to a June 5, 2003 special report in *Black Issues in Higher Education*, Excelsior ranked among the top 100 colleges and universities graduating African-American students with baccalaureate degrees during the 2001-2002 school year. Also DeVry University, with its technology-based, career-oriented degree program has the distinction of graduating more black men, 211, than black women, 184. The list, compiled by the U.S. Department of Education's National Center for Education Statistics, included both traditionally white institutions (TWI) and historically black colleges and universities (HBCU). Significantly, too, Excelsior College, was the only exclusively distance learning institution on the 2001-2002 list. Also, Excelsior College indicates that it is the only institution in the country offering degree programs based exclusively on outcomes-based assessment of learning, “focusing on what students know, rather than on where or how they learned it.” Founded in 1971, the college has more than 22,000 students currently enrolled and more than 100,000 graduates worldwide.

**Preliminary 2001-2002 List of the TOP 100 Colleges and Universities  
Ranked by African American Student Population**

Rank	Institution	State	Total
19	UNIVERSITY OF MARYLAND-UNIVERSITY COLLEGE	Md.	597
32	STRAYER UNIVERSITY-WASHINGTON CAMPUS	D.C. *	535
52	DEVRY UNIVERSITY-GEORGIA	Ga.	295
95	EXCELSIOR COLLEGE	N.Y.	294

Rank	Men	Women	Total	%Grad.	%Chg.
19	187	385	572	26%	-4%
32	158	326	484	36%	-10%
52	211	184	395	56%	34%
95	172	116	288	11%	-2%

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Source: Victor M. H. Borden and Pamela C. Brown, "The top 100: Interpreting the Data. (Colleges and Universities Ranked by Minority Student Populations)" *Black Issues in Higher Education* (5 June 2003).

Nationwide, blacks make up 12.5 percent of the total enrollments in higher education. While only 11% of Excelsior's students are African Americans, at UMUC, 53 percent of its undergraduate distance education students are minorities, including third who are African-Americans. Moreover, a 2006 survey from the Pew Internet & American Life Project shows "that 73 percent of American adults (age 18+) go online to use the Internet or e-mail. Three-quarters of white adults (74 percent) go online, compared to 61 percent of African American adults. Fully 80 percent of English-speaking Hispanics go online." The Pew report also emphasized that: "Age continues to be a strong predictor for Internet use: 89 percent of 18-29 year-olds go online, compared to 82 percent of 30-49 year-olds, 71 percent of 50-64 year-olds, and 34 percent of those age 65 and older." And, as reported in the "Weekly Bulletin" of the July 8, 2004 *Journal of Blacks in Higher Education* issue of a 2004 report in states: "Blacks are participating in distance education at a rate that is very similar to the rate for whites. According to the Department of Education, about 8.3 percent of all African-American undergraduate students take at least one distance education course. The government figures estimate that more than 175,000 black students are taking college-level distance education courses. For white college students, 8.6 percent of all undergraduates take distance learning courses."

### **FOR-PROFIT ON-LINE DISTANCE EDUCATION COMPETITORS**

In meeting the market demand for college degrees among students 25 years or older, the five leaders in the for-profit distance education industry are the Apollo Group, Inc., Corinthian Colleges, Career Education, Strayer Education and ITT Educational Services. In 2003, as reported in a June 9 article in BusinessWeek OnLine that discussed the industries that were "big" that year, emphasis was given to the leading companies in the Distance Education On-Line Industry in which it was noted that : " Six education companies made the grade, with more workers trying to polish their résumés and upgrade skills in a tough labor market. Companies like No. 7 Apollo Group, No. 19 Career Education, and No. 25 Strayer Education cater to adults in search of better-paying jobs."

Then, again, in 2004, the Distance Education Industry was singled out for its continued growth and profitability in an article in BusinessWeek OnLine's assessment of its 2004 Hot Growth Companies, where it was noted Noting that: "Of the top 10 performers from the Class of 2002, four were in the education business: Career Education ([CECO](#)), Strayer Education ([STRA](#)), Apollo Group ([APOL](#)), and Corinthian Colleges ([COCO](#)). All have seen their stock prices more than double since 2002 as millions of downsized and underemployed workers flocked back to school to buff up their credentials or even develop new skills for their next career."

Consequently, the leaders in for-profit distance education industry are the Apollo Group, Inc., Corinthian Colleges, Career Education, Strayer Education and ITT Educational Services. All focus on providing programs aimed at furthering students' careers. As reported in a 2004 article "Cash Cow Universities," it was emphasized that, "Something else sets the University of Phoenix apart from most other colleges: It's in business to make money, and it's doing so in spades. In the year ended Aug. 31 [2003], earnings of parent Apollo Group Inc. (APOL), surged 53%, to \$247 million, as revenues jumped by a third, to \$1.3 billion." The author William Symonds emphasized: "Such stellar performance has given Apollo a market value of \$11.4 billion -- equal to the endowment of Yale University, the nation's second-wealthiest college."

Ultimately, what is significant and the factor that what sustains the competitive edge presently held by Distance On-Line Education providers are the opportunities provided by this Industry for a segment of the population who for various social and economic reasons were unable to attend or complete an undergraduate degree in after completing their post-secondary education.

## Hot Growth 2004 Scoreboard

BusinessWeek OnLine  
HOT GROWTH COMPANIES

<a href="#">BW</a> Rank	<a href="#">Company Name</a>	<a href="#">12 Mo.</a> <a href="#">Sales</a> \$ Mil.	<a href="#">12 Mo.</a> <a href="#">Earnings</a> \$ Mil.	<a href="#">3-Yr. Avg.</a> <a href="#">Increase(%)</a> Sales	<a href="#">3-Yr. Avg.</a> <a href="#">Increase(%)</a> Profits	<a href="#">3-Yr. Avg.</a> <a href="#">Return(%)</a> On Capital	<a href="#">52-Week</a> <a href="#">High</a>	<a href="#">52-Week</a> <a href="#">Low</a>	<a href="#">Price</a> <a href="#">as of</a> 5/5/04	<a href="#">P-E</a> <a href="#">Ratio</a>	<a href="#">Market</a> <a href="#">Value</a> \$ Mil.
3	<a href="#">UNIVERSITY OF PHOENIX ONLINE</a>	664.2	145.4	73.7	86.6	35.3	94	- 41	87	71	1,383
7	<a href="#">CORINTHIAN COLLEGES</a> ▾	726.1	80.6	44.1	61.2	24.4	36	- 22	31	36	2,816
21	<a href="#">CAREER EDUCATION</a> ▾	1,345.8	141.7	53.3	75.2	14.1	71	- 29	69	50	6,893
22	<a href="#">STRAYER EDUCATION</a> ▾	146.4	33.7	23.5	15.5	26.7	130	- 63	124	55	1,327
48	<a href="#">EDUCATION MANAGEMENT</a> ▾	800.2	71.2	28.4	36.7	12.9	37	- 22	36	38	2,633

Source: [http://bwnt.businessweek.com/hot\\_growth/2004/index.asp](http://bwnt.businessweek.com/hot_growth/2004/index.asp)

## Hot Growth 2003 Scoreboard

BusinessWeek Online

HOT GROWTH COMPANIES

<u>BW</u> <u>Rank</u>	<u>Company Name</u>	<u>12 Mo.</u> <u>Sales</u> <u>\$ Mil.</u>	<u>12 Mo.</u> <u>Earnings</u> <u>\$ Mil.</u>	<u>3-Yr. Avg.</u> <u>Increase(%)</u> <u>Sales</u>	<u>3-Yr. Avg.</u> <u>Increase(%)</u> <u>Profits</u>	<u>3-Yr. Avg.</u> <u>Return(%)</u> <u>On Capital</u>	<u>52-Week</u> <u>High</u>	<u>52-Week</u> <u>Low</u>	<u>Price</u> <u>as of</u> <u>5/9/03</u>	<u>P-E</u> <u>Ratio</u>	<u>Market</u> <u>Value</u> <u>\$ Mil.</u>
4	<a href="#">CORINTHIAN COLLEGES</a> ■	472.9	60.0	37.1	80.1	23.2	48	- 24	46	35	2,018
7	<a href="#">APOLLO GROUP</a> ■	1,162.7	202.5	26.5	40.9	24.2	57	- 31	56	53	9,884
19	<a href="#">CAREER EDUCATION</a> ■	849.3	74.3	54.2	82.3	12.4	62	- 33	61	39	2,798
21	<a href="#">ITT EDUCATIONAL SERVICES</a> ■	479.8	46.1	14.1	21.8	41.6	32	- 14	29	29	1,293
25	<a href="#">STRAYER EDUCATION</a> ■	123.7	27.2	18.7	9.6	25.4	66	- 47	64	34	679
39	<a href="#">EDUCATION MANAGEMENT</a> ■	610.5	53.3	23.9	30.9	12.8	49	- 31	47	32	1,653

Source: [http://bwnt.businessweek.com/hot\\_growth/2003/index.asp](http://bwnt.businessweek.com/hot_growth/2003/index.asp)

## Hot Growth 2002 Scoreboard

BusinessWeek Online

HOT GROWTH COMPANIES

<u>Rank</u>	<u>Company Name</u>	<u>12 Mo.</u> <u>Sales</u> <u>\$ Mil.</u>	<u>12 Mo.</u> <u>Earnings</u> <u>\$ Mil.</u>	<u>3-Yr. Avg.</u> <u>Increase(%)</u> <u>Sales</u>	<u>3-Yr. Avg.</u> <u>Increase(%)</u> <u>Profits</u>	<u>3-Yr. Avg.</u> <u>Return(%)</u> <u>On Capital</u>	<u>52-Week</u> <u>High</u>	<u>52-Week</u> <u>Low</u>	<u>Price</u> <u>as of</u> <u>5/9/02</u>	<u>P-E</u> <u>Ratio</u>	<u>Market</u> <u>Value</u> <u>\$ Mil.</u>
6	<a href="#">CORINTHIAN COLLEGES</a> ■	310.0	34.5	31.5	172.0	18.8	59	- 24	57	36	1,206
14	<a href="#">APOLLO GROUP</a> ■	880.2	127.7	25.6	31.3	24.9	39	- 20	36	52	6,056
24	<a href="#">ITT EDUCATIONAL SERVICES</a>	424.3	35.3	11.9	31.9	40.3	53	- 26	51	34	1,158
32	<a href="#">DEVRY</a> ■	632.8	64.7	17.6	23.4	21.1	40	- 23	27	29	1,853
53	<a href="#">STRAYER EDUCATION</a>	98.9	22.1	13.7	8.7	24.7	60	- 37	58	38	481
59	<a href="#">EDUCATION MANAGEMENT</a>	461.7	40.0	18.6	25.8	13.4	46	- 23	42	36	1,475

Source: [http://bwnt.businessweek.com/hot\\_growth/2002/index.asp](http://bwnt.businessweek.com/hot_growth/2002/index.asp)

The red dot ■ indicates that a company also appeared in [last year's rankings](#)

## 2005 HOOVERS “Competitive Landscape”

KEY: Best of Group. Companies listed are Top Competitors.

