



The Education Industry
Leadership Board

The Education Industry

SERVICE. INNOVATION. RESULTS.

A Special Report

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LETTER FROM THE CHAIRMAN



Twelve years ago, a group of entrepreneurial visionaries—including lifelong teachers, market-based education reformers and the leaders of several education businesses—were tasked with the formation of a professional group to support the emerging education industry. These visionaries shared a passion for improving educational opportunities and outcomes for all children.

The public was beginning its engagement with school choice programs, and new technologies were emerging to enhance the transformation of schooling. As education became an increasing focus of public concern and attention, education businesses with long histories were easy to identify, and many new education companies were coming into view. Missing, however, was a common language and identity among these businesses that could serve to unite them into a vibrant catalyst for improving American education.

As a result, these education leaders formed what is now known as the Education Industry Association, a professional organization for education entrepreneurs that today is 800 members strong. The diverse membership of the EIA is united by a common goal: *advancing the education of all learners by promoting education reform through entrepreneurship*. Our association members also share a determination to demonstrate to their communities that by demanding accountability and results private ventures can contribute to the public good.

In 1999, the Association set out to reach a broader section of the industry, drawing in not only small entrepreneurs, but also leaders of large, established education businesses. The Education Industry Leadership Board was formed at this time to bring together a core group of education industry leaders who would work in unison to bring the industry's message—*Service. Innovation. Results.*—to the forefront of Congressional and public debate.

Together the Education Industry Association and the Education Industry Leadership Board represent thousands of dedicated professionals determined to help young Americans grow to be the best they can be. Our member companies and their employees contribute in millions of ways everyday to the educational development of children throughout the United States. We offer service to thousands of students who need to work at their own pace. We create innovations in school management, supply procurement, and instructional delivery that improve the administration of schools and enhance learning in the classroom. In thousands of places and in millions of ways every day we help children and their parents and teachers achieve the results they are seeking.

Members of our industry are finding a common identity and a common purpose in their drive to once again make American education the best in the world for all children at every level. We are delivering service, innovation, and results, and we invite you to get to know us better.

A handwritten signature in black ink, appearing to read "Michael R. Sandler".

Michael R. Sandler
Chairman, The Education Industry Leadership Board



EXECUTIVE SUMMARY

Upon the subject of education, not presuming to dictate any plan or system respecting it, I can only say that I view it as the most important subject which we as a people can be engaged in. —Abraham Lincoln, in his first political announcement

In 2002, three events signaled the foreshocks of an impending seismic shift in our understanding of “public” education.

- ✓ The U.S. Congress passed groundbreaking legislation—The No Child Left Behind Act—embracing accountability, local control and flexibility, new options for parents, and record funding for what works as the cornerstones of our education system.
- ✓ In its landmark decision affirming that Cleveland’s school voucher program is constitutional, the U.S. Supreme Court opened the door to and legitimized a new group of providers for publicly funded K-12 education.
- ✓ In a desperate effort to rescue 20% of its schools from persistent failure, a major urban school district entered the largest-ever agreement for contracting services with commercial educational management organizations.

These events – the logical outgrowth of the longstanding tradition of partnerships between public education and private education providers – compel us to recognize the role that the private sector will play in providing quality educational opportunities to learners of all ages.

There are many who are skeptical of or uninformed about this growing role of private enterprise in America’s education landscape. Unfortunately, the skeptics often spread misleading information about the role of American business in education and perpetuate several myths about “privatization.” These myths belie the public’s growing commitment to continuous improvement of education and the provision of meaningful educational choices.

Educational publishers and school supply companies have long played an integral role in public education, but the past decade has witnessed the birth of a distinct education industry that promises to be a permanent presence in education in America and around the world. Today, America’s education industry is a diverse array of firms and providers that include not just national education delivery firms in the K-12 and postsecondary markets, but firms that specialize in

educational content (e.g. curriculum, textbooks), infrastructure (e.g. computer hardware and software, networking equipment), and educational services (e.g. tutoring, test preparation, testing and assessment) as well.

Though they pursue differing approaches to educational innovation and improvement, these market-based educational providers are united by three core principles:

1. Education is a public good, and all children should have access to education of the highest quality.
2. Education is made better and more widely available by offering consumers options and letting them select those that best meet their needs.
3. Results are the most important measure of success—both government and private-sector providers helping learners achieve should be part of the education landscape at all levels.

The most interesting and important challenge now before the public is to consider how long-standing public institutions can benefit from the nimble and innovative ability of the marketplace to adapt to change.

Today’s education businesses – intimately involved at all levels of educational research, product and curriculum development, instruction and school management – are increasingly responsive to the needs of the American public.

In a time of lifelong learning, private post-secondary institutions are making higher education easier to access. In a time of changing family needs, new options for childcare are helping families to find the services that fit their lifestyles, goals, and needs. In a time of teacher shortages, new education businesses are finding ways to train qualified individuals to lead classrooms.

American education has reached a critical crossing. The time has come to realign our understanding of public education with reality and to explore the capacity of the education industry to expand educational opportunities and accelerate improvements in educational outcomes for all students.

