

ANNUAL CONFERENCE HIGHLIGHTS INSTRUCTORS

VCCA's 32nd Annual Fall Conference brought nearly 150 career college professionals together on October 2nd at the Richmond Marriott. Instructors were treated to an all morning presentation on student retention and completion sponsored by Pearson Education and presented by Dr. Robb Sherfield, an expert on this subject who captured the attention of his audience through his interactive style and professional experience. Mr. Trace Urdan, a Senior Analyst with The Signal Hill Capital Group, presented a most informative program on how the capital markets evaluate our sector of education, and the emerging trends that are now occurring which will impact perceptions in the future.

A large contingent of member schools recognized their best instructors by awarding them Teacher of the Year crystal apples at the conference and two

institutions honored staff members with the VCCA Distinguished Service Award. Past President Dr. Richard Shurtz, II was also recognized for his work on behalf of our schools and students during his term as VCCA President. A list of award recipients is posted on the VCCA website under the Awards section.

Members heard reports on the many activities and financial status of the association at the Annual Business Meeting, including ongoing efforts to improve the format and direction of the Career College Advisory Board. In addition the VCCA Executive Director discussed efforts to improve our sector's visibility and participation with the State Council of Higher Education, and the need to stay cohesive as a re-write of state regulations governing our sector is presently

underway.

Attendees also elected the 2010-11 VCCA Board of Directors and a listing of the new Board is attached with this newsletter. Congratulations to the newly elected Board and thank you for your willingness to serve the association. VCCA would also like to recognize Mr. Mark Dreyfus, President of ECPI College of Technology, for his recent election to the Board of Directors of our national affiliate, the Career College Association.

VCCA also wishes to thank our sponsors and exhibitors for their support as well as all of the attendees who participated in this year's event. And a special thanks to Steve Farris with ITT Norfolk for serving as our official photographer (see website for conference pics.)

Plans are already underway for next year's conference.

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[Dr. Robb Sherfield](#)



presents "Motivation and Innovation - The Keys to Adult Learning Success".

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COHORT DEFAULT LEVELS RISE, AS EXPECTED

The Department of Education (DOE) has released final FY2007 cohort default rates (CDR) for post-secondary institutions. As expected, cohort default rates continued to rise for a second consecutive year amid the weakening economy. National CDR increased to 6.7% from 5.2% for the FY2006 calculation period while rates for proprietary institutions increased to 11.3% (highest levels since FY1998, but still below 20%-30% range in the early 1990s). Rates increased within public and private nonprofit institutions to 5.9% and 3.7% respectively. CDR is defined as the percentage of student-loan borrowers who enter repayment on federal student loans and default within two years.

	F2007	F2006	F2005	F2004	F2003
Public					
	5.9%	4.7%	4.3%	4.7%	4.3%
Less than 2 years					
	7.5%	6.4%	5.2%	5.7%	5.8%
2-3 years					
	9.9%	8.4%	7.9%	8.1%	7.6%
4+ years					
	4.3%	3.4%	3.0%	3.5%	3.3%
Private					
	3.7%	2.5%	2.4%	3.0%	2.8%
Less than 2 years					
	12.6%	10.0%	9.0%	9.0%	7.9%
2-3 years					
	8.1%	6.1%	6.7%	7.4%	6.3%
4+ years					
	3.6%	2.4%	2.3%	2.8%	2.6%
Proprietary					
	11.3%	9.7%	8.2%	8.6%	7.3%
Less than 2 years					
	12.0%	10.9%	8.9%	8.9%	7.9%
2-3 years					

STUDENT DEBT INDICATES A DISTURBING TREND

A new report on student debt from Education Sector, a Washington D.C. based think tank, attempts to show that not only has student borrowing increased over the years, but that this trend has intensified recently. Authors of the report, entitled *Drowning in Debt: The Emerging Student Loan Crisis*, point out that in the 15 years since the DOE began tracking student debt levels, the percent of students who take out loans has increased every year. According to data from the

National Center for Education Statistics, the percent of students attending for-profit schools who took out loans has increased from 53% in 1993 to 92% in 2008. More alarming is that the amount borrowed (adjusted for inflation) has increased as well, with the average yearly debt loan up over 50% in that time period. The report argues that this elevation in borrowing stems from the fact that financial aid increases have not kept

pace with tuition increases. As a result, students have increasingly turned to higher interest rate, private loans to fill this void. The authors conclude that despite the Obama's administration's efforts to increase federal financial aid, until federal and local governments work with institutions to curb the level of pricing increases, student debt will continue to climb.