<b>Key Numbers</b>	<b>Apollo Group</b>	<b>Career Education</b>	<b>DeVry</b>	<b>ITT Educational</b>		
<b>Annual Sales (\$ mil.)</b>	2,251.5	2,034.6	780.7	688.0		
<b>Employees</b>	32,666	15,500	4,800	5,700		
<b>Market Cap (\$ mil.)</b>	8,968.6	3,017.6	1,588.1	2,813.3		
<b>Profitability</b>	<b>Apollo Group</b>	<b>Career Education</b>	<b>DeVry</b>	<b>ITT Educational</b>	<b>Industry<sup>2</sup></b>	<b>Market<sup>3</sup></b>
<b>Gross Profit Margin</b>	60.51%	69.10%	51.81%	54.53%	55.13%	48.61%
<b>Pre-Tax Profit Margin</b>	31.32%	17.83%	6.15%	25.87%	17.00%	11.37%
<b>Net Profit Margin</b>	19.07%	11.24%	4.59%	16.36%	10.33%	7.63%
<b>Return on Equity</b>	104.1%	21.5%	6.9%	56.7%	21.7%	15.0%
<b>Return on Assets</b>	43.5%	14.8%	3.8%	23.9%	11.8%	2.5%
<b>Return on Invested Capital</b>	87.4%	21.2%	5.8%	56.7%	19.6%	7.3%
<b>Valuation</b>	<b>Apollo Group</b>	<b>Career Education</b>	<b>DeVry</b>	<b>ITT Educational</b>	<b>Industry<sup>2</sup></b>	<b>Market<sup>3</sup></b>
<b>Price/Sales Ratio</b>	3.72	1.47	1.93	3.99	2.36	1.27
<b>Price/Earnings Ratio</b>	20.44	13.73	41.57	26.04	24.90	17.28
<b>Price/Book Ratio</b>	20.36	2.81	2.89	13.86	4.97	2.51
<b>Price/Cash Flow Ratio</b>	17.13	9.63	17.82	21.09	16.79	10.40
<b>Growth</b>	<b>Apollo Group</b>	<b>Career Education</b>	<b>DeVry</b>	<b>ITT Educational</b>	<b>Industry<sup>2</sup></b>	<b>Market<sup>3</sup></b>
<b>12-Month Revenue Growth</b>	18.7%	11.8%	4.6%	10.7%	16.3%	13.2%
<b>12-Month Net Income Growth</b>	42.9%	19.0%	4.7%	41.7%	24.2%	22.1%
<b>12-Month EPS Growth</b>	146.6%	21.6%	1.9%	42.8%	45.7%	16.0%
<b>12-Month Dividend Growth</b>	--	--	--	--	0.0%	40.4%
<b>36-Month Revenue Growth</b>	23.1%	30.9%	5.9%	12.3%	15.5%	9.9%
<b>36-Month Net Income Growth</b>	26.4%	39.9%	(20.0%)	30.6%	27.7%	56.7%
<b>36-Month EPS Growth</b>	27.8%	36.7%	(19.0%)	30.2%	25.5%	55.9%
<b>36-Month Dividend Growth</b>	--	--	--	--	--	11.0%

<sup>1</sup>Data unavailable.

<sup>2</sup>Industry: Colleges & Universities [Industry classifications](#) are from [Hemscott, Inc.](#)

<sup>3</sup> Public companies trading on the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market.

<sup>1</sup> **Source:** Hoovers “Apollo Group, Inc.—Competitive Landscape,”  
<http://premium.hoovers.com/subscribe/co/fin/landscape.xhtml?ID=fffctyxfysfxstcx>

## **1. APOLLO GROUP, INC. AND UNIVERSITY OF PHOENIX ONLINE**

Heading the list in the Distant Education Online Industry is the University of Phoenix Online, a subsidiary of the Apollo Group, Inc. The University of Phoenix Online began operating as a private Internet in 1989 and was among the first in the industry to meet the demand for online education by offering degree programs via the Internet. Overall, the **Apollo Group** as of May 31, 2004 offered: “educational programs and services at 78 campuses and 133 learning centers in 38 states, Puerto Rico and Vancouver, British Columbia. Combined degree enrollment was 239,300 students.” The consolidated enrollment in its educational programs makes it the largest private institution of higher education in the United States. Still, even with the company’s Apollo Education Group showing a 48% increase in earnings in 2003, it was nonetheless outshone by its **University of Phoenix Online** subsidiary, which showed a 77% increase. More recently, “Degree enrollments for University of Phoenix Online at May 31, 2004 increased by 52% to 109,800 students compared to 72,200 students at May 31, 2003.”

While the market leader, still, the pace of enrollment growth in Phoenix's online operations has slowed, as reported by Trace Urdan, an analyst with ThinkEquity Partners in San Francisco, who reported that: “When the company released its fiscal-year earnings report, in October [2003], online growth for 2003 was still robust, at 61 percent. Even so, it was down from 2002’s 70 percent and 2001’s 81 percent.” But Urdan emphasized: “Certainly, growth has to slow over time as these companies get bigger, but the numbers are still astronomical.”

In 2006, the University of Phoenix describes itself as the: “the nation’s largest private, for-profit university, with over 250,000 students and 20,000 faculty. It serves a population of working students at 254 campuses and learning centers in 39 states, Canada, Mexico, Netherlands and Puerto Rico as well as online, all over the world.” Also according to Hoover, The company plans to add seven to nine new University of Phoenix campuses in 2006. It also plans to expand internationally, particularly in China and India. In meeting the needs of its students the “University of Phoenix offers academic degree programs at the Associate’s, Bachelor’s, Master’s and Doctoral levels and also provides some continuing education, certification and workforce training programs”..

## **2. CAREER EDUCATION CORPORATION**

Career Education Corporation (ECO) is a provider of private, for-profit postsecondary education in the United States, Canada, France, the United Kingdom and the United Arab Emirates and announces itself as the world's largest on-campus provider of private, for-profit postsecondary education and has a rapidly-growing presence in online education. CEC's Colleges, Schools and Universities Group operates 80 campuses in the U.S., Canada, France, the United Kingdom and the United Arab Emirates and offers doctoral degree, master's degree, bachelor's degree, associate degree and diploma programs in the career-oriented disciplines of visual communication and design technologies, information technology, business studies, culinary arts and health education. The Online Education Group operates American InterContinental University Online and Colorado Technical University Online and offers a variety of degrees in information technology, business, visual communication and education. CEC's total student population on April 30, 2004 was approximately 85,300 students.

## **3. CORINTHIAN COLLEGES, INC.**

Corinthian Colleges, Inc is a for-profit educational institution operating 81 schools and colleges and two training centers in the United States, and 45 colleges and 15 training centers in seven Canadian provinces. Corinthian Colleges, Inc. is one of the largest post-secondary education companies in North America, and serves the large and growing segment of the population seeking to acquire career-oriented education to become more qualified and marketable in today's increasingly demanding workplace. Corinthian's colleges offer master's, bachelor's and associate's degrees and diploma programs in a variety of fields, with a concentration on careers in healthcare, business, criminal justice and technology. In August 2003, it acquired Career Choices, Inc. (operating 10 campuses and offering both degree and diploma programs). Corinthian is ranked in the Forbes Lists of [200 Best Small Companies: 2003](#). Corinthian also has an online learning alternative available to students pursuing education exclusively online. Since 2000, Corinthian has been in partnership with eCollege, which has provided Corinthian with course management software, hosting and support services for its online programs, which has more than 28,000 students on-line out of a total of more than 52,000 students at Corinthian Colleges.

## **4. DEVRY UNIVERSITY**

DeVry University is one of the largest publicly held higher-education companies in North America. Based in Oakbrook Terrace, Illinois, DeVry Inc. owns and operates DeVry University, Ross University and Becker Professional provides career-oriented technology-based education to college and graduate students in the United States and Canada. The Company also operates the Keller Graduate School of Management and Becker Conviser Professional Review. DeVry University provides career-oriented undergraduate and graduate degree programs in technology, business and management. Students access these programs through a North American system of 69 locations as well as through DeVry University Online. It

has a student population of approximately 49,000, with approximately 9,000 of the university's 49,000 students are enrolled annually in the school's practitioner-oriented business and management master's degree programs, offered at 64 of DeVry University's U.S. locations, including DeVry University Online. Also, DeVry operates Ross University, founded in 1978, with campuses in the Caribbean countries of Dominica and St. Kitts/Nevis respectively. It is considered one of the largest medical and veterinary schools in the world and awards both doctor of medicine (M.D.) and doctor of veterinary medicine (D.V.M.) degrees.

## **5. ITT EDUCATIONAL SERVICES**

ITT offers Associate's, Bachelor's & Master's degree programs and non-degree diploma programs to approximately 37,000 students, and has 77 institutes located in 30 states. ITT Educational Services, Inc. ("ESI") is a leading provider of technology-oriented postsecondary degree programs. As of March 31, 2004, ESI operated 77 ITT Technical Institutes in 30 states, which predominantly provided career-focused degree programs of study in fields involving technology to approximately 38,000 students. Headquartered in Indianapolis, Indiana, ESI has been actively involved in the higher education community in the United States since 1969. Shares are traded on the New York Stock Exchange under the symbol "ESI.

## **6. STRAYER**

Strayer is a proprietary institution of higher education that offers both undergraduate and graduate programs at 27 campuses in PA, MD, DC, VA, NC, SC & TN, as well as its Distance Education Online University. According to industry analysts: "For the 3 months ended 3/31/04, revenue rose 26% to \$46.1M. Net income applic. to Com. rose 36% to \$10.4M. Results reflect an increase in tuition and enrollment, improved operating margins and decreased preferred stock dividends and accretions." In addition: "Enrollment at Strayer's 27 campuses (which will grow to 30 by the end of this year) is booming. Total 2004 spring-term enrollments increased 23% to 20,681 students, and that number is continuing to rise: new student enrollments increased 29%. Numbers like these make you wonder how much longer can the growth keep going? " The conclusion was that: "Eventually, for-profit educators are going to run out of customers, as the nontraditional student pool dries up, right?" Perhaps, one reason for caution is that Strayer is pioneering a new direction for for-profit education institutions through its new link with a traditional brick and mortar institution, in this instance, with one of the nation's most prestigious public universities, the University of Virginia , through its School of Continuing and Professional Studies. The object is MBA students will do half of the required course work with Strayer and the other half at UVA. The MBA will come from Strayer, while UVA will provide a graduate certificate in business.

## **BRICK AND MORTAR INSTITUTIONS OF HIGHER LEARNING**

The success of Distance Education On-Line degree programs pioneered by Phoenix OnLine and its competitors has encouraged tremendous competition from the nation's traditional higher education institutions. Their appeal to potential students in the 25 years and older cohort is both brand name recognition as well as the prestige of obtaining a degree from a highly recognized college or university. Eduventures in a recent report emphasized that, as the market for Distance Education on-line student increases: "brand strength will increasingly favor non-profit institutions." Eduventures emphasizes that not only do these traditional universities command significant brand equity, but also that they are beginning to threaten the market share of for-profit businesses. Why? According to Eduventures, simply because potential students identify them as a familiar education provider.

Yet, interestingly, many studies that compare potential student preferences-- on-line vs. brick and mortars-- the very people who comprise a substantial market of University of Phoenix on-line applicants are seldom consulted. Rather, for the most part, those consulted for these comparative studies are the graduates, professors, and administrators at brand-name brick and mortar colleges and universities. These are the individuals who have been the beneficiaries of a traditional college education, including most of those in the 27% of college graduates over 25 years of age group. Their brand-name college degree education has afforded them status and preference in the job market. In some instances, this group does not welcome the competition offered by a new demographic, often their counterparts, those over 25 years of age without a college degree, including an increasing number of minorities.

Moreover, Eduventures in its analysis has not factored in the reality of why the for-profit Distance Education On-Line Industry has proven successful. That reality has not changed. Notwithstanding the increasing number of on-line courses offered by the brick and mortar institutions, they cannot compete with Distance Online Industry, which provides on-line degrees for working adults over 25 years of age whose life-style schedules require asynchronous course offerings. The success of distance education on-line courses has been its appeal to those working adults, who did not secure degrees after high school completion, but in their maturity, recognize the need for a college education.

Simply put, traditional brick and mortar institutions will not undercut their bread and butter, the tuition payments for degrees from their 18-25 year old undergraduates markets, by offering these same degrees to working adults via distance on-line courses. Doubtless, in their graduate degree program, traditional brick and mortar institutions might partner with for-profit on-line entities in participating in blended program, such as the program Strayer University has with the University of Virginia. Even so, the *caveat emptor* is that these traditional brick and mortar institutions will not grant degrees from their prestigious institutions to full-time distance education students who take all of their courses online.

Still, there is the brand recognition appeal, such as with the University of Maryland University College (UMUC) Distance On-Line Education Program. In a report describing its on-line program, the emphasis was that: "In addition to its traditional special relationship with military students, UMUC has over the last few years established itself as the United States' preeminent online university. In academic year 2002-2003, UMUC offered several thousand online class sections, with a total online enrollment approaching 90,000." While the University of Maryland System, which comprises 11 degree-granting institutions and 2 research centers, its total enrollment does not approach that of the Apollo Group, Inc, with some 227,800 students enrolled in its combined programs, as a June, 2004.

Also, *Forbes* magazine, for example, has singled out UMUC's distance-learning program more than once as the best online higher-education offering in the nation. So, there is substantial competition in the distance on-line market. The UMUC reported that, as a February 2004, its total online enrollment numbered 99,475 students, an increase of some 10% from its 90,000 students in 2003, while: "Degree enrollments for University of Phoenix Online at May 31, 2004 increased by 52% to 109,800 students compared to 72,200 students at May 31, 2003."