America’s education industry supports our nation’s long-standing commitment to public education. America’s education industry leaders strive each day to unite the entrepreneur’s energy and the educator’s passion in building an effective and efficient education system that will serve the nation and the world well across the next century.

SETTING THE RECORD STRAIGHT

Myth: The education industry is a new movement that aims to replace public schools.

Reality: Education businesses have long been part of the education landscape. The growth of the education industry in recent years has taken place as educational entrepreneurs are finding new ways to improve quality and promote accountability in educational institutions in America and around the world.

The education industry has grown hand-in-hand with the evolution of schools in the United States. As Horace Mann's 'common schools' emerged in the early nineteenth century, businesses that supplied textbooks and school supplies surfaced to complement the new system of education. Some of these companies continue to be key contributors to the education industry more than a century later.

Participants in the education industry share a belief that innovation and accountability are key components to improving the current system of education. As a site where innovation is encouraged and results are carefully tracked, the education

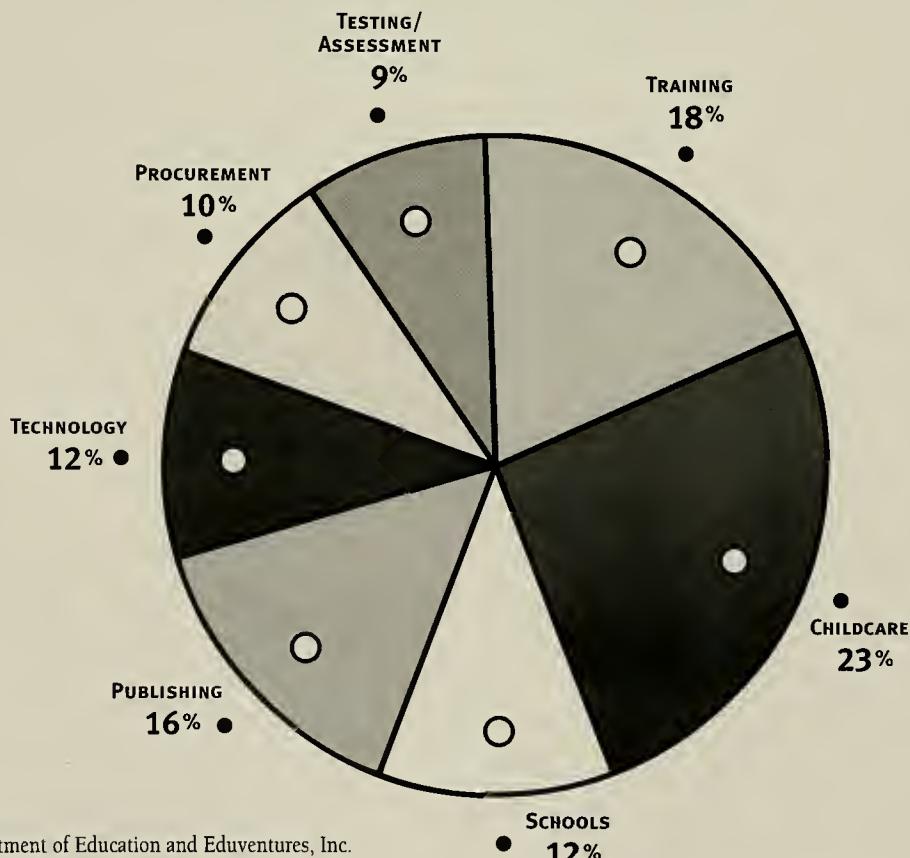
industry is a valuable asset to our educational system. Today, education companies are striving to be energetic and accountable components of a complex system of education that includes government, private sector, and nonprofit institutions.

The education industry supports public education by meeting the demand for products and services that complement and supplement basic education delivery, such as after-school tutoring, professional development opportunities for teachers, computer-enhanced reading programs, and educational textbooks and supplies. In fact, the large majority of education businesses in the K-12 space work primarily to provide educators the products and services that they need to focus more exclusively on their expertise, which is to help children learn.

Education is rapidly becoming a \$1 trillion industry, representing 10% of America's GDP and second in size only to the health care industry. Federal and state expenditures on education exceed \$750 billion. Exceeding \$100 billion in revenues, education businesses already constitute a large, growing, and important segment of the entire education marketplace.

EDUCATION INDUSTRY REVENUES (2001)

2001 Total Revenue Approx. \$102 billion



* Data from U.S. Department of Education and Eduventures, Inc.

Myth: The education industry drains valuable funds from public schools.

Reality: The education industry fosters innovation and improvement and provides valuable products, services, and resources to help schools operate.

Public schools rely on the education industry to provide products and services that help teachers teach and students learn. While some larger school districts have the capacity to operate with more autonomy, most school budgets include funds for a wide range of services that the education industry provides—from offering professional development programs on the latest teaching techniques to administering computer-based diagnostic tests to create an individualized education plan for a student. These expenditures are a necessary part of school operations in most school districts.