GAO REPORT FINDS ONLY MINOR PROBLEMS

A highly anticipated Government Accountability Office (GAO) report which focused on oversight within proprietary schools was released last month. The report, entitled "Proprietary Schools: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid," recommends stronger monitoring of federal aid eligibility requirements within career institutions "given the sector's relatively higher cohort default rates."

While the GAO concluded that its "findings do not represent nor imply widespread problems" at proprietary schools, it did report some violations among for-profits such as helping students obtain invalid high school diplomas. Specifically, the GAO identified cases in which proprietary schools

helped students obtain high school diplomas from diploma mills in order to obtain access to federal student loans. Additionally, the report found non-compliance related to ability-to-benefit testing procedures at some for-profits.

GAO recommendations included: 1) improving monitoring of basic skills tests and target schools for further review, 2) revising regulations to strengthen controls over basic skills tests, and 3) providing information and guidance on valid high school diplomas for use in gaining access to federal aid. Following the GAO's recommendations, the DOE commented that it is considering the management of the ATB testing process as a topic to include in the new round of negotiated rulemaking.

VCCA believes, and the report does not dispute, that these findings are occurring on a very limited basis and that the vast majority of Title IV eligible career institutions are complying with the rules regarding ATB testing and diploma documentation. We are troubled, however, that Rep. George Miller (D-CA, Chairman of the House Education Committee) stated that the report's findings are "extremely troubling and warrant further examination by Congress." Further, Rep. Miller stated the subcommittee on higher education will hold hearings on whether for-profit schools are "gaming the system" to enroll students who may not be fully ready for college. Our sector will, therefore, need to stay actively engaged in these discussions.

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WELCOME NEW MEMBERS

VCCA is happy to welcome the following new Associate Members:

Jones and Bartlett- Provider of Educational Resources
General Revenue Corp. – Financial Aid Services



MORE ASSOCIATE AND VOCATIONAL DEGREES NEEDED

.A July report from the [President's Council of Economic Advisors](#) finds that careers requiring postsecondary educational attainment are expected to grow significantly faster than those with lower education requirements such as manufacturing and low-skill jobs. The report, *Preparing the Workers of Today for the Jobs of Tomorrow* finds, "the fastest growth among occupations that require an associate's degree or a post-secondary vocational award."

While the benefits of a col-

lege degree are well documented—higher wages, more job security and in the current environment, significantly lower rates of unemployment—the new report is significant because it underscores the growing trends which play to the strengths of the career college sector.

The White House report reviews existing employment data from the Bureau of Labor Statistics and government forecasting to summarize and predict employment trends

through 2016, when it states that the economy will resemble that of 2008, but with some important shifts. Most notably, the healthcare sector will continue to represent a large percentage of employment growth. Those positions requiring less than a bachelor's degree will represent much of the growth, such as lab technicians, health information technicians and physical therapy aids. "Health care support" occupations are projected to grow 48 percent in the years be-

Most notably, the healthcare sector will continue to represent a large percentage of employment growth.

VCCA MEMBERS IN THE NEWS

VCCA MEMBER OPENS SCHOOL IN INDIA

VCCA is proud to learn of the recent signing of a Joint Venture agreement between Stratford University and K.K. Modi Group to establish campuses of Stratford University in India. The K.K. Modi group is one of the top ten business groups in

India. Stratford University is a longtime supporter of the VCCA, and the university's President, Dr. Richard Shurtz, is the Immediate Past President of the association. Congrats to Rick and his team at Stratford.