### **ON-LINE DISTANCE EDUCATION COMPETITION FUELED BY PROFITABILITY**

In the face of competition from both the Distance Education Industry and the increasing competition from traditional brick and mortar institutions, while the university of Phoenix OnLine has shown a percentage decline in overall enrollment, it still remains the industry leader in the number of on-line students. As Urdan notes, "Certainly, growth has to slow over time as these companies get bigger, but the numbers are still astronomical." His analysis of the profitability of the Industry is supported by stock market analyst Paul Tracy who notes in a June 2004 report, assessing the profitability of the Distance Education On-Line Industry, the tremendous profits being made underscore the bottom line in understanding why traditional brick and mortar institutions have entered the competition for in his comparative assessment of top-performing industries he states:

What has been one of the top-performing industries over the past year? Five years? Would you guess Medical, Homebuilding, Security, or possibly Biotech? While all these have been good performers, the answer, surprisingly, is Education. The Education industry has returned over +25% year-to-date and more than +60% over the past year. Over the past five years the industry has returned a staggering +35% annually, ranking it as the top performer over that time period. Compared to the S&P 500, which has returned +21% over the past year and has lost -2% in the most recent five-year period, the education industry's performance has been phenomenal.

Included in his assessment of the Distance Education On-Line Industry, Tracy singled out three of the most profitable competitors, announcing them as his "Notable For-Profit Education Companies," which are as follows in the order in which he listed them:

**Career Education Corporation** (Nasdaq: CECO) is the world's largest private operator of on-campus, for-profit training centers and colleges. The firm focuses on equipping students in the following areas: visual communication and design technologies, information technology, business studies, culinary arts and healthcare.

**Apollo Group, Inc.** (Nasdaq: APOL) is the world's oldest and largest online educator. It is comprised of four distinct schools, the cornerstone being its 85% stake in the University of Phoenix. Apollo operates 75 campuses and 125 learning centers in North America, where it boasts an industry-leading 227,800 students enrolled in its combined programs.

**ITT Educational Services** (NYSE: ESI) is a world leader in post-secondary technical education. It operates 77 technical centers in 30 states throughout the United States with an enrollment of 38,000 students.

Also, while Tracy did not single out Corinthian Colleges in his list of "Notable For-Profit Education Companies," according to *Fortune Magazine*, Corinthian Colleges, is one of the fastest growing proprietary schools. Enrollment rose by 26 percent in 2003, and the school now boasts 143 campuses. Ultimately, what is significant and, perhaps, the most important factors that sustain the competitive edge presently held by Distance On-Line Education providers are the opportunities made available by this Industry for a segment of the population who for various social and economic reasons were unable to attend or complete an undergraduate degree after completing their post-secondary education. For this reason, according to a 1999 Merrill Lynch & Co. analysis of e-learning, generally, and the Apollo Group Inc., specifically, the University of Phoenix Online, credit must be given for its contribution in expanding opportunities for the above groups through their innovative use of new technologies. As indicated in that report::

"Technology has the potential to 'democratize' education, removing...obstacles and revolutionizing the delivery of educational content.... The Internet, video-conferencing and satellite systems can eliminate the scheduling and monetary barriers many face by delivering educational content to student homes or marketplaces, reducing its cost and increasing geographic accessibility to the growing population of students, creating schools without walls.

While the University of Phoenix' OnLine remains the market leader in the increasing competition by other institutions in the Distance Education Online Industry as well as from the brick and mortar, it can no longer ignore the use of new technologies in promoting online admissions and course enrollments. In this instance, specifically, the use of kiosks at various traveler and retail venues, will become the wave of the future in marketing distance on-line education. Also, especially at airports, when possible, kiosks can be supported by traveler enrollment booths. Increasingly, in the competition for distance education on-line students, new, unique and innovative marketing strategies will be used. Doubtless, the most innovative are those suggested in my two reports:

**Report 2      “ADVANTAGES TO LOCATING KIOSKS AND TRAVELER BOOTH AT BWI ”**

**Report 3      “IF YOU BUILD IT THEY WILL COME “: TRAVELER BOOTHS AND KIOSKS, FOR DISTANCE  
EDUCATION ENROLLMENT AT AIRPORTS, BUS AND TRAIN STATIONS AND RETAIL VENUES”**

Both reports illuminate the reality that, in the face of increasing competition, the Distance Education OnLine Industry can no longer ignore the use of new technology in promoting online admissions and course enrollments, in this instance, specifically, the use of kiosks at various traveler venues, especially airports. And, when possible, kiosks could be supported by traveler enrollment booths. Consequently, the pilot project described in my reports listed above can greatly enhance the enrollments for those competitors in the on-line distance education industry.

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## **APPENDIX REPORTS:**

### **Population Growth and College Graduates, United States**

**Distance On-Line Education Competitors: Quota Data By Reuters, June 28, 2004**

**Distance On-Line Education Competitors: Quota Data By Yahoo Finance, June 21, 2006**

## **SOURCES**

July 8, 2004

### **BLACK STUDENTS ARE EMBRACING DISTANCE EDUCATION**

Distance education, the process of learning through either videoconferencing or the interactive use of the World Wide Web, is becoming a major force in higher education in the United States. About 56 percent of all two-year and four-year colleges and universities now offer distance learning courses. Thirty-four percent of these institutions offer students the opportunity to complete their degree program solely through distance education. All told, nearly 3 million students nationwide are enrolled in college-level distance learning.

Blacks are participating in distance education at a rate that is very similar to the rate for whites. According to the Department of Education, about 8.3 percent of all African-American undergraduate students take at least one distance education course. The government figures estimate that more than 175,000 black students are taking college-level distance education courses. For white college students, 8.6 percent of all undergraduates take distance learning courses.

For many African Americans, distance education offers them an opportunity to pursue higher education, an option that otherwise might not be available to them. Because blacks on average have median family incomes that are only three fifths those of white families, distance education is often an affordable alternative compared to living on campus and attending college in the traditional way. Distance education also affords blacks the opportunity to work full-time and pursue their education when it is convenient, often in the comfort of their own home.

The ability to obtain their education at home through distance learning is particularly important for blacks who are single parents. By taking advantage of distance education programs, the large numbers of black women who are single parents can pursue a higher education while staying at home to care for their children.

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July 1, 2004

### **AMONG PRIVATE BLACK COLLEGES, HAMPTON UNIVERSITY LEADS THE WAY IN DISTANCE LEARNING**

JBHE recently surveyed the nation's black colleges and universities to determine the extent to which distance education courses have entered their curricula.

The JBHE survey revealed that, as is the case for predominantly white institutions, private HBCUs have been slow to embrace distance education but state-operated black colleges and universities have embraced the new technology.

The JBHE survey found that the following private black colleges and universities reported no distance education programs: Spelman College, Morehouse College, Xavier University, Tuskegee University, Fisk University, Bethune-Cookman College, Dillard University, and Bennett College. Clark Atlanta did have a distance education program but eliminated it.

Among the privately operated black colleges, Hampton University in Virginia has the most extensive distance education program. Hampton offers a total of 48 online courses. Students can earn a bachelor's degree in religious studies at Hampton entirely online. Hampton students who pursue their religious studies degrees online are expected to study about 20 hours a week. Online chat rooms are set up so students can talk to their peers and instructors.

There is also a Ph.D. program in nursing at Hampton which can be taken online.

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June 7, 2004

## **SPECIAL REPORT -- HOT GROWTH COMPANIES Hot Growth Companies : The 100 best small companies**

It's no small feat to spot a great business opportunity in today's fast-changing economy. Building a sustainable enterprise from that insight is even tougher. It requires speed, flexibility, innovation, and at least a little luck to thrive in the face of relentless competition. This year's annual Hot Growth list of America's fastest-growing small companies reveals an impressive lineup that has mastered that high-stakes game.

The ability to find -- and then exploit -- a sweet spot in the economy is still the common denominator of our list. Our top company, PetMed Express Inc. ([PETS](#)), forged a whole new industry by selling pet medications via e-mail, phone, or fax. Though now under pressure from veterinarians unhappy with losing this profitable business, the company has already become America's largest pet pharmacy. Others have just as smartly played the challenging job market. No. 3 University of Phoenix Online ([UOPX](#)) is one of several education companies helping people make themselves more marketable. Universal Technical Institute ([UTI](#)), No. 2, trains automotive technicians in servicing everything from trucks to boats. Others have just as smartly played the challenging job market. No. 3 University of Phoenix Online ([UOPX](#)) is one of several education companies helping people make themselves more marketable. Universal Technical Institute ([UTI](#)), No. 2, trains automotive technicians in servicing everything from trucks to boats.

To zero in on such innovators, *BusinessWeek* looks at a broad universe consisting of publicly traded companies with revenues ranging from as little as \$50 million a year to as much as \$1.5 billion. Then we rank them by sales and earnings growth and return on capital over a three-year period to identify those companies with a solid track record. Any company on the list must have a market cap of at least \$25 million and a share price of at least \$5. And we cut any company that has had recent earnings slides or whose stock has underperformed the Standard & Poor's Industrial Composite Index. The top 100 contenders make our list.

By the numbers, they're an impressive bunch. Average annual sales growth over the past three years for the group hit 26.9%, while average earnings growth was an even stronger 79.3%. By comparison, the S&P industrials posted sales and earnings growth of 4.5% and 0.5%, respectively, over the same period. Even more heartening, the average return on capital for our Hot Growth 100, a good measure of how well management is deploying its assets, was 17%, vs. 4.4% for the S&P industrials.

[http://www.businessweek.com/print/magazine/content/04\\_23/b3886085.htm?mz](http://www.businessweek.com/print/magazine/content/04_23/b3886085.htm?mz)

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April 27, 2004

**ONLINE UNIVERSITY CONSORTIUM SURVEYS CONCUR WITH LATEST INDUSTRY REPORT: TRADITIONAL UNIVERSITIES' DEGREE PROGRAMS PREFERRED 2:1 OVER FOR-PROFIT PROVIDERS**

April 27, 2004, Dallas, TX – Surveys conducted by Online University Consortium indicate traditional universities remain the preferred choice for online education and degree programs. These findings were substantiated in a recent report by Eduventures, prompting the Consortium to help clarify the market by making its industry checklist available for public download at [www.onlineuc.net](http://www.onlineuc.net). The list features seven important factors for choosing online education, and includes buyer preferences and recommendations for what to look for in quality degree programs.

Results from the Consortium's surveys of corporate decision-makers at industry events, such as the Society of Human Resources Management conference, suggest that when hiring and promoting, employers prefer candidates with degrees from traditional universities 2:1 over for-profit providers such as University of Phoenix.

Eduventures' recent market update reinforces the findings of the Consortium, emphasizing that, as the market matures, brand strength will increasingly favor non-profit institutions. According to the report, traditional universities command significant brand equity, and will threaten market share of for-profit businesses, because students identify them as a familiar provider from which they will choose an online program for traditional reasons.

Traditional universities that provide online degree programs, such as the SMU School of Engineering, must pass a 7-point qualification standard to become a member of the Online University Consortium. Following evaluation of quality online degree programs from education providers, the Consortium then conducts research with organizational and individual learners to determine size and demand in the market. "For-profit providers enjoyed an initial surge in popularity partly because of convenience," notes Greg Eisenbarth, the Consortium's Executive Director. "However, the market has shifted dramatically with the country's most respected universities now offering quality online degree programs for greater choice and flexibility."

This finding is validated by Director of Distance Education at Southern Methodist University School of Engineering. According to J. Kim McNutt, "These studies corroborate what our distance education students have been telling us for some time....earning a degree online from a traditional university is extremely important to both the student-employee and their employer, who in many cases pay tuition costs for their professional staff."

"Industry reports, including our own studies, continue to confirm that traditional universities such as SMU's School of Engineering remain the trusted and valued choice," adds Eisenbarth. "They provide a balanced education backed by a reputation and quality that remain unattainable by for-profits. For most individuals and corporations choosing an online degree program, this is critical to making a successful decision."

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February 13, 2004.

**DEEPER POCKETS, DIFFERENT TACTICS: FOR-PROFIT COLLEGES THRIVE, BUT FEARS OF A SLOWDOWN LEAD THEM TO TRY NEW STRATEGIES,**

By ELIZABETH F. FARRELL

Finances continued to wilt at public and private colleges during the past year as income streams slowed and budget managers turned up the heat. Yet for-profit institutions -- both publicly traded and privately held -- posted record gains. Revenues of the top 10 publicly traded higher-education companies grew in excess of 30 percent.