Far from draining funds from public schools, the education

industry ensures that public funds can be used to purchase effective products and services that enrich their total educational offering and accelerate student achievement gains.

In addition, the education industry is an important vehicle for focusing private investment on improving education. The emergence of the education industry has been fueled by the growing willingness of citizens to allocate investment capital to bold ventures seeking to improve education. In the past decade, the industry has received \$12 billion in privately-invested funds. Some of these funds have been used to conduct academic studies to determine the best research-based products or services to enhance student learning. Other funds are used to evaluate the effectiveness of the products and services in schools so that companies can improve their offerings. In the end, the education industry offers a win-win opportunity in which students, teachers, communities and investors can be mutual beneficiaries of America's private enterprise system.

Myth: Involvement of the education industry in public schools diminishes the public good and weakens accountability.

Reality: The education industry is a stakeholder in public education and broadens accountability of public schools by providing parents, teachers, and school overseers additional feedback on student and school performance.

A significant portion of education industry revenues are generated through contracts with public institutions. Many education industry companies are therefore direct stakeholders in the public education system and share a commitment to education as a public good. Education companies enact their commitment to expanding the public good by developing responsive products and services that use business-driven, bottom line accountability as an incentive for continuous innovation and improvement.

The need for customer satisfaction requires education companies to provide analysis of student and school performance that can better inform parents in choosing a learning program, better enable teachers to choose among proven teaching tools and methods, and better empower elected school boards to make wise decisions about the efficient and effective allocation of public funds.

There are instances in which education companies directly compete with traditional government-run schools in the delivery of education services to students. Charter schools, for example, are publicly funded schools managed by organizations or corporations independent of local and state government bureaucracies. Free of many of the stifling regulations that limit traditional public schools, charter schools are proving to be innovative and flex-

ible additions to the educational landscape. Early evidence suggests that the presence of charter schools is already resulting in increased school performance throughout many school districts.

Engaging parents more directly in deciding which schools their children will attend promises better accountability for results among all schools. In-depth studies of deregulation of industries such as telecommunications and airline transportation have found that consumer choice improves both the traditional monopoly service provider as well as the new entrants. Early studies of school choice programs in Milwaukee, New York City, Dayton, and the District of Columbia likewise indicate that competition in education has the same effect it has had on other critical public services: *consumer choice spurs improves performance.*

The President and I share a simple and fundamental philosophy – and that is this: We believe every child can learn. And we believe that all children – no matter the color of their skin or the accent of their speech – deserve schools where the instruction is rigorous, the teachers are qualified, and those in charge are held accountable for results. Whether your product is rockets or reading – eCommerce or education – results matter. In education, it's the only way to know who needs help – and who's getting left behind.

U.S. Secretary of Education Rod Paige, 2002

INDUSTRY OVERVIEW

Education businesses have maintained a longstanding partnership and collaboration with schools. While publishing businesses designed textbooks, testing companies refined standardized tests, school supply companies furnished and equipped schools, and childcare companies enhanced the educational components of their services, the broad array of education businesses lacked a common identity and language. In the past decade, however, these companies that provide educational products and services have banded together under the umbrella of the emerging “education industry.”

While some education companies have played an important role in American education for over a century, many of the firms that make up the education industry are not yet household names. They are new, small, and serve specialized markets. Most of the firms fall into one of two broad categories: firms that specialize in educational content, infrastructure, and services, including testing and tutoring services; and, firms that specialize in delivery of education, which is to say that they provide teaching services to students. The background and scope of the firms that comprise the various markets within each of these two broad categories as well as examples of service providers to the industry are described in more detail in this section.

Content, Infrastructure, and Service Providers

Publishing:

creating and distributing textbooks, curricula, and supplemental learning materials

Technology:

designing and integrating technology solutions in schools and classrooms, including hardware, administrative software, and educational content

Testing & Tutoring:

providing supplemental learning services and standardized testing to states, districts, schools, and individual students

School Supplies:

providing supplies and administrative solutions to schools, teachers, and homeschoolers through retail, catalog, and online outlets.

Education Delivery Providers

K-12 Schools:

delivering K-12 education through public and private schools, encompasses school management companies and independent schools

Alternative Schools:

delivering special education services and individualized instruction to students with special developmental and learning needs

Childcare:

providing direct childcare services to parents and companies at center-based childcare facilities

Professional Development:

improving teacher preparation and performance through training and continuing education programs

Postsecondary:

providing private proprietary education especially marketed to non-traditional students across a range of academic programs