FIRST EVER SECOND LIFE GRADUATION CEREMONY

Career colleges have a reputation for breaking new ground and Bryant and Stratton College recently did that when they awarded their online graduates degrees in a completely online degree ceremony using the online virtual world of Second Life. B&S also has begun

using Second Life to introduce prospective students to their online programs. We believe many others in all sectors of education will follow the lead of B&S. We recognize them for being ahead of the curve.



HOW CAREER SCHOOLS DIFFER FROM COMMUNITY COLLEGES

VCCA members who were fortunate enough to attend this year's annual conference heard Trace Urdan with Signal Hill Capital Group speak about the capital market's perceptions of our sector. But if you missed it here are some his recent comments.

Comprised of roughly 1,250 publicly-funded institutions, community colleges serve a range of students from traditional high school graduates looking to embark in a low-cost manner on what they hope will ultimately be a four-year degree completed elsewhere, to career changers looking to re-skill into higher paying fields, and adults, simply looking to pursue lifelong learning. The intersection of these institutions with for-profit schools is complex, in some cases symbiotic, where robust articulation agreements often mean that for-profit schools are among the most generous in their recognition of community college course credits, to competitors who may offer comparable programs. By all rights, given their heavily-subsidized status and tuition rates that range from one-quarter to one-third the cost, there should be no way for-profit programs to compete with community colleges. And yet, every year, thousands of students transfer away from community colleges into proprietary schools, or reject community

colleges in favor of seemingly identical programs offered by for-profit schools.

What makes the for-profit school programs more competitive in these circumstances stems not, we think ultimately from the course content itself, though this plays a role, but from the level and nature of the service the student receives. This, in turn, we think, comes from the proprietary school's profit motive and fundamental orientation toward the student as a customer rather than as a supplicant. For all their focus on job training, community colleges still adhere to and aspire to the structures and trappings of traditional colleges and universities, with faculty-based decision-making, a strong not-invented-here approach to curriculum development, attention paid to academic research, and a civil service approach to providing basic student services. Stated another way, community colleges offer a high-quality, low-cost vehicle for highly-motivated students to further their

academic goals, provided they are dedicated, patient, and flexible. However for traditionally-underserved students that generally have not been successful in school and have anxiety about their academic performance, these institutions often fall short. They fall similarly short in cases where more rigid class schedules make it difficult to work full-time and pursue a degree. By contrast, proprietary schools are far better at ferreting out the less-motivated students, offering them reassurance throughout the program, endeavoring to keep them satisfied (if only to avoid the regulatory and sometimes legal liabilities of their dissatisfaction) and, of course, securing them employment post-graduation as their accreditation, not to mention their success as a going concern, requires.

Editors Note:

We couldn't have said it better ourselves!



COMMUNITY COLLEGES ALSO GROWING

Enrollments at many of the state's 23 community colleges are tracking growth being experienced by many of Virginia's career colleges with most seeing enrollment spikes in the 10 to 20 percent range as students seek to acquire new skills in fields such as nuclear support technologies, dental hygiene, engineering technology, cardiovascular stenography, medical laboratory technology, machine technology and welding.

This summer, the Obama administration acknowledged his belief in the importance of two-year community colleges by proposing \$12 billion in grant money over 10 years. The plan calls for \$2.5 billion infrastructure improvements, which college officials say are sorely needed to accommodate their growing enrollments, \$9 billion for two grant programs focused on job training, remedial education and college completion, and \$0.5 billion to develop online course materials for community colleges. The administration plans to pay for the additional aid by ending student lender subsidies it currently paid through the Federal Family Loan Program. The proposed funding boost could create more competition for proprietary institutions, but VCCA and other industry experts believe the dollar amounts that have been approved are insufficient to provide community colleges a significant competitive advantage given the state's budget deficits referenced below.

On the up side there is also the possibility that increased community college enrollment could be a positive for some career colleges that offer bachelor's degrees and have articulation agreements with community colleges. Congress had since approved the proposal.

Based on information from the first week of classes, the Virginia Community College System expects its enrollment to hit the equivalent of 99,249 students this fall, up 13.7 percent from last year. The jump in enrollment is even more dramatic at some colleges in the system. Tidewater Community College, for example, saw a 20% increase, says President Deborah M. DiCroce. Many new students, she says, are career switchers looking for jobs that have better prospects in a changing economy.

