

# Strayer Education, Inc.

## Summary: 2012 U.S. Senate Committee Findings + 2015 Update

### Overview

- Strayer Education, Inc., a publicly-traded company headquartered in northern Virginia, has 92 campuses in 24 States, and an online division, with between 50-6% of students enrolled online
- Offers degree and certificate programs in accounting, business, criminal justice, economics, information systems, management, public administration, health services administration, and education
- Enrollment has grown from 14,000 students in 2001 to over 60,000 in 2010 and revenue doubled between 2007 and 2010
- Its performance, measured by student withdrawal and default rates, is one of the best of any company examined and it appears that students are faring well at this degree based for-profit college

### Tuition

- Charges significantly more than other Virginia public institutions; Associates degree in Business Management is \$36,500 compared to \$9,587 at a community college and a Bachelor's degree in Business Administration is \$72,800 compared to \$51,912 at the University of Virginia
- 5% per tuition increase each year over the past 11 year

### Federal Funding

- 84.9% (\$514 million) of its revenue was derived from federal student aid plus military and veterans educational benefits in 2010

### Expenditure Priorities

- 33.7% (\$172 million) of its revenue was allocated to profit and 18.2% (\$93.3 million) to marketing and recruiting in 2009; amount devoted to profit is significantly higher than other schools examined
- CEO received \$41.5 million in compensation (payable over 10 years), which is 58 times as much as the compensation of the President of the University of Virginia, who received \$703,648 in total compensation for 2009-10.

### Recruiting

- The report concluded that Strayer appeared to have better controls on recruiting practices than other for-profits
- Employed 1 recruiter for every 154 students, compared to 1 career counselor for every 368 students and 1 student services staffer responsible for 125 students
- It employs far fewer recruiters than some similarly sized companies, and has more student services representatives than recruiters and more career counselors per student than most other companies examined, which may play some role in the success of its students

### Academic Quality and Student Outcomes

- Spent \$1,329 on instruction per student in 2009 compared to \$14,567 at the University of Virginia and \$3,850 at a nearby community college
- Overall, 32.2% of student who enrolled in 2008-09 had withdrawn by 2010 after a median enrollment of about 6 months, the lowest of the publicly traded schools studied; however, its 48.8% withdrawal rate among Associate degree students was 14% points higher than its overall withdrawal rate
- Increase in default rates from 9.4% for students entering repayment in 2005 to 12.8% in 2008 is far below the rate for the for-profit sector and is similar to the rate for colleges overall
- Hired a contractor to encourage students a risk of default to sign up for forbearance or deferment, which lowers the school's default rate but student continue to incur interest on some loans
- 83% of its faculty was part time in 2010, slightly above the 80% average for the 30 companies examined
- It has earned the confidence of a number of employers that provide tuition assistance for their employees to attend the school, helping it to be better positioned with regard to regulatory compliance than many other publicly traded companies.

## 2015 Update

- Senate Health, Education, Labor, and Pensions July 2014 reported that Strayer was one of the top 10 recipients of revenue from Post-9/11 GI Bill benefits from 2009 through 2013, receiving \$210 million
- Implemented a Graduation Fund, where students who complete 3 courses receive vouchers that cumulatively could allow them to take their last year's courses for free