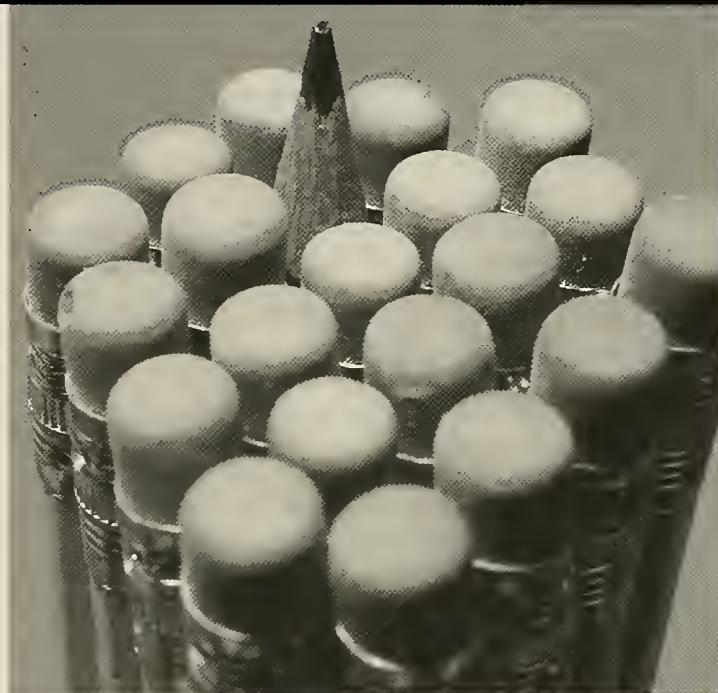
Industry Service Providers

Firms providing strategic services to the education industry, including executive and professional search, financial and market analysts, management and strategy consultants, and investment advising and banking.

Content, Infrastructure, and Service Providers - PUBLISHING

Textbooks and supplemental learning materials have been an integral part of learning since common schools were developed. Many of the existing educational publishing companies have roots in the late-nineteenth and early-twentieth centuries. These publishers continue with their tradition of working closely with administrators and teachers to develop textbooks and products that are aligned with state and local curricula. To supplement the textbooks, publishers have created a wide array of supplementary curricular materials, including everything from puppets to software programs that reinforce what is being learned in the classroom.

More recently, publishers have developed standards-aligned texts that support the recent focus on statewide standards and testing. Established publishers have also been developing and refining digital content for the classroom. Digital content includes online textbooks as well as instructional software.



MAJOR PLAYERS - Publishing

Houghton Mifflin

For over a century and a half, Houghton Mifflin has shaped ideas, information, and instructional methods into a variety of forms to satisfy the life-long needs of people to learn and to be entertained. Now owned by a consortium of private investment firms, Houghton Mifflin comprises ten companies publishing products for all ages.

www.houghtonmifflin.com

McGraw-Hill Education

McGraw-Hill Education is the largest pre-K through 12th grade publisher in the United States and a leading global provider of educational materials and professional information.

www.mcgraw-hill.com

Pearson Education

Pearson Education publishes textbooks, multimedia programs and online services. It operates a testing division and produces software that powers the management of schools.

www.pearson.com

Reed Elsevier/Harcourt

Reed Elsevier is the parent company of Harcourt, a leading U.S. educational publisher serving the K-12 market. Its portfolio includes Harcourt Schools, Holt, Rinehart and Winston, Harcourt Supplemental and Harcourt Trade. The testing businesses comprise Harcourt Educational Measurement and The Psychological Corporation and serve both the schools assessment and clinical testing markets.

www.reedelsevier.com

Content, Infrastructure, and Service Providers - TECHNOLOGY

Technology has made a swift entrance into public school classrooms across the country. Significant federal funding through the E-Rate program has introduced computers and Internet connectivity to almost all schools, and additional federal funding has been earmarked for professional development to help teachers integrate technology into the classroom. The education industry has responded by providing computer and networking systems designed specifically for schools, as well as a host of new technology-based systems that streamline the information and instructional management within schools and classrooms.

Hope remains that educational technology will serve as a great equalizer in public schools, and the achievement gap will shrink as technology aids teachers in meeting the individual needs of each student.

With the help of educational technology, schools are rethinking the way they gather and use data. New

student information systems streamline processes for everything from managing the lunchroom to reporting grades. Administrators report that student information systems provide efficiencies in time and effort spent in reporting, and also that the data can be used in informative ways. For example, administrators can look at test performance data for fourth graders at a district, school, or classroom level to determine particular skills that need to be addressed in the classroom.

Education industry companies have also developed instructional management systems, which offer an online curriculum coupled with assessment tools for students and professional development programs for educators. This comprehensive system includes diagnostic information that helps educators to pinpoint specific learning gaps in their classrooms, and then provides the teachers with training and lesson plans to improve student skills in those areas.

MAJOR PLAYERS - Technology

Blackboard

Formed with the vision of transforming the Internet into a powerful environment for the education experience, Washington D.C.-based Blackboard Inc. is a leading enterprise software company, primarily targeting postsecondary institutions.

www.blackboard.com

Chancery

Chancery Student Management Solutions helps K-12 educators and administrators gather, manage, analyze, and apply student data to enhance student achievement.

www.chancery.com

Plato

PLATO Learning is a leading provider of computer-based and e-learning instruction, assessment, standards-based curriculum management systems and professional development.

www.plato.com

Texas Instruments

Through its Educational and Productivity Solutions business, TI is a market leader in education technology, providing a wide range of advanced classroom tools that enable students and teachers to interactively explore a diverse curriculum of educational subjects

www.education.ti.com

Content, Infrastructure, and Service Providers - TESTING & TUTORING

The Bush administration has pushed testing to the forefront of the educational landscape. The education industry is prepared to respond by providing schools with a collection of testing and tutoring services.