With total income for all accredited proprietary institutions reaching \$15-billion in 2003, and profits growing, investors have come to expect that the good times will continue.

The value of Strayer Inc. shares, for example, nearly doubled last year, trading at about \$116 per share in late January. Stock in Apollo Group Inc., owner of the national University of Phoenix, recently commanded \$75 a share, up from \$43 one year earlier. Other stock prices in the sector have risen to historical highs as well.

There are, however, signs that the pace of growth could slacken as the field becomes more crowded.

A slowdown is already becoming apparent in some markets, like Los Angeles, where 9 of the 10 major institutions have campuses, according to Jeffrey M. Silber, an education-industry analyst with Harris Nesbitt, an investment-banking firm in New York.

The pace of enrollment growth in Phoenix's online operations has slowed. When the company released its fiscal-year earnings report, in October, online growth for 2003 was still robust, at 61 percent. Even so, it was down from 2002's 70 percent and 2001's 81 percent.

"There's a very slight deceleration taking place," says Trace Urdan, an education-industry analyst with ThinkEquity Partners, in San Francisco. "Certainly, growth has to slow over time as these companies get bigger, but the numbers are still astronomical."

In addition, merger-and-acquisition activity, which played a large part in increasing both share prices and enrollments, is expected to slow. In 2003, 31 proprietary institutions completed such transactions, a "historic peak" for the sector, says Sean R. Gallagher, an analyst with Eduventures, a Boston-based consulting firm in education research. Other analysts agree with his assessment that "many of the most attractive schools for the big companies to acquire have already been acquired."

In response to the heated competition and resulting slowdown in enrollment gains, most of the major proprietary-college systems are taking new approaches in their efforts to sustain growth and profits. The changes they are making have a significant effect on the type of programs they offer and the way that students are taught.

### Bigger Classes

In December, the University of Phoenix, the largest publicly traded for-profit provider of higher education, announced plans to gradually raise its ratio of students to instructors. Classes there now average about 15 students, compared with an industry average of 20.

"For a school of their size, they only have to move the needle a little bit for it to have huge financial implications," says Mr. Urdan. Incremental increases in class size don't require additional classroom space or salaries for instructors, he says, so "the additional revenue from each class goes directly to the company's bottom line."

Other institutions have not announced plans for larger classes, but many are exploring ways to ensure that every class enrolls the maximum number of students allowed by company policy.

### Distance Boom

For almost all of the major for-profit systems, online growth has been very good for business. "One of the primary advantages" of online classes, says Rene R. Champagne, chief executive officer of ITT Technical Institute, is their capacity to consistently attract the maximum number of students per class.

The growth of Phoenix's online division may have slowed, but newer entries in the field are just beginning to grow. "The online market still has huge potential," says Eduventure's Mr. Gallagher, "especially for companies like ITT, DeVry, and Corinthian who have just entered the field."

DeVry University, which offers certificate and degree programs in information technology, engineering, and business, more than doubled its enrollment of online students to 9,077 in November 2003, from 3,824 a year earlier, says its executive vice president, Daniel Hamburger.

Online classes generally have fewer students per instructor but significantly higher operating margins than programs held on actual campuses, analysts say. Online classes also contribute disproportionately to profits. Career Education Corporation, which operates 78 institutions, has an average operating margin of 16 percent, but that of its online division is 30 percent, says Jerry Herman, an equities analyst at Legg Mason.

Big profits from online operations are raising overall profit margins for the industry. Once all of the major publicly traded companies have released their 2003 year-end earnings reports, Mr. Herman says, the industry's average profit margin for the 2003 calendar year is expected to exceed 20 percent for the first time.

### Blended Approach

In recognition of the growing popularity and profitability of online courses, most institutions are encouraging students enrolled on their bricks-and-mortar campuses to adopt a "blended" approach to learning, taking some of their classes online.

"Blending online and on-ground programs expands the capacity of the space a company has," says Mr. Urdan. "They can open new campuses more quickly, because they don't need as large facilities. We're seeing companies like Apollo doing this much more, in response to competitive pressure."

At the Indianapolis-based ITT, such an approach, known as the "2+1" program, requires students to take at least two courses on campus and one course online in each semester. The program is mandatory for students enrolling on new campuses and will be phased in for all students by the end of this year, says Mr. Champagne.

Phoenix and DeVry take slightly different approaches to blending Phoenix's FlexNet program allows students to attend some weekly sessions of a class online and others on campus. In DeVry's Optimize program, the mix of online and classroom teaching in a particular course varies according to the type of material taught, says Mr. Hamburger.

At Strayer University, students are not required to take a certain number of courses online or on campus. At Argosy University, owned by Education Management, 22 percent of the students are enrolled in a blended program, says James R. Sober, vice president for investor relations.

Officials of many of the institutions say a blended approach also widens the pool of potential students for each of their campuses.

"Students who don't want to take all their classes online will fly in for a week to take classes and then take the rest online," says Mr. Sober. "This works especially well in our teacher-education programs, where they can take classes on campus during the summer and then take them online during the school year, when they have to work. ... We see [blended programs] as a huge opportunity for growth."

Even without adding any students to their enrollments, most for-profit institutions have a built-in guarantee of about 6 percent annual revenue growth -- the average increase in what they charge for tuition.

To students, that might compare favorably with four-year public colleges' recent tuition increases, which averaged 14 percent in 2003, according to College Board statistics. (Tuition at private colleges rose at about the same rate as at the for-profit institutions: 6 percent.)

The proprietary institutions "raise it because they can," says Mr. Gallagher, the industry analyst. "Just like any product on the market, there are built-in increases that don't necessarily reflect costs, and there's always going to be this pricing increase because that's historically been part of the growth of the market."

At ITT, Mr. Champagne said tuition has increased by an average of about 5 percent per year over the last 15 years, but the price increase will reach 6 percent in 2004.

Sylvan Learning Systems Inc., which owns the online Walden University in the United States as well as 33 institutions abroad, increased its tuition by an average of 7.3 percent in 2003, in part because of inflation in some of its foreign markets, says Chris Symanoskie, a company spokesman.

For-profit institutions are also bringing more variety to their programs, both to spur continuing growth and to reduce risk from the inherently cyclical appeal of certain careers.

"Investors prefer diversified companies because they aren't as dependent on one market," says Mr. Gallagher. "That way, when the information-technology demand falls apart, as it did a few years ago, a company doesn't fail because of decreased demand in that one field."

### Looking Abroad

The least-developed strategy for future growth is expansion into international markets. With the exception of Sylvan, which has concentrated heavily on acquisitions abroad -- attracting 100,000 students to its campuses in nine Latin American and European countries -- most of the major proprietary-college systems aren't relying on their presence abroad to drive enrollments and revenues.

For example, while ITT licenses curricula for two-year programs in information technology to a provider that runs three campuses in Beijing, its forays into India have not attracted enough students to make the venture profitable, Mr. Champagne says. "We'll continue looking at other countries for growth in the longer term," he says. "The volume of opportunities outside the U.S. is going to be immense."

For the next few years, however, proprietary institutions will very likely remain more focused on gauging the success of their new domestic strategies.

And as the companies continue to mature, their educational approaches are expected to attract more attention -- not only from their peers, but from traditional colleges as well.

<http://chronicle.com/weekly/v50/i23/23a02601.htm>

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November 13, 2003

### **“CASH-COW UNIVERSITIES: FOR-PROFITS ARE GROWING FAST AND MAKING MONEY. DO STUDENTS GET WHAT THEY PAY FOR?” THURSDAY,**

Cash-Cow Universities : For-profits are growing fast and making money. Do students get what they pay for?

By William C. Symonds

As another workday draws to a close in Phoenix, some 20 adults hurry from their offices to a marketing course at a nearby university. But rather than meet on a leafy campus, they head to class in a spartan, leased office building out by the airport. Their school: the University of Phoenix, the nation's largest private university, with 96,000 students scattered among 134 satellite locations across 28 states. Instead of tenured faculty, over 95% of the university's lecturers are

working professionals who teach only part-time. George Francisco, for example, a 23-year veteran of Kraft Foods Inc. (KFT ) who now runs his own food-brokerage firm, is the marketing instructor. Nor are the students primarily 18- to 24-year-olds. Like tonight's class, they tend to be working adults in their 20s and 30s who are looking to get ahead by finishing a B.A. or earning an advanced degree.

### NEGLECTED MARKET

Something else sets the University of Phoenix apart from most other colleges: It's in business to make money, and it's doing so in spades. In the year ended Aug. 31, earnings of parent Apollo Group Inc. (APOL ), surged 53%, to \$247 million, as revenues jumped by a third, to \$1.3 billion. Such stellar performance has given Apollo a market value of \$11.4 billion -- equal to the endowment of Yale University, the nation's second-wealthiest college.

Phoenix is the most prominent of a controversial new generation of for-profit colleges that are emerging as a dynamic new force in higher education. As traditional universities struggle with soaring costs and plunging taxpayer subsidies, the 10 largest publicly listed for-profits have already grabbed more than a half-million students. Add the hundreds of smaller players, and overall for-profit enrollment will jump by 6.2% this year, or five times the pace at conventional colleges, according to Boston market researcher Eduventures Inc. That will push the industry's revenues to \$13 billion this year, up 65% since 1999.

How are they doing it? Largely by catering to the voracious appetite for college-level skills among groups neglected by conventional higher-ed institutions. While most colleges fight furiously over the top 25% of high school graduates, for-profits aim for the middle half of the class. They also target working adults hungry for technical and professional skills, including many lower-income ones. Even without affirmative action, almost half of for-profit students are minorities. Like tonight's class, they tend to be working adults in their 20s and 30s who are looking to get ahead by finishing a B.A. or earning an advanced degree.

To capture these booming markets, schools such as Phoenix are changing the definition of what it means to be a college. Rather than recreate the Ivory Tower, they treat students like customers whose goal is to get a job or a promotion. So students are willing to shell out the \$11,000 or so a year the typical for-profit charges -- less than the \$20,000 tuition at private colleges but more than twice that of the average public university.

Programs are designed with the job market -- and customer needs -- in mind. Most are highly focused on a particular skill or subject area. They also meet at times and locations that are convenient for students, who can keep working while they study. Many companies value a for-profit education, too: 60% of Phoenix students get tuition reimbursement from their employers. By bringing basic business precepts such as customer service and cost controls to the college classroom, for-profits are spearheading educational innovations that are likely to be increasingly copied by their nonprofit counterparts.

Critics charge that for-profits succeed by commercializing higher ed. Certainly, Phoenix and its brethren make no pretense of providing a classic liberal arts education. Most are stripped-down, sterile places, a far cry from ivy-covered campuses and football teams. They also have done away with many hallmarks vital to great universities, from pricey research labs to purely academic subjects such as philosophy and linguistics.

Still, by delivering marketable skills and helping students to complete a degree, the best for-profits provide a service that's largely unavailable elsewhere. "They're not about to supplant the finest educational institutions in the country, but they add to the array of choices students have," says Yale University President Richard Levin.

### NICHE STRENGTH

Long term, for-profits may even challenge traditional universities' dominance in some areas. So far, most gains have come from students who probably wouldn't have gone to a conventional college. But more and more, they're stealing those who might have. Already, 10% of MBA candidates attend a for-profit, up from 2% a decade ago. Ross University's 2,000-student medical school -- located on the island of Dominica because the U.S. medical Establishment won't accredit for-profit med schools -- graduates more M.D.s than any school in the U.S. (Virtually all are Americans who return home to practice.)

For-profits also have grabbed 41% of the \$3.5 billion online-degree market, which has tripled since 2000, according to Eduventures. They're aggressively expanding in foreign countries, too, targeting eager students from Chile to China. John G. Sperling, Phoenix founder and chairman of Apollo Group, predicts that as it rolls out online courses in developing nations, Phoenix could become the largest university in the world. Meanwhile, Career Education Corp. (CECO) plans to raise its enrollment in the U.S. and abroad, to 250,000 over the next few years. "Smaller schools and those that don't serve student needs are going to get buried," says Career Education CEO John M. Larson.

