

Wednesday, December 8, 2010

## Education

### Revised GAO Report Less Critical of For-Profit Recruiting Practices

**Flash:**

An article in today's *Washington Post* explains how a Government Accountability Office's (GAO) amended report on the for-profit education industry's recruiting practices appears less critical than the original report presented to Congress.

**Our View:**

- \* The original August 4th report was presented in testimony to the Senate Health Education Labor and Pension Committee, and included undercover video and audio of enrollment representatives at several publicly held for-profit schools providing misleading and/or false information to potential students.
- \* Subsequently, the damaging report became one of the cornerstones of committee chair Sen. Tom Harkin's (D-IA) promise to introduce legislation.
- \* The amended report was posted on the GAO website on November 30 and contains revisions that soften the original negative description of events in the first report.
- \* One example provided is an instance where an applicant was told he could make up to \$100/hr as a massage therapist. The revised report explains the applicant was told he could earn up to \$30/hr and that the school's massage instructors and directors can earn up to \$150-\$200/hr.
- \* Generally, Republican committee members and supporters of the industry say the revisions undermine the GAO report, while Democrat members and others against the sector believe the revisions do not change the overall substance of the report.
- \* In our view, these revisions raise several questions and weaken the arguments in favor of more onerous legislation.
- \* The revised report can be found here: <http://www.gao.gov/new.items/d10948t.pdf>
- \* The *Washington Post* article can be found here: <http://www.washingtonpost.com/wp-dyn/content/article/2010/12/07/AR2010120706803.html>

<b>Sector:</b>	Education
<b>Rating:</b>	Market Perform
<b>Analyst:</b>	Jeffrey M. Silber 212-885-4063
<b>Email:</b>	jeff.silber@bmo.com
<b>Associate:</b>	Paul Condra 212-885-4176
<b>Email:</b>	paul.condra@bmo.com

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Sell	Underperform	3.3%	12.5%	3.4%	4.0%	1.9%	4.8%

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