The industry has an established position with schools as a developer and administrator of standardized tests that are given at the school, district, and state level. Test performance is becoming more important as stringent accountability measures are increasingly implemented to accompany state standards. States have turned to the education industry to respond to these new accountability measures; testing companies provide norm- and criterion-referenced tests that meet the new national testing requirements.

Test preparation companies have developed a collection of products and services that are designed to help students learn test-taking skills and prepare for specific

standardized tests. While these companies were established to help students improve their scores on college entrance tests such as the SAT, demand is now shifting to help students improve their performance on state-level standardized tests and high school exit exams.

Similarly, national companies have emerged to provide tutoring services to those students who need specialized help. Tutoring is delivered through services ranging from face-to-face individualized tutoring to online homework help. Tutoring businesses are also able to contract with public schools to offer specialized help in developing reading skills or to help entire schools improve their test scores. This segment of the education industry is expected to grow in importance as current education legislation provides funds to the parents of children in under-performing schools to use for tutoring services.

MAJOR PLAYERS - Testing & Tutoring

Inspirica

Founded in 1983, Inspirica provides proven proprietary strategies and customized one-on-one service that make it one of the most successful tutoring and test preparation organizations in the industry.

www.inspirica.com

Kaplan

Leading test prep and admissions firm Kaplan offers courses and services to help students improve test scores for admission to learning institutions at all levels.

www.kaptest.com

Kumon

Kumon Math and Reading Centers is a leading provider of after-school supplemental education programs to help students master, step by step, the skills and knowledge they need for success in higher level math and reading comprehension.

www.kumon.com

The Princeton Review

The Princeton Review specializes in test prep and admissions courses with the goal: "Better Scores. Better Schools."

www.princetonreview.com

Sylvan

Sylvan Learning Systems, Inc. is a leading provider of education services to families and schools worldwide. The Sylvan Learning Centers and Sylvan Education Solutions businesses provide personalized instruction services to K-12 students through direct consumer relationships and under contract to school systems.

www.sylvan.net

Tutor.com

Tutor.com is a leading provider of one-on-one online tutoring services including the innovative after-school program Live Homework Help.

www.tutor.com

Content, Infrastructure, and Service Providers - SCHOOL SUPPLIES

The education industry includes a large variety of school supplies companies, offering educators everything from motivational stickers to classroom furniture. School suppliers can be found through established catalog retailers, retail locations, and online purchasing sites.

School suppliers have also developed technology to help schools streamline their purchasing processes by offering e-procurement solutions. These solutions directly link approved classroom purchases to the school or district budget, eliminating the need for a lengthy approval process and a long paper trail.

MAJOR PLAYERS - School Supplies

JL Hammett

The J.L. Hammett Co. is the leading supplier of educational supplies and equipment to early learning centers and charter schools in the United States.

www.hammett.com

School Specialty

School Specialty specializes in providing high quality school supplies at the most competitive prices in the industry.

www.schoolspecialty.com



Education Delivery Providers - K-12 SCHOOLS

The education industry has offered longstanding alternatives to traditional public schools by operating proprietary schools (which require that parents pay tuition for students to attend) and specialty schools (for which either special education funding or tuition covers the costs of providing specialized services for students with learning disabilities or at-risk behaviors).

The private sector has been supplementing public school offerings since the nineteenth century. In rural states such as Vermont, for example, students who live in communities that are too small to operate high schools are given tuition credits that they can apply to an accredited public or private school of their choice.

Recently, charter schools have entered the limelight as an educational choice for parents who want to keep their children within the public school system, but are dissatisfied with their local public schools. Charter schools are government-funded public schools operated

by independent organizations. Charter school operators are given some autonomy from state regulations, although they must meet state standards for education.

As of 2002, there were more than 2,600 charter schools nationwide, serving nearly 700,000 students.

Approximately 10 percent of these charter schools are operated by for-profit businesses. Funding levels for charter schools varies by state and by district. Generally, charter schools are given per-pupil allocations that are significantly lower than similar public schools.

Education providers that act as contract managers are also the source of heated debate. Under such management agreements, school districts or states contract directly with companies to operate local schools. In some cases, the contract managers are responsible for limited school functions, such as business operations; in other cases, the contract includes the operations of entire schools or districts.