### WHAT DEFICITS?

If nothing else, the for-profits have shown that there's money to be made in higher ed. For-profit entrepreneurs have struggled in the kindergarten-to-high school arena, as exemplified by the ongoing fiscal woes of Edison Schools Inc. (EDSN) But Phoenix and others are running financial circles around conventional colleges even though they survive on tuition alone, with no endowments or taxpayer subsidies. In fact, they were one of the stock market's best-performing sectors during the bear market. Five of them -- Apollo, Corinthian Colleges (COCO), Career Education, Strayer Education (STRA), and ITT Educational Services (ESI) -- ranked among the top 25 of BusinessWeek's Hot Growth Companies this year.

For-profit colleges have been a part of U.S. higher education almost as long as Harvard College, the nation's oldest. But as recently as 1990, virtually all of what are still called "career colleges" were little more than trade schools for auto mechanics and secretaries. Since then, a government crackdown on shoddy operators, combined with the economy's insatiable demand for college grads, has sparked a change in the industry. Of today's 4,500-odd remaining for-profits, about 800 now grant degrees (almost all are accredited), up from just 316 in 1990, says John Lee, a Bethesda (Md.) educational consultant.

Essentially, the new for-profits have taken the ethos of the traditional trade school -- delivering specific, marketable skills -- and applied it to higher education. For example, Katharine Gibbs, the century-old secretarial school, has exploded from 2,000 students to 15,000 since it was bought by Career Education in 1997. Gibbs now offers degrees in business and technology to a student population that's 40% male, vs. 2% before.

Gibbs and others have succeeded by focusing on programs aimed at furthering students' careers. Indianapolis-based ITT Educational Services Inc., which teaches technology subjects such as electronics to 37,000 students at 76 sites, created its curriculum after surveying employers to find out what they need, says CEO Rene Champagne. The payoff: ITT placed 73% of its graduates last year amid a jobs drought that savaged the prospects of many grads of conventional colleges. "We benchmark ourselves against the best customer-service organizations in the world," says Brian Mueller, CEO at the University of Phoenix Online, a separate entity from the main university whose 79,000 students take all of their courses on the Internet.

### CUSTOMER SERVICE

Addressing student needs is such a core value that it frames virtually everything for-profits do. Because they have stripped out so many other costs, they can

afford to lavish funds on direct educational expenses, such as small classes. While even Harvard University packs hundreds of students into lecture halls for some introductory courses, University of Phoenix Online classes average just 11 students per instructor. At Gibbs College in Boston, classes average 18 to 20 students, leaving plenty of time for math instructor Sheldon McDonald to give extra tutoring every week to a student who was struggling last semester. "When we started, he could barely multiply, but he did well on the final," says McDonald.

Another challenge: ensuring quality across far-flung networks of campuses. For-profits have radically redefined the role of professors, for starters. Instead of the centuries-old model of teachers designing their own courses, companies such as Phoenix and ITT use academic professionals to develop much of the curriculum at headquarters. The savings are significant, says Career Education Chief Financial Officer Patrick K. Pesch, as are the cost advantages of using part-time faculty to teach almost all courses.

To critics -- and there are many, particularly in academia -- the real question is whether the for-profit approach can deliver a quality education. In the five years since Kaplan Inc., now owned by Washington Post Co. (WPO), launched the all-online Concord Law School, enrollment has ballooned to 1,500 students, making Concord the nation's second-largest part-time law school. But it has yet to win the blessing of the American Bar Assn., which thinks Concord doesn't offer "a sound program of legal education," says Barry Currier, the ABA's deputy consultant on legal education.

Similarly, the Association to Advance Collegiate Schools of Business, an oversight body, has refused to accredit the business schools of the University of Phoenix and other for-profits. These schools rely on "moonlighting amateurs" to teach courses, charges AACSB CEO John Fernandes. "It's like running a hospital with orderlies." Phoenix is accredited by the North Central Assn., a major accreditation group.

Many students write off the criticism as snobbery. Some say they even prefer classes taught by seasoned professionals such as Phoenix's Francisco, who can share the marketing lessons he learned at Kraft. For-profits "offer a solid education that gives regional state universities a real run for their money," says David Kirp, a public policy professor at the University of California at Berkeley.

This isn't the first time a new breed of institution has challenged higher education. In the mid-19th century, Congress created low-tuition land-grant universities, schools such as Iowa State University and Ohio State University, to expand access to college while teaching practical subjects such as agriculture and engineering. In the 1950s and '60s, community colleges boomed in response to rising demand. Now, for-profits are opening doors to higher education even further. As they continue to grow, they may well force some of the weaker traditional colleges to improve or implode. Either way, higher education should benefit.

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June 9, 2003

## **SPECIAL REPORT -- HOT GROWTH COMPANIES**

By William C. Symonds in Boston

As an entrepreneur, John G. Sperling was a late bloomer. A PhD who had spent most of his career teaching at San Jose State University, he didn't launch Apollo Group Inc. -- parent of the University of Phoenix, the nation's largest private university -- until 1976, when he was 55. But what Sperling lacked in precociousness he more than made up for in ambition: His goal was nothing less than to turn conventional higher education on its head.

Rather than catering to 18- to 22-year-olds looking to find themselves, Sperling focused on the then-neglected market of working adults. And he recruited working professionals as teachers, rather than tenured professors. Although UOP and its online campus, University of Phoenix Online, have more than 9,000 faculty, only about 250 are full-time. Most radical of all, while nearly all other universities are nonprofits, Sperling ran his university to make money. Those ideas sparked overwhelming resistance from the education establishment, which branded UOP a "diploma mill." The result? "We faced failure every day for the first 10 years," says Chairman Sperling, now 82.

But these days Apollo has been soaring, all the way to the No. 7 spot on Hot Growth. The Phoenix-based company, whose day-to-day operations are run by CEO Todd S. Nelson, 44, generated average annual revenue growth of 27% over the past three years, to \$1.2 billion. Profits rose 41% per year, to \$202.5 million. And with a price-earnings ratio of 56, Apollo has one of the richest multiples on our list.

Tuition at Apollo averages only \$10,000 a year, 55% of what a typical private college charges. A key factor, says Sperling, is that universities for the young require student unions, sports teams, student societies, and so on. The average age of a UOP student is 35, so UOP doesn't have those expenses. It also saves by holding classes in leased office spaces around the country. And 50,000 of its 157,800 students study at University of Phoenix Online.

Sperling is still agitating against the establishment. His latest target: textbooks. "Our goal is to move all of our texts and materials into electronic format," he says. Some 30,000 Apollo students use digital materials. By next March it should be everyone. Who says old professors can't teach new tricks?

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May 14, 2003

**CORRECTED - BRICKS TO CLICKS TREND ENRICHING EDUCATION SECTOR,"**

In May 12 New York item, headlined "Bricks to clicks trend enriching education sector," please read fourth paragraph as "Post-secondary education firm Education Management Corp. said..." instead of "Post-secondary education firm Career Education Corp. said...", corrects name of the company.

*A corrected repetition follows:*

By Wei Gu

NEW YORK (Reuters) - Adult students are increasingly migrating from bricks-and-mortar campuses to online courses, fueling the growth of higher-margin online businesses at education companies.

Online student enrollment growth is topping 60 percent at major publicly traded education companies, as new technology offers the convenience of home study, officials said on Monday at a Banc of America Securities conference on human capital.

Apollo Group Inc., operator of the largest U.S. private university, said revenues from its University of Phoenix Online unit during the quarter ended Feb. 28 rose a sharp 62 percent, compared with 18 percent growth in its classroom-based business.

Post-secondary education firm Education Management Corp. said its online student numbers tripled to 3,000 last year.

"We see a very heavy flow of inquiries about our online programs and it has been a very good business for us," said Chief Executive Robert Knutson, adding that he plans to double online administrative marketing staff to 40 people this year.

Strayer Education Inc., whose Strayer University offers classes to working adults, said recently that the number of students taking all their classes online surged 69 percent to 6,372 compared to a year earlier.

Education companies offered distant learning classes even before the Internet became popular, but only recently has cyber-learning become a sizable part of their business.

## MORE CYBER-STUDENTS, MORE PROFIT

"In the long term, they will have potential to see their online businesses become more profitable than their campus-based business, and in many cases, substantially more profitable." said Gary Bisbee, an analyst at Lehman Brothers.

Companies say online courses are more expensive upfront but cheaper in the long run because of lower maintenance costs.

Bisbee said Apollo's online business is about 50 percent more profitable than its offline one. Margins are lower at Career Education, which began its online program only in recent years; and at Strayer, which operates in a more mature market.

Such fast expansion may even cannibalize classroom-based business. At Strayer's 13 campuses that are more than four years old, classroom-based student numbers fell by 6 percent during the first quarter while online rolls grew a sharp 47 percent.

Some analysts said it doesn't matter as long as total enrollment goes up. Strayer reported 17 percent growth in enrollment and its Chief Executive Robert Silberman said the company is able to offer whatever format its students want.

Education stocks, buoyed by recent strong earnings, hit multiyear highs in Monday trade. Shares of Strayer rose as much as 4.6 percent to \$66.67, their highest level in almost six years. Apollo rose to its five-year high of \$57.91. Career Education Corp. also hit a five-year peak.

"Education companies are hitting all-time highs because they keep beating earnings," said Lehman's Bisbee. "This remains one of the few sectors in the market that continue to offer all-time best performances. But the big run-up of those stocks may imply that they are fully valued. "When we see improvement in the economy, some investors may decide to take some profits from this group and buy more aggressive stocks," Bisbee said.

<http://in.tech.yahoo.com/030514/137/24a9p.html>

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January 13, 2003

**“DOLLARS AND DEGREES : AMERICANS BUILDING THE FIRST MULTINATIONAL CORPORATIONS IN AN INDUSTRY LONG HOSTILE TO THE WHOLE IDEA OF PROFIT: UNIVERSITY EDUCATION, “**

By Anna Kuchment, With Scott Johnson in Mexico City, Jimmy Langman in Santiago and Mac Margolis in Rio

Article Text:

American economists once spoofed university education as the only industry in which those who consume its product do not purchase it; those who produce it do not sell it, and those who finance it do not control it. That apt description, made in the 1970s, has been undermined since then by the emergence of the first for-profit universities in the United States. Controlled by entrepreneurs, these schools--which number about 700 and counting-- sell a practical education to career-minded students and make a good buck doing it. They are now expanding abroad, creating the first multinational corporations in a sector long suspicious of balance sheets.

The biggest is publicly traded Sylvan Learning Systems, which has purchased six schools with a total of 60,000 students in Latin America and Western Europe since 1999. Its privately held rival, Apollo International, recently opened a three-campus university in Brazil, one in India and plans a third in Mexico. "We hope to get up to a 30- to 40-campus size" in Brazil alone, says Apollo International president and CEO Jorge Klor de Alva. "Our goal is to be in the 100,000-enrollment range in 10 years."

The companies are lured by a booming market in which capitalist competition is still scarce. The number of university students is expected to double in the next 25 years to 170 million worldwide. Demand greatly exceeds supply, because the 1990s saw massive global investment in primary and secondary schools, but not in universities. The number of children enrolled in primary or secondary schools rose by 18 percent around the world--more than twice the rate of increase in any previous decade. Now these kids are often graduating from high school to find no openings in national universities, which nevertheless don't welcome for-profit competition. The Brazilian university teachers' union last year warned that foreign corporations would turn higher education into "a diploma industry." Critics raised the specter of declining quality and a loss of Brazil's "sovereign control" over education.

For-profit universities met with similar suspicion when they first opened in the United States. By the 1980s they were regularly accused of offering substandard education and had to fight for acceptance and respect. Lately, they have flourished by catering to older students who aren't looking for keg parties, just a shortcut to a better career. For-profit colleges now attract 8 percent of four-year students in the United States, up from

3 percent a decade ago. By cutting out frills, including sports teams, student centers and summer vacation, these schools can operate with profit margins of 20 to 30 percent. In a recent Wall Street conference call, a Sylvan executive noted that "one of the things that investors like the most about higher education is that, typically, people can increase prices faster than the rate of inflation. We have been very successful doing that."

As a privately held company, Apollo International takes a somewhat lower profile. It is a spinoff of the Apollo Group, which has built the University of Phoenix into America's largest private university since opening it in 1976. Phoenix has about 135,000 students--mostly adults, 42 percent of whom attend online. Only 1,100 are overseas, so far. Trace Urdan, an analyst at ThinkEquity Partners in San Francisco, says the global market for online universities has the potential to reach \$216 billion per year.