Christine Chmura, president and chief economist for Chmura Economics and Analytics in Richmond and a presenter at a recent VCCA annual conference, says jobs requiring an associate's degree are expected to grow at a faster rate than those that typically require a high school diploma, a bachelor's degree or a graduate degree. Her analysis shows that jobs requiring a two-year degree will

see a net increase of 40,000 jobs by 2018 over the 144,000 jobs that existed in 2008.

"Having said that, though, jobs that require only an associate's degree will still only be about 4 percent of all jobs in the state," she says. Occupations requiring a bachelor's degree will make up 14 percent of all jobs while occupations requiring a high school diploma and some on-the-job training will make up 37 percent of the work force by 2018.

"Jobs requiring an associate's degree are expected to grow at a faster rate than those that typically require a high school diploma, a bachelor's degree or a graduate degree"

Christine Chmura

Despite all that demand, finding the funds to support this effort may prove difficult for the state's public two-year institutions. Governor Kaine recently announced a projected \$1.2 billion budget shortfall for Fiscal Year 2010 and an additional shortfall of \$300 million at the close of Fiscal Year 2009. It is now up to the Governor to exercise his authority to make changes to the budget to close the shortfall. Although the Governor did not designate specific plans on how he would make the necessary spending reductions, there will likely be no part of the budget that will escape cuts. Making matters worse will be the loss of the federal stimulus funds on which this year's budget was built, making the budget hole even larger



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DUES AND PAC REQUESTS COMING SOON

2010 VCCA dues and PAC requests will shortly be arriving in your mail. Given the busy and important agenda of the association, your Board of Directors strongly urges your continued support and commitment to the VCCA in the coming year. Please contact the VCCA office should you have any questions or concerns about membership renewal.

NEW G.I. BILL GOES INTO EFFECT

The Post-9/11 Veterans Educational Assistance Act of 2008 or the "New G.I. Bill," was signed into law by President Bush in June 2008 and went into effect August 1, 2009. It greatly increases education benefits for veterans who have served at least 90 days of active duty since September 11, 2001, including those in the Reserves and National Guard. The program pays tuition and fees directly to a school up to the maximum in-state tuition and fees at a public institution. It also provides the student with a month housing allowance (except for distance learners) and \$1,000 per year for books and supplies. The previous bill paid \$1,321 per month towards all college costs. A new feature of this bill is that it allows service members to transfer unused educational benefits to spouses and children. The U.S. Department of Veterans Affairs (VA) projects a 20%-25% increase in the total number of participants with the new program. So far, up to 460,000 students are expected to enroll in the program during the 2009-10 year, a 30% increase from the prior year. As of July participating schools included 750 private nonprofit institutions, 254 private career institutions, and 161 public institutions.

CREDIT UNIONS JUMP INTO STUDENT LOAN MARKET

As many private lenders have exited the student loan market over the past year and a half, credit unions are stepping into the market in response to considerable consumer demand. Various credit unions have cited "overwhelming" demand, according to Dow Jones Newswires. Some credit unions issue loans through the federal loan program and a number offer private loans, sometimes at better rates than other private originators. Financial aid advisors continue to recommend students pursue federal loans and grants before accessing private loans.

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THE CAREER COLLEGE DEFAULT TREND CONTINUES TO GO UP

**CAREER COLLEGE INDUSTRY-
DEFAULTED BORROWERS AND PERCENTAGES**

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Number of Career College Sector Students in Default	36,477	50,779	60,379	82,995	94,819
Percent of Career College Defaults as Part of the Total Default Portfolio	31.5% *	35.2% *	37.3% *	40.5% *	40.9% *

**CAREER COLLEGE INDUSTRY-
DOLLARS IN DEFAULT AND PERCENTAGES**

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Total Dollars in Default Attributed to the Career College Sector	115.5m	289.9m	291.7m	409.2m	493.6m
Percent of Career College Defaults as Part of the Total Dollars in Default	17.8% *	36.1% *	31.8% *	34.5% *	33.7% *

*Data is estimated as FSA does not publish.