MAJOR PLAYERS - K-12 Schools

Chancellor Beacon

Chancellor Beacon Academies, Inc. is the nation's second largest provider of both public charter and private day schools. Chancellor Beacon Academies serves approximately 19,000 students from pre-kindergarten through twelfth grade. It operates schools in Arizona, Delaware, Florida, Massachusetts, Michigan, Missouri, New York, Pennsylvania, Virginia and Washington, D.C.

www.chancellorbeacon.com

Edison Schools

Founded in 1992, Edison partners with school districts and charter boards to raise student achievement through its research-based school design, aligned assessment systems, interactive professional development, integrated use of technology, and other proven program features. Edison Schools now serves more than 110,000 public school students in more than 20 states through four business channels: (1) the management of schools for school districts, (2) charter schools, (3) summer and after-school programs, and (4) achievement management solutions for school systems. The company operates 149 full-year schools and 178 summer schools.

www.edisonschools.com

Mosaica Education

Founded in 1997, Mosaica operates 25 charter schools in seven states and the District of Columbia.

www.mosaicaeducation.com

National Heritage Academies

National Heritage manages 32 charter academies in Michigan, North Carolina, New York, and Ohio. More than 17,000 students attend a National Heritage Academies campus.

www.heritageacademies.com

Nobel Learning Communities

NLC is the largest non-sectarian operator of private schools in the nation. NLC offers a range of services that includes before-and after-school-care, summer camps, specialized programs for children with learning challenges, and charter schools.

www.nobellearning.com

SABIS

SABIS manages schools worldwide that presently educate approximately 22,500 students.

www.sabis.com

Education Delivery Providers - ALTERNATIVE SCHOOLS (SPECIAL EDUCATION)

Schools often struggle to meet the individual needs of students requiring special education services.

Education businesses have responded by offering in-school solutions, contracting with school districts to provide specific programs for special education

students. In other cases, these providers offer self-contained programs that are designed for students with developmental or behavioral issues that cannot be addressed within schools.

MAJOR PLAYERS - Alternative Schools (Special Education)

Aspen Education Group

Aspen Education Group is the nation's largest provider of private pay educational services to underachieving youth. Aspen programs have been operating for over two decades and now include 11 residential programs, six outdoor education programs, and four special education day schools. Aspen programs served over 10,000 clients in 2002 from all 50 states and six foreign countries.

www.aspeneducation.com

Keystone Education and Youth Services

Keystone is a national leader in the field of education, treatment, and juvenile justice for "at-risk" youth. Working in partnership with school boards, local, state and federal agencies, physicians, judges, managed care providers, social workers and parents, Keystone has operations in 12 states serving over 3,500 youth.

www.keystoneyouth.com

KIDS 1

KIDS 1, Inc. is a private provider of specialized education services for children and youth facing learning, language, and social challenges. Through its day schools, KIDS 1 provides personalized intensive academic, career, and behavioral education.

www.kids1inc.com

Ombudsman Educational Services

Ombudsman operates over 60 accredited Alternative Schools that serve school districts, parents and students in nine states and five charter schools in Arizona.

www.ombudsman.com

Options for Youth

Options For Youth (OFY) has developed supplemental services and charter schools to extend the educational opportunities and alternatives for the at-risk student population.

www.ofy.org

Richard Milburn High School

RMHS celebrates 30 years of operating contract and charter alternative high schools for at-risk youth, currently serving 27 school districts in 19 locations in 7 states.

www.rmhs.org

Total Education Solutions

Total Education Solutions (TES) is a leading national provider of outsourced special education compliance and staffing solutions to public education agencies. TES currently provides compliance and staffing solutions to over 200 public and charter school sites, representing 70 school districts and 35 Special Education Governing Entities.

www.tesidea.com

Education Delivery Providers - CHILDCARE

With more than 60 percent of mothers in the United States working outside of the home, childcare services are in high demand. The vast majority of children attend home-based childcare programs that focus on care, not education. However, the education industry has responded to national initiatives for improved and expanded early childhood education at the core of childcare programs.

Increasingly, parents are turning to childcare services that include an educational component. Preschool-aged children gain important school readiness skills at home and at center-based childcare facilities that focus on fostering learning.

In addition, childcare operators provide after-school programs for school-aged children. After-school programs have become the norm in public schools across the country. Many schools maintain contracts with businesses that provide educational programming, tutoring, and enrichment activities, while other schools provide similar services using internal resources.

More recently, childcare operators have emerged to provide backup childcare services for working parents whose daycare or nanny services are unavailable. These facilities are typically supported by employers, and educational content is built into the daily program for the children.

MAJOR PLAYERS - Childcare

Bright Horizons

Founded in 1986, Bright Horizons Family Solutions is a leading provider of employer-sponsored childcare, early education and work/life solutions. Conducting business in the United States, Europe, Canada, and the Pacific Rim, Bright Horizons has created employer-sponsored childcare and early education programs for more than 350 clients, including 88 of the Fortune 500.

www.brighthorizons.com

ChildrenFirst

ChildrenFirst is a national leader in corporate backup childcare in the United States. ChildrenFirst serves the employees of more than 250 companies and more than 40,000 registered children and their families.

www.childrenfirst.com

KinderCare

KinderCare is a leading private provider of early childhood care and education in the United States, both in terms of the number of centers operated and the number of children served. KinderCare was founded in 1969, and now operates over 1,250 learning centers serving over 120,000 children between the ages of 6 weeks and 12 years.

www.kindercare.com

Knowledge Learning Corporation

Knowledge Learning Corporation (KLC) operates child development centers (including Knowledge Beginnings, Children's Discovery Centers, Magic Years, Learning Universe) dedicated to meeting the growing needs of American families. KLC also recently acquired Aramark's early childhood and educational services, expanding their workplace childcare services by more than 1,000 locations in 27 states.

www.klcorp.com

Education Delivery Providers - PROFESSIONAL DEVELOPMENT

Finding and retaining high-quality, professional teachers is key to improving schools. Prepared teachers are an integral force to guide students through the complicated maze of standards, testing, and accountability. Recently, the teaching profession has faced high turnover driven by the increased demands of shifting curricula and integrating technology into the classroom.