In some countries, the American companies operate as they do at home. Apollo found an easy fit in Brazil, where few universities have dorms, students often take off time between high school and college, and there's no summer vacation--just two breaks in July and December. In other Latin countries, Sylvan has taken a different approach, buying traditional residential colleges like the Universidad del Valle de Mexico (UVM). It has boosted enrollment by adding and heavily advertising courses in career-track fields like business and engineering, and adding no-frills satellite campuses. Sensitive to the potential hostility against foreign buyers, Sylvan keeps original school names, adding its own brand, Sylvan International Universities, to publicity materials, and keeps tuition in line with local private schools. "We're not exporting U.S. higher education to these markets," says Steve Drake, vice president of communications at Sylvan. "Each university continues to carry its own unique culture."

Most of the schools that Sylvan has purchased were managed by for-profits to begin with, including the prestigious Les Roches Hotel Management School in Switzerland. But in general, says Urdan, Sylvan's targets "have not been run with world-class business practices. They're not distressed, but there's an opportunity for them to be better managed." When Sylvan paid \$50 million for a controlling stake in UVM two years ago, the school had revenues of about \$80 million and an enrollment of 32,000. For 2002, its enrollment grew to 37,000, and ThinkEquity estimates its revenues rose to \$135 million due to expansion, a tuition increase of about 5 to 10 percent and savvy marketing. The success of the for-profits is nothing to be afraid of, says World Bank education expert Jamil Salmi: "I don't think they will replace traditional universities, but they can push some more traditional providers to be more innovative and more attentive to the needs of the labor market."

Schools like Columbia, Princeton and the London School of Economics have responded by creating their own international, for-profit online learning ventures aimed mostly at adults. Monash University in Australia has spun off for-profit campuses in South Africa and Malaysia, and is one of many universities now lobbying to lower tax and other barriers to their operations abroad. With high tuitions and visa difficulties keeping many students from transferring to Western universities, such efforts are likely to expand. Says Marjorie Lenn of the U.S. National Committee for International Trade in Education, "The future is the movement of education, not of students. We'll go to them rather than them coming to us."

Some students at Sylvan schools in Latin America welcome the foreign invasion. At the Universidad de las Americas in Santiago, Daniela Villagran says friends tease her for studying at "Yankeeland," but she figures Sylvan connections "will give me an edge when I go out to look for a

job." At UVM, students in a class on critical thinking shoot up their hands when asked to explain whether Washington, D.C., police used deductive or inductive reasoning to solve last year's sniper shootings. This emphasis on independent thought is what separates UVM from other institutions in Mexico, says Lizbeth Flores Herrera, 23, a communications student. "In that way, it's more American." And, for better or worse, more American schools are on the way.

From Newsweek, January 13, © 2003 Newsweek, Inc <http://www.newsweek.com>

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July 9, 1998

**“PROPRIETARY PREFERENCE: FOR-PROFIT COLLEGES GAIN MOMENTUM IN PRODUCING GRADUATES OF COLOR.”**

One of the surprises emerging from Black Issue's analysis of the top one hundred institutions conferring degrees on people of color was in the rise of proprietary colleges as major players - particularly in the fields of engineering-related technologies, computer science, and business.

In fact, the top producer of minority baccalaureates in engineering-related technologies was a California campus of the ITT Technical Institute of California.

The number two and three institutions conferring bachelor's degrees in computer and information science on African Americans were also proprietary schools - Strayer College and DeVry Institute of Technology.

Why are these schools so popular with students of color? Educators say proprietary schools have identified as untapped market - recent high school graduates of color who want a more practical education in a shorter time than that offered by traditional four-year institutions; and older, more mature minority employees who view these institutions as an accessible means of attaining the degree they need to advance in their careers.

Observers also say proprietary schools are attractive in today's booming job market because they boast good job placement rates and can tout faculty members who actually work in the fields they teach. "Proprietary schools like DeVry and ITT are making significant inroads among minority students who are turned off by traditional educational institutions who put up barriers to entrance," says Harold Lundy, executive director of the association of College Business Schools and Programs. "A whole segment of students has been written off as uneducable because they don't have the requisite score on the ACT or SAT. But these institutions are more open and amendable to inner-city students"

Others echo Lundy's assessment. "Proprietary schools are a pragmatic choice for a lot of people," says John Lee president of JBL Associates, a higher education consulting firm in Bethesda, Maryland. Lee says proprietary schools are attractive to many minority students because they are located in major cities, often near the neighborhoods where students live or work. Moreover, since many of the institutions offer classes year round, students can graduate in less time and get a job faster.

"These students are focused on the fact that they need to have a stable job making good money," Lee says. "These are not students looking for the quintessential college experience - hanging out in the fraternity or sorority house. They don't have the luxury of traveling to Europe for a semester. They need to make money fast, not someday."

His comments are echoed by DR. Clifford Adelman, a senior researcher at the U.S. Department of Education now on loan to The College Board: "Some of (the proprietary schools) were cooks, rip-off artists, vultures - particularly on minority populations, particularly women. But the big chains like DeVry and ITT have gotten good."

However, some educators are concerned that proprietary school students are shortchanging their careers. They warn that today's booming economy, with employers clamoring to fill many computer programming or business management jobs, won't last forever. They add that students with a more broad-based education from traditional institutions will fare better in the long run.

"People in the eighties thought engineering was a foolproof career," said Dr. Reginald Wilson, a retired American Council on Education senior scholar. "But waves of people lost their jobs when defense companies downsized. The vagaries of the economy will make technical skills obsolete. I believe that a person with a well-rounded education will be better off in the long-run."

Indeed, many college administrators contacted for this article expressed a vigorous skepticism about the quality of education of proprietary schools, referring to an era before the Department of Education cracked down on many trade schools that operated as diploma mills with high default rates. But others say such worries are unfounded because degree-granting; for-profit institutions are accredited by the same regional bodies that oversee traditional four-year institutions. Moreover, they argue, proprietary schools are more adept at adapting themselves to changes in society, and in today's competitive world of higher education other institutions would do well to model their success. "If traditional colleges can't learn to transform themselves to meet the needs of the market, they'll be dinosaurs," says Tony Zeiss, President of North Carolina's Central Piedmont Community College.

"Today's economy is demanding greater productivity, and as a result workers are discovering they must constantly learn new skills to stay competitive. But many of these non-traditional students are turning to proprietary schools and to institutions that offer distance learning or Internet

classes because their schedules don't mesh with the traditional academic calendar. Colleges have to ramp up to move faster and do a better job of providing services," Zeiss says.

From Storefront to Billion-Dollar Industry Just a few years ago, the mention of propriety colleges "conjured images of storefront schools, promising minority students the moon but in reality leaving them with worthless certificates and thousands of dollars in debt," said Sharon Thomas-Parrott, vice-president of government relation for DeVry.

Now proprietary education has been transformed into a \$3.5 billion industry dominated by national franchises like DeVry that are traded on the NASDAQ and New York Stock Exchanges.

Headquartered in Oakbrook, Illinois, DeVry has 33,000 students at its fourteen campuses in the United States and Canada. And the institution continues to expand as DeVry plans to open two campuses near San Francisco and New York City this fall. Thomas-Parrott says although many students hear about DeVry through word of mouth, and admissions staff visit high schools and often arrange home visits to talk to parents, the institution also advertises heavily on radio, on television, and in newspapers.

Forty-five percent of DeVry's students are minorities, and most of them are first generation college students. They are attracted to DeVry, Thomas-Parrott says, because the campuses are located in their communities and because of DeVry's job placement record.

"A lot of our students are working and many have families," Thomas-Parrott says. "They appreciate the fact that we offer a business and technology curriculum that gets them into the job market much faster than if they attended a traditional institution."

Indeed, that's what attracted Rodney Lott to DeVry. After Lott graduated from high school in Chattanooga, he attended Tennessee Technical University, but felt he was wasting money taking classes that didn't apply to his engineering major. He left after a year to serve in the military. When he left the armed services in 1985, he decided to enroll in DeVry after hearing a friend's experience. In the beginning, Lott did have some concerns.

"I didn't know what kind of degree I would be getting and whether I could get into graduate school," he says. But DeVry's administration reassured him that his degree could be used to attend graduate school, and Lott was impressed with the school's placement rate. "Plus I could get my degree in three years instead of four", he says.

Tuition rates at proprietary institutions are higher than at community colleges and public four-year institutions because for-profit schools get no state subsidies, must pay taxes, and are designed to earn profits.

For instance, a student would pay about \$8,100 for a full-time load of classes at Strayer University, compared with about \$1,492 at community colleges. However, proprietary institutions do cost less than many private colleges.

### Proprietary

Like other students at accredited institutions, students use financial aid to offset their costs, especially Pell grants, guaranteed student loans, and state aid.

Proprietary school officials believe they are also attractive to minority students because they don't have entrance requirements that keep many minority students from attending college.

"A majority of our students are working while returning to school," says Maria Boulter, director of public relations for Strayer University, a for-profit institution with nine campuses, most in the fast-growing suburbs of Maryland and Virginia. "We offer credits for life experience and accept transfer credits."

The university also offers classes in the evening on the Internet, and lets students register and order books online. Thirty-nine percent of Strayer's 3,900 students are students of color.

"We don't make them jump through hoops the way traditional institutions do," Boutler says. Boutler also notes that students flock to Strayer's computer science program because of employers' desperation for employees with technical skills: "There are an estimated 19,00 technical jobs going (unfiled) in this area."

### A Traditional Advantage?

But others sound a note of caution, saying a employers' insatiable demand for technically proficient employees will abate.

"The bubble will burst," says Bernard J. Milano, partner in charge of recruiting at KPMG Peat Marwick and director of the Ph.D. project, a program to diversify the ranks of business school faculty by encouraging more minorities to get their doctorates in business. "The technical skills students are learning now will be obsolete in twelve to eighteen months. I just don't know if one can rely solely on technical skills for a long-term successful career."

Instead Milano says students should be striving to get a broad-based education that will allow them to negotiate today's treacherous job market. "Undergraduates from traditional institutions will have far more options, more tools to rely on to manage a long-term successful career," he says.

But don't tell that to Valerie Johnson, a recent graduate of DeVry, in Kansas City, Missouri. Johnson is headed to Omaha for a job at Lucent Technology. Before attending DeVry, Johnson was working, but could not advance in her company because she didn't have a college degree.

"DeVry was the answer for me because I didn't want to take four years to get a degree," she says. Johnson says that, unlike the community college she attended after she graduated from high school, her classes at DeVry and the faculty emphasized teamwork. "I worked hard, made a lot of contacts, and now I'm headed for a job with one of the leading technology companies in the country," she says.

## **APPENDIX REPORTS**

### **Population Growth and College Graduates, United States**

**Distance On-Line Education Competitors: Quota Data By Reuters, June 28, 2004**

**Distance On-Line Education Competitors: Quota Data by Yahoo Finance, June 21, 2006**

## **APPENDIX REPORTS Population Growth and College Graduates**

**EMBARGOED UNTIL: 12:01 A.M. EST, MARCH 21, 2003 (FRIDAY)**

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## Women Edge Men in High School Diplomas, Breaking 13-Year Deadlock

The high school graduation rate for women age 25 and over (84.4 percent) exceeded that of men (83.8 percent) in 2002, the first statistical difference between the two sexes since 1989, the Commerce Department's Census Bureau said today.

According to new [tables released](#) on the Internet, titled Educational Attainment in the United States: March 2001 and March 2002, **more than one-quarter (27 percent) of adults age 25 and older had at least a bachelor's degree in 2002**, about 1 percentage point higher than the previous year. The jump in the percentage of college graduates resulted from significant increases for women, non-Hispanic whites and African-Americans.

About 3-in-10 young adults, ages 25 to 29 in 2002, had completed a bachelor's degree, matching the 2000 record high. (See attached table.)

Adults age 18 and over with a bachelor's degree earned an average of \$50,623 a year in 2001, while those with a high school diploma earned \$26,795 and those without a high school diploma averaged \$18,793. Advanced degree-holders made an average of \$72,869 in 2001.

### *Other highlights for the population 25 years and over in March 2002:*

- Asians and Pacific Islanders had the highest proportion of college graduates (47 percent), followed by non-Hispanic whites (29 percent)
- African-Americans (17 percent) and Hispanics (11 percent).
- The proportion of Hispanics born in the United States who had a bachelor's degree or more (14 percent) was higher than that of those born outside the country (9 percent).
- For Asians and Pacific islanders, the corresponding rates were much closer: 44 percent and 48 percent, respectively.
- Ninety percent of the employed civilian labor force age 25 and over had a high school diploma and 32 percent had a bachelor's degree or higher.
- The Northeast region had the highest proportion of college Graduates (29 percent), followed by the West (28 percent). The proportions of college graduates in the Midwest (26 percent) and the South (25 percent) were not statistically different.

**Table A. Summary Measures of Educational Attainment of the U.S. Population: March 2002** (Numbers in thousands)

Characteristics	Number of people	Percentage	
		High school graduate or more	Bachelor's degree or more
Population, ages 25 and over			
Total	182,142	84.1	26.7
Race and Hispanic Origin			
White	151,942	84.8	27.2
Black	20,359	78.7	17.0
Asian and Pacific islander	7,866	87.4	47.2
Hispanic (of any race)	19,670	57.0	11.1
Non-Hispanic white	133,417	88.7	29.4
Sex			
Men	86,996	83.8	28.5
Women	95,146	84.4	25.1
Population, 25 to 29 years old			
Total	18,310	86.4	29.3
Race and Hispanic Origin			
White	14,574	85.9	29.7
Black	2,439	86.6	17.5

Asian and Pacific islander	1,066	95.1	54.8
Hispanic (of any race)	3,537	62.4	8.9
Non-Hispanic white	11,252	93.0	35.9
Sex			
Men	9,150	84.7	26.9
Women	9,159	88.1	31.8

Note: Hispanics may be of any race.

Source: U.S. Census Bureau, Current Population Survey, March 2002.

The data were collected in the Annual Demographic Supplement to the March 2002 Current Population Survey (CPS). As in all surveys, the CPS data are subject to sampling variability and other sources of error.

<http://www.census.gov/Press-Release/www/releases/archives/education/000818.html>

**EMBARGOED UNTIL: 12:01 A.M. EST, JANUARY 13, 2000 (THURSDAY)**

Public Information Office  
301-457-3030/301-457-3670 (fax)  
301-457-1037 (TDD)  
e-mail: [pio@census.gov](mailto:pio@census.gov)  
<http://www.census.gov>

CB00-05

Frederick W. Hollmann/Tammany J. Mulder  
301-457-2428

## **Census Bureau Projects Doubling of Nation's Population by 2100**

The nation's resident population could more than double in this century, according to national [population projections](#) to the year 2100 released today by the Commerce Department's Census Bureau.

According to the projections, the nation's resident population 273 million on July 1, 1999 is projected to reach 404 million in 2050 and 571 million in 2100. These results are based on middle-level assumptions regarding population growth during the century.

"Even though childbearing levels in the United States remain quite close to the level needed only to replace the population, the increasing number of potential parents and continued migration from abroad would be sufficient to add nearly 300 million people during the next century," said Census Bureau analyst Frederick W. Hollmann. "Because the Hispanic and Asian and Pacific Islander populations in the U.S. are younger than the nation as a whole and because they continue to receive international migrants, these populations will become increasingly prominent."

The data also show lowest and highest alternative projections. The lowest series projects population growth to 314 million in 2050 and then a decline to 283 million in 2100. The highest projects 553 million people in 2050 and 1.2 billion in 2100.

The projections do not take into account possible future changes in the way people report their race and ethnicity and, because of the length of time covered and other uncertainties, they are considered less reliable for the latter part of the century.

According to the middle series projections, the Hispanic population (of any race) would triple from 31.4 million in 1999 to 98.2 million in 2050. By 2005, Hispanics may become the nation's largest minority group. The percentage of Hispanics in the total population could rise from 12 percent in 1999 to 24 percent in 2050.

The Asian and Pacific Islander population, meanwhile, would more than triple, from 10.9 million in 1999 to 37.6 million in 2050. Its percentage of the total population would rise from 4 percent now to 9 percent in 2050.

According to the projections, the non-Hispanic White and African American populations would increase more slowly than the other groups. The non-Hispanic White population would rise from 196.1 million in 1999 to 213.0 million in 2050 a 9 percent increase. Its share of the total population would decline, however, from 72 percent in 1999 to 53 percent in 2050.

The African American population, according to the projections, would rise from 34.9 million in 1999 to 59.2 million in 2050 a 70-percent increase; under this scenario, the African American share of the total population would increase slightly, from 13 percent to 15 percent.

Between 1999 and 2050, the total number of foreign-born would more than double, increasing from 26.0 million to 53.8 million. The proportion of the nation's population that is foreign-born may rise from 10 percent in 1999 to 13 percent in 2050.

The population age 65 and over would grow from 34.6 million in 1999 to 82.0 million in 2050 a 137 percent increase. The projections also show an especially rapid surge in the elderly population as the surviving "baby boomers" pass age 65; in the year 2011, baby boomers (those born between 1946 and 1964) will begin turning 65. Between 2011 and 2030, the number of elderly would rise from 40.4 million (13 percent of the population) to 70.3 million (20 percent of the population).

The projections show that the number of children under 18 would increase from 70.2 million in 1999 to 95.7 million in 2050. However, their share of the nation's population would decline slowly, falling from 26 percent in 1999 to 24 percent in 2050.

The projections are based on assumptions about future childbearing, mortality and migration. The level of childbearing among women for the middle series is assumed to remain close to present levels, with differences by race and Hispanic origin diminishing over time. Mortality is assumed to decline gradually with less variation by race and Hispanic origin than at present. International migration is assumed to vary over time and decrease generally relative to the size of the population. Assumptions for the lowest and highest series are summarized in a working paper, titled *Methodology and Assumptions for the Population Projections of the United States: 1999 to 2100*.

This is the first time that the Census Bureau has projected the population to 2100 and the first time it includes information on the foreign-born population. The projections are presented by age, sex, race and Hispanic origin.

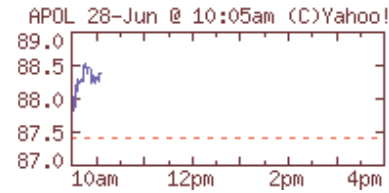
## **APPENDIX FINANCIAL REPORTS**

### **DISTANCE ON-LINE EDUCATION COMPETITORS: QUOTA DATA BY REUTERS FOR JUNE 28, 2004**

#### **Summary**

**APOLLO GROUP** (NasdaqNM:APOL)

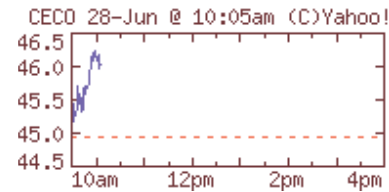
Last Trade:	<b>88.31</b>	Day's Range:	87.60 - 88.67
Trade Time:	10:02AM ET	52wk Range:	58.63 - 98.01
Change:	<b>↑0.89 (1.02%)</b>	Volume:	440,525
Prev Close:	87.42	Avg Vol (3m):	2,009,681
Open:	87.96	Market Cap:	15.46B
Bid:	88.29 x 200	P/E (ttm):	51.31
Ask:	88.31 x 500	EPS (ttm):	1.721
1y Target Est:	94.09	Div & Yield:	N/A (N/A)



[1d](#) [5d](#) [3m](#) [6m](#) [1y](#) [2y](#) [5y](#) [max](#)

**CAREER EDU CORP** (NasdaqNM:CECO)

Last Trade:	<b>46.19</b>	Day's Range:	44.90 - 46.37
Trade Time:	10:02AM ET	52wk Range:	31.50 - 70.91
Change:	<b>↑1.22 (2.71%)</b>	Volume:	619,063
Prev Close:	44.97	Avg Vol (3m):	3,324,636
Open:	45.00	Market Cap:	4.68B
Bid:	46.14 x 600	P/E (ttm):	33.67
Ask:	46.19 x 200	EPS (ttm):	1.372
1y Target Est:	74.25	Div & Yield:	N/A (N/A)

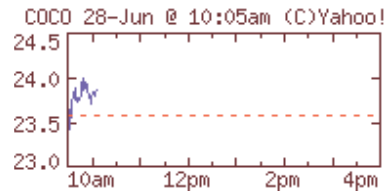


[1d](#) [5d](#) [3m](#) [6m](#) [1y](#) [2y](#) [5y](#) [max](#)

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**CORINTHIAN COLL** (NasdaqNM:COCO)

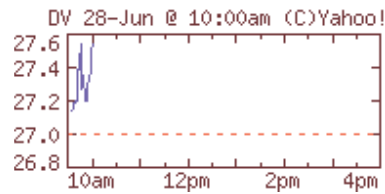
Last Trade:	<b>23.80</b>	Day's Range:	23.16 - 24.06
Trade Time:	10:02AM ET	52wk Range:	20.90 - 36.19
Change:	<b>↑0.21 (0.89%)</b>	Volume:	373,344
Prev Close:	23.59	Avg Vol (3m):	2,072,454
Open:	23.24	Market Cap:	2.15B
Bid:	23.80 x 3300	P/E (ttm):	27.67
Ask:	23.84 x 700	EPS (ttm):	0.86
1y Target Est:	38.89	Div & Yield:	N/A (N/A)



[1d](#) [5d](#) [3m](#) [6m](#) [1y](#) [2y](#) [5y](#) [max](#)

**DEVRY INC** (NYSE:DV)

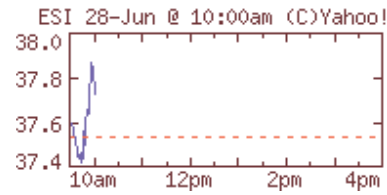
Last Trade:	<b>27.40</b>	Day's Range:	27.15 - 27.55
Trade Time:	9:57AM ET	52wk Range:	21.80 - 32.38
Change:	<b>↑0.40 (1.48%)</b>	Volume:	76,300
Prev Close:	27.00	Avg Vol (3m):	346,454
Open:	27.15	Market Cap:	1.93B
Bid:	N/A	P/E (ttm):	35.49
Ask:	N/A	EPS (ttm):	0.772
1y Target Est:	30.90	Div & Yield:	N/A (N/A)



[1d](#) [5d](#) [3m](#) [6m](#) [1y](#) [2y](#) [5y](#) [max](#)

**ITT EDUCATION** (NYSE:ESI)

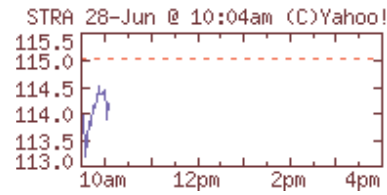
Last Trade:	<b>37.85</b>	Day's Range:	37.41 - 37.88
Trade Time:	9:57AM ET	52wk Range:	27.83 - 60.75
Change:	<b>↑0.31 (0.83%)</b>	Volume:	58,600
Prev Close:	37.54	Avg Vol (3m):	784,954
Open:	37.60	Market Cap:	1.73B
Bid:	N/A	P/E (ttm):	29.76
Ask:	N/A	EPS (ttm):	1.272
1y Target Est:	49.00	Div & Yield:	N/A (N/A)



[1d](#) [5d](#) [3m](#) [6m](#) [1y](#) [2y](#) [5y](#) [max](#)

**STRAYER EDUCAT** (NasdaqNM:STRA)

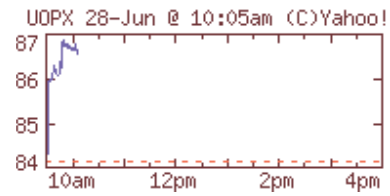
Last Trade:	<b>113.91</b>	Day's Range:	113.17 - 114.65
Trade Time:	10:02AM ET	52wk Range:	76.26 - 129.78
Change:	<b>↓1.12 (0.97%)</b>	Volume:	15,665
Prev Close:	115.03	Avg Vol (3m):	101,818
Open:	113.94	Market Cap:	1.59B
Bid:	113.91 x 100	P/E (ttm):	47.03
Ask:	114.26 x 100	EPS (ttm):	2.422
1y Target Est:	134.29	Div & Yield:	0.26 (0.23%)



[1d](#) [5d](#) [3m](#) [6m](#) [1y](#) [2y](#) [5y](#) [max](#)

