National Association of State Administrators and Supervisors of Private Schools

State Innovations
Using Technology for Data Collection and Dissemination

April 25, 2007
Session Overview

• Setting the Context
  – Interest in Accountability / Outcomes

• Sharing the Data
  – Enhancing Transparency

• Collecting the Data
  – Administrative Efficiency

• Lessons Learned
  – Process Suggestions

• Project Rationale
  – Benefits for States / Schools / Students

• Questions and Answers
Setting the Context

• Future of Higher Education Commission
  - Transparency / Accountability

• Wall Street
  - Student Outcomes

• Wisconsin’s Modernization Initiative
  - Changing the Regulatory Model
“Because data systems are so limited and inadequate, it is hard for policymakers to obtain reliable information on students’ progress through the educational pipeline. This lack of useful data and accountability hinders policymakers and the public from making informed decisions and prevents higher education from demonstrating its contribution to the public good.”

“We believe that improved accountability is vital to ensuring the success of all the other reforms we propose. Colleges and universities must become more transparent about student success outcomes, and must willingly share this information with students and families.”
Wall Street’s Interest

Equity Research

November 7, 2006

APOL

13.5x

13 Month Target: 44

Total Return to Target: 15% Neutral

Market Cap: $8.2B

Guardian: Howard M. Block, Ph.D.

GAMF0578

(866)377-7839

Wall Street’s Interest

Bank of America

Education Services

Apollo Group, Inc.

Badging Apollo on Its Retention Rates. Upside Sitation in WD

- Wisconsin’s openly diligent data collection offered him an opportunity to evaluate UOP’s dropout rates. We reviewed the publicly available enrollment data for two degree programs at UOP’s Brevard, WD campus (BNB Business and the MBA).
- We previously published our conviction that Apollo’s graduation rate is significantly higher than the 50% graduation rate that management had reported for years. We believe the graduation is closer to 35-45%, and we assigned Apol’s Group’s projection rates determined from historic rates as a forecast. Our forecast remains 3.94%. The APOL market price has been relatively flat.

Due to the limited nature of the WD data, we focused on drop out rates. The findings were not illuminating to our expectation. The analysis shows that roughly 70% of UOP students dropped. Associate degree (Associate) rates were not included in our analysis as the data was too limited. We believe data from the Brevard UOP campus is representative of UOP enrollment.

- Valuation and Target Price Analysis: Our 12-month target price ($48) will apply a forward P/E of 14x to approximate the APOL’s long-term earnings per share. We believe the BSE (12.2x) appreciated after declining growth, the evolving of earnings revision by completing the Brevard’s growth with no course, the prospect of expanding legal and responsible challenge and BOCU (acquaintance) that have been detracting since 1996 and not expected to continue to deteriorate.

Portfolio Managers’ Summary: Page 2:

Enterprise Value to Invested Capital vs. BSE (Trading 12 Months)

SunTrust Robinson Humphrey

April 04, 2007

Mark Hughes

COO

mhus@suntrust.com

470-636-0461

APOL: February Quarterly Earnings Preview

Summary

- Apollo should report second quarter (February) earnings results in the near term (now that has been scheduled). The EPS estimate of $0.46 compares to the Street nears of $0.42, while the recent forecast of $0.44 million, up 6% year-over-year, is just ahead of the average estimate of $0.40 million.
- Earnings from the Wisconsin units reflect a more favorable environment in the fast cycle-quarter, student intial volume appears to be up with conversion more than the relatively weaker. We understand that APOL continues to refine its marketing practices, but have not heard of any material changes in its strategy.

- APOL’s earnings per share (EPS) guidance for the year, while not as detailed as in past years, we believe is guided to average EPS of $1.20, and we remain cautious about the uncertainty of its forecast.

- We now have a stronger hold on APOL’s Growth. The company continues to plan for expansion, and we believe the details of the plans are consistent with our forecast. We are maintaining our rating at ‘Buy’ with a target price of $50. The current price-to-earnings (P/E) ratio of 14 reflects the market’s focus on the company’s future growth potential.
EAB Modernization Initiative

- Compliance Institutional
  Only Effectiveness

- Promote quality, organizational accountability and continuous improvement for schools, as well as EAB.

- Outcomes are at Core of Accountability
Sharing the Data

• What Data is Shared
  – School Information
    • Name, Contacts, Description, Accreditation, Locations
  – Financial Information
    • Financial Aid, Default Rate, Lenders
  – Program Information
    • Name, Length, Student Outcomes
  – Student/Faculty
    • Gender / Age / FT-PT Status / Complaints / Debt

• How is Data Shared (to whom)
  – Annual Directory
  – Website (real-time)
Collecting the Data

• **Annual School Renewal Process**
  - **Old Process**
    • Paper Forms
    • EAB Data Entry
  - **New Process**
    • Web-based Forms
    • School Data Entry
    • Staff Review & Approval

• **Electronic Reporting by Schools**

• **Approval of Data by Staff**
Lessons Learned

- Use of System
  - Easy to Use for Schools & Staff
- Communication
  - Keep Schools Informed / Training
- Data Validation
  - Required Reporting / Formatting
- Audit Tracking
  - Knowing who Makes Changes (and when)
- Data Migration
  - Interface with Database / Timing
- System Security
  - Internal & External Access to Data
- Testing and Debugging
  - Design in Sufficient Time
- Cost
  - Staffing (in-house vs. contracting)
Project Rationale

• Good for States
  – Administrative Efficiency
  – School Improvement

• Good for Schools
  – Administrative Efficiency
  – Transparency/Accountability

• Good for Students
  – Decision-making Information
Questions and Answers