The education industry has responded to these demands through its professional development companies. These

companies have developed a range of training services, including instructor-led training, mentoring programs, continuing education seminars, and online professional development opportunities. Teachers can use these services individually for credentialing and continuing support, or school districts can contract with professional development companies to create programs specifically targeting skills such as technology or testing that a district may need to address.

MAJOR PLAYERS - Professional Development

Canter & Associates

Canter & Associates, an international Sylvan Learning company, provides a comprehensive support system for every aspect of teaching. More than one million teachers have received Canter's professional development services.

www.canter.net

Classroom Connect

Classroom Connect, a business unit within Harcourt, Inc., is a leading provider of professional development and online curriculum resources that foster successful use of the Internet in education.

www.classroomconnect.com

TeachStream

TeachStream is the online arm of The Video Journal of Education. The company relies on streaming video of best practices in classrooms to provide teachers with on-demand continuing education and mentoring opportunities.

www.teachstream.com



Education Delivery Providers - POSTSECONDARY

The demand for postsecondary education in the United States continues to grow, fueled by an increase in high school graduates and a widening wage gap between skilled and unskilled workers. Private proprietary education providers emerged to meet the demand for more specialized and flexible higher education.

No longer limited to correspondence courses, postsecondary providers have developed a range of academic

programs that are typically targeted at non-traditional students. By creating courses that can be offered asynchronously, delivered online, or tied to apprenticeships, postsecondary providers in the education industry are able to provide educational opportunities to students who would not otherwise receive an advanced degree. Additionally, proprietary providers often have the flexibility to adjust their degree offerings to best meet the demands of the shifting workplace.

MAJOR PLAYERS - Postsecondary

Apollo

Apollo Group, Inc., through its subsidiaries the University of Phoenix (including University of Phoenix Online), the Institute for Professional Development, the College for Financial Planning Institutes Corporation, and Western International University, has established itself as a leading provider of higher education programs for working adults.

www.apollogrp.edu

Corinthian Colleges

Corinthian Colleges, Inc. is one of the largest for-profit postsecondary education companies in the United States, currently operating 63 colleges in 21 states. With more than 35,000 students, Corinthian 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.

www.cci.edu

DeVry

DeVry Inc. operates DeVry University and Becker Conviser Professional Review. These divisions provide rigorous academic preparation for careers in technology, business and management and deliver undergraduate, graduate and lifelong learning programs that combine proven educational technologies with employer input and workplace applications.

www.devry.com

Strayer Education

Strayer University is a proprietary institution of higher learning which offers undergraduate and graduate degree programs in Business Administration, Accounting, and Information Technology to more than 16,500 working adults at 20 campuses in Maryland, Washington, D.C., Virginia, North Carolina and worldwide via the Internet through Strayer University Online.

www.strayereducation.com

INDUSTRY SERVICE PROVIDERS

As a testament to their common goals, a host of companies have created education-specific practices that are helping education businesses to flourish. This includes the activity of the private equity community, which has committed \$12 billion in capital to educa-

tion companies; executive search firms, which have developed an expertise in identifying new leaders for education businesses; and consulting firms, which have conducted research and created strategies to help education businesses succeed.

MAJOR PLAYERS - Industry Service Providers

Boston Search Group

BSG/Boston Search Group is a national leader in retained executive search within the broad fields of Internet content, commerce, community, enabling technologies, solutions, and services.

www.bsgweb.com

Education Capital Markets

Education Capital Markets, Inc. is a financial advisory and investment banking firm based in Washington, DC that serves education businesses. It supports companies with private equity financing, debt financing, mergers and acquisitions, and advisory and consulting services.

www.educationcapital.com

Eduventures

Founded in 1993, Eduventures, Inc. is the leading, independent research and advisory firm dedicated exclusively to the coverage and service of corporate, postsecondary, and pre-K-12 learning markets.

www.eduventures.com

Heidrick & Struggles International

Heidrick & Struggles International, Inc. is a premier global provider of executive search and leadership consulting services. It provides specialized executive searches for education businesses.

www.heidrick.com

KnowledgeQuest Education Group

KnowledgeQuest provides management and strategy consulting, sales and marketing consulting, product and technology consulting, and financial advisory services to education businesses and organizations in the U.S. and globally.