**UNV PHOENIX ONL** (NasdaqNM:UOPX)

Last Trade:	<b>86.65</b>	Day's Range:	84.23 - 86.93
Trade Time:	10:02AM ET	52wk Range:	48.70 - 94.00
Change:	<b>↑2.51 (2.98%)</b>	Volume:	65,520
Prev Close:	84.14	Avg Vol (3m):	226,181
Open:	84.23	Market Cap:	7.56B
Bid:	86.65 x 300	P/E (ttm):	70.62
Ask:	86.70 x 500	EPS (ttm):	1.227
1y Target Est:	101.79	Div & Yield:	N/A (N/A)



[1d](#) [5d](#) [3m](#) [6m](#) [1y](#) [2y](#) [5y](#)

Source: <http://finance.yahoo.com/q?s=APOL+CECO+COCO+DV+ESI+STRA+UOPX&d=t>

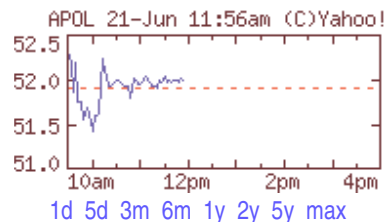
**TOP EDUCATION & TRAINING SERVICES COMPANIES BY MARKET CAP**

Company	Symbol	Price	Change	Market Cap	P/E
<a href="#">Apollo Group Inc.</a>	<a href="#">APOL</a>	52.34	↑0.83%	9.04B	20.58
<a href="#">Career Education Corp.</a>	<a href="#">CECO</a>	31.26	↑1.17%	3.05B	13.84
<a href="#">ITT Educational Services Inc.</a>	<a href="#">ESI</a>	64.26	↓0.08%	2.81B	26.11
<a href="#">Laureate Education Inc.</a>	<a href="#">LAUR</a>	45.10	↑0.24%	2.31B	32.12
<a href="#">DeVry Inc.</a>	<a href="#">DV</a>	22.62	↑0.76%	1.60B	38.02
<a href="#">Strayer Education Inc.</a>	<a href="#">STRA</a>	100.14	↑1.60%	1.44B	29.37

Source: <http://finance.yahoo.com/q/in?s=APOL>

**APOLLO GP INC A** (NasdaqNM:APOL) Delayed quote data

Last Trade: <b>52.01</b>	Day's Range: 51.39 - 52.35
Trade Time: 11:52AM ET	52wk Range: 47.27 - 80.40
Change: <b>↑0.10 (0.19%)</b>	Volume: 912,139
Prev Close: 51.91	Avg Vol (3m): 1,696,860
Open: 52.35	Market Cap: 8.99B
Bid: 52.01 x 300	P/E (ttm): 20.45
Ask: 52.03 x 1200	EPS (ttm): 2.54
1y Target Est: 58.17	Div & Yield: N/A (N/A)

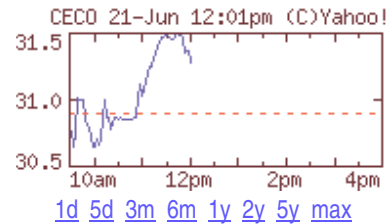


[Annual Report for APOL](#)

**CAREER EDUCATION** (NasdaqNM:CECO) Delayed quote data

Last Trade:	<b>31.27</b>	Day's Range:	30.60 - 31.51
Trade Time:	12:01PM ET	52wk Range:	30.24 - 42.59
Change:	<b>↑0.37 (1.20%)</b>	Volume:	663,806
Prev Close:	30.90	Avg Vol (3m):	1,285,300
Open:	30.77	Market Cap:	3.05B
Bid:	31.27 x 100	P/E (ttm):	13.85
Ask:	31.28 x 300	EPS (ttm):	2.26
1y Target Est:	34.90	Div & Yield:	N/A (N/A)

Source: <http://finance.yahoo.com/q/pr?s=CECO>



**DEVRY INC** (NYSE:DV) Delayed quote data

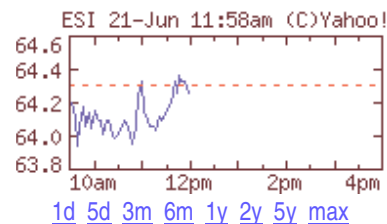
Last Trade:	<b>22.61</b>	Day's Range:	22.35 - 22.70
Trade Time:	11:56AM ET	52wk Range:	17.40 - 27.75
Change:	<b>↑0.16 (0.71%)</b>	Volume:	124,400
Prev Close:	22.45	Avg Vol (3m):	570,395
Open:	22.39	Market Cap:	1.60B
Bid:	N/A	P/E (ttm):	38.00
Ask:	N/A	EPS (ttm):	0.60
1y Target Est:	25.13	Div & Yield:	N/A (N/A)

Source: <http://finance.yahoo.com/q?s=DV>



**I T T EDUCATION SVCS** (NYSE:ESI) Delayed quote data

Last Trade:	<b>64.2696</b>	Day's Range:	63.90 - 64.44
Trade Time:	11:57AM ET	52wk Range:	45.88 - 65.75
Change:	<b>↓0.0404 (0.06%)</b>	Volume:	161,600
Prev Close:	64.31	Avg Vol (3m):	334,642
		Market Cap:	2.81B



Open: 64.21 P/E (ttm): 26.12  
 Bid: N/A EPS (ttm): 2.461  
 Ask: N/A Div & Yield: N/A (N/A)

1y Target Est: 70.30

Source: <http://finance.yahoo.com/q?s=ESI>

### Yahoo June 21, 2006 Education & Training Services Company Lists

Description	1 Day Price Change %	Market Cap ▾	P/E	ROE %	Div. Yield %	Long-Term Debt to Equity	Price Book Value	Net Profit Margin % (mrq)	Price to Free Cash Flow (mrq)
<b>Sector:</b> <a href="#">Services</a>	-0.55	2946.4B	27.32	13.77	1.40	1.58	-7.45	5.71	-149.29
<b>Industry:</b> Education & Training Services ( <a href="#">More Info</a> )	-0.38	25.5B	27.40	21.70	1.11	0.14	11.05	10.30	48.30
<b>Companies</b>									
<a href="#">Apollo Group Inc. (APOL)</a>	0.57	9.5B	21.56	82.78	NA	NA	21.45	14.16	221.41
<a href="#">Career Education Corp. (CECO)</a>	-0.13	3.0B	13.49	21.85	NA	0.02	2.77	9.97	33.35
<a href="#">ITT Educational Services Inc. (ESI)</a>	-0.08	2.8B	26.21	50.25	NA	NA	13.88	11.61	2256.64
<a href="#">Laureate Education Inc. (LAUR)</a>	-2.03	2.4B	33.03	8.93	NA	0.15	2.38	-0.29	173.80
<a href="#">DeVry Inc. (DV)</a>	-2.39	1.6B	38.37	8.02	NA	0.26	2.93	7.16	111.89
<a href="#">Strayer Education Inc. (STRA)</a>	-1.13	1.4B	28.93	32.01	1.00	NA	9.20	23.78	66.56
<a href="#">Corinthian Colleges Inc. (COCO)</a>	-2.41	1.2B	37.59	8.50	NA	0.12	3.18	5.86	388.41
<a href="#">Universal Technical Institute (UTI)</a>	-0.40	638.2M	18.27	35.84	NA	NA	5.31	9.38	-123.99
<a href="#">MAXIMUS Inc. (MMS)</a>	0.41	635.9M	18.33	8.75	1.40	0.01	1.52	4.93	81.00
<a href="#">Ambassadors Group Inc. (EPAX)</a>	0.75	552.5M	26.52	40.83	1.30	0.01	9.11	-74.13	14.61
<a href="#">Lincoln Educational Services C (LINC)</a>	-1.36	401.9M	19.46	20.82	NA	0.08	2.88	3.66	-43.09
<a href="#">INVESTools Inc. (IEDU)</a>	-0.48	375.6M	NA	NA	NA	NA	NA	-25.46	25.98
<a href="#">Educate Inc. (EEEE)</a>	-1.62	337.7M	30.74	7.89	NA	0.78	1.56	3.59	102.30
<a href="#">Princeton Review Inc. (REVU)</a>	-0.18	155.0M	NA	-8.58	NA	0.07	3.17	-5.61	-40.19
<a href="#">Learning Tree International In (LTRE)</a>	-1.13	144.7M	NA	-0.60	NA	NA	2.38	-5.54	85.86
<a href="#">GP Strategies Corp. (GPX)</a>	0.00	117.6M	17.29	10.65	0.00	0.17	1.55	3.15	26.82

<a href="#">Concorde Career Colleges Inc. (CCDC)</a>	2.74	80.2M	20.75	18.57	NA	NA	3.88	3.71	72.86
<a href="#">Scientific Learning Corp. (SCIL)</a>	-0.67	75.1M	37.25	NA	NA	NA	NA	-27.76	-31.21
<a href="#">Ascendia Brands, Inc. (ASB)</a>	-3.17	42.3M	NA	NA	NA	2.29	1.21	-1.22	5.80
<a href="#">PCS Edventures.com Inc. (PCSV.OB)</a>	0.00	15.6M	NA	NA	NA	NA	NA	-207.14	260.09
<a href="#">EVCI Career Colleges Holding C (EVCI)</a>	0.00	10.3M	NA	-4.26	NA	0.59	0.41	-4.05	-13.93
<a href="#">Touchstone Applied Science Ass (TASA.OB)</a>	-11.39	10.2M	51.47	3.09	NA	0.22	1.48	-5.20	-21.76
<a href="#">American Claims Evaluation Inc (AMCE)</a>	0.00	10.0M	NA	-4.53	NA	NA	1.43	-23.35	NA
<a href="#">American Education Corp. (AEDU.OB)</a>	0.00	6.9M	NA	-17.64	NA	0.16	1.57	-7.08	-29.89
<a href="#">VCampus Corp. (VCMP)</a>	-4.35	4.3M	NA	-155.75	NA	0.21	1.32	-144.20	2.66
<a href="#">Whitney Information Network In (RUSSE.OB)</a>	NA	NA	NA	NA	NA	NA	NA	2.24	NA
<a href="#">Trinity Learning Corp. (TTYL.OB)</a>	NA	NA	NA	NA	NA	NA	NA	-75.91	NA
<a href="#">Sonoma College Inc. (SNMA.OB)</a>	NA	NA	NA	NA	NA	NA	NA	-129.32	NA
<a href="#">Peoples Educational Holdings I (PEDH)</a>	NA	NA	NA	-39.94	NA	1.54	NA	-13.34	NA
<a href="#">EarthBlock Technologies Inc. (EBLC.OB)</a>	NA	NA	NA	NA	NA	NA	NA	NA	NA

Source: <http://biz.yahoo.com/p/766mkt.html>

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**ALKERJ & ASSOCIATES EDUCATIONAL CONSULTING**, established by Jeffrey E. Walker, specializes in Distance Education, providing planning and consulting services and business development proposals.. Mr. Walker has had ten years of experience in higher education at Johns Hopkins, Southeastern University (DC) and, presently, the University of Maryland University College (UMUC), Department of Student Affairs/ Degree Audit Team (DAT), as Advanced Evaluator / Senior Advisor, with responsibilities in providing advising information to nontraditional students in UMUC degree programs in online distance education programs as well as to UMUC's brick and mortar students, including course planning, degree and certificate completion requirements, registration, program changes, and Bachelors' degree course evaluation.

**ALKERJ & ASSOCIATES EDUCATIONAL CONSULTING** also provides conference planning and develops community historic preservation activities. Mr. Walker is President of the Free Frank New Philadelphia Historic Preservation Foundation and has appeared in The Learning Channel (TLC) documentary, "Understanding Mysteries of Memory. " He has won service and planning awards from the American Society for Photogrammetry and Remote Sensing,(ASPRS), the University of Maryland University College, and the University of Texas at Austin's Center of Black Business History, Entrepreneurship. Technology. Jeffrey Walker has a B.A. in American History, Loyola University, Chicago, IL, with graduate work in the School of Education, Loyola College, Baltimore, MD. He has published entries in the *Encyclopedia of African American Business History* and has written several Distance Education reports including: "The Competitors for Traveler Enrollment Booths and Kiosks For Distance On-Line Education Registration and Enrollment, "If You Build It They Will Come ': Traveler Booths and Kiosks, for Distance Education Enrollment at Airports, Train Stations and Retail Venues," and "Advantages to Locating Kiosks and Traveler Booths at Baltimore-Washington Thurgood Marshall International Airport."