www.kqeducationgroup.com

Korn/Ferry

Korn/Ferry is a premier provider of executive human capital solutions, with services ranging from corporate governance and CEO recruitment to executive search, middle-management recruitment, strategic management assessment and executive coaching and development.

www.kornferry.com

Parchman Vaughan

Parchman Vaughan is an investment firm that maintains a focus on education businesses. The firm's activities include private equity financing, mergers and acquisitions, and advisory services.

www.parchmanvaughan.com

The Parthenon Group

The Parthenon Group is a leading strategic advisory and principal investment firm that includes education and knowledge-based industries in its portfolio of clients.

www.parthenon.com

SELECTED SUCCESS STORIES FROM AROUND THE INDUSTRY

FIRM/ORGANIZATION	PRODUCT/SERVICE	RESULTS
Scientific Learning	Fast ForWord	On average, children with language and reading problems make language gains of 1 to 2 years after 4 to 8 weeks of Fast ForWord Language training.
Aspen Education Group	Outdoor Education Programs	A follow up study released September 27, 2002 by the University of Idaho's Wilderness Research Center reports that Aspen Education Group clients continued to improve one year after treatment. The study, which used the Youth Outcome Questionnaire (Y-OQ) and included three Aspen programs, reveals that adolescent participants report continued effectiveness in maintaining a healthy lifestyle long after discharge.
LeapFrog SchoolHouse	Literacy Center	Students who participated in the LeapFrog SchoolHouse Literacy Center program in three LAUSD schools outperformed students in the control group by 28% in key reading predictor tests. Pre-K students made a 132% gain in phonemic awareness skills.
PLATO Learning, Inc.	PLATO	Students at Reuther Alternative High School in Kenosha, WI scored at the 48th percentile on the Iowa Test of Educational Development before taking PLATO and in the 57th percentile after completing the program.
Edison Schools	Edison Schools	From 1995 to 2002, Edison schools reduced the failure rate on criterion-referenced test by an average of 3.6 percentage points every year. The average annual gain rates of Edison schools with predominantly African-American students (90 percent or higher) are 4.7 percentage points on criterion-referenced tests and 4.4 percentiles on norm referenced tests, respectively.
Co-nect	SafetyNet	An evaluation study involving 50 elementary schools in Baltimore City Public Schools documented a 33% reduction in special education referrals during the nine months of SafetyNet implementation.
Kumon Math and Reading Centers	Project SAIL	Independent research at an urban Title I school found that 5th graders enrolled in Kumon achieved a 65% mastery of addition and subtraction compared to 10% for non-Kumon students; 20% mastery of multiplication and division compared to no mastery for non-Kumon students.

ADDITIONAL RESOURCES AND INFORMATION

Black Alliance for Educational Options (BAEO)

www.baeo.org

The Black Alliance for Educational Options actively supports parental choice to empower families and increase educational options for Black children. BAEO supports the development of new systems of learning opportunities to complement and expand existing systems, namely systems that truly empower parents, that allow dollars to follow students, that hold adults as well as students accountable for academic achievement, and that alter the power arrangements that are the foundation for existing systems.

Brookings Institution

www.brook.edu/dybdccroot

In its research, The Brookings Institution functions as an independent analyst and critic, committed to publishing its findings for the information of the public. In its conferences and activities, it serves as a bridge between scholarship and public policy, bringing new knowledge to the attention of decision makers and affording scholars a better insight into public policy issues.

Cato Institute

www.cato.org

The Cato Institute, founded in 1977 by Edward H. Crane, is a non-profit public policy research foundation headquartered in Washington, D.C. The Cato Institute undertakes an extensive publications program dealing with the complete spectrum of public policy issues, including education policy.

Career College Association

www.career.org

The Career College Association is a voluntary membership organization of private, postsecondary schools, institutes, colleges and universities that provide career-specific educational programs. CCA's 950 members educate and support more than a half a million students each year for employment in over 200 occupational fields.

Center for Education Reform

www.edreform.com

Under the motto "Making Schools Work Better for All Children," the Center for Education Reform provides a clearinghouse of information about the industry, focusing heavily on charter schools, school choice, and standards & curriculum information.

EdInvest

www.ifc.org/edinvest/index.htm

EdInvest, the education investment information facility, is a forum for individuals, corporations and other institutions interested in education in developing countries. A service of the World Bank Group, EdInvest provides information for making private investment possible on a global scale.

Education Commission of the States

www.ecs.org

Education Commission of the States provides a clearinghouse of information about issues facing the education industry, and about the role states are playing with respect to No Student Left Behind.

Education Industry Association (formerly the Association of Education Practitioners and Providers)

www.educationindustry.org

The EIA is a professional network of education businesses dedicated to delivering and advancing the education of all learners by promoting education reform through entrepreneurship.

Eduventures

www.eduventures.com

Founded in 1993, Eduventures, Inc. is the leading, independent research and advisory firm dedicated exclusively to the coverage and service of corporate, postsecondary, and pre-K-12 learning markets.

Heritage Foundation

www.heritage.org

Founded in 1973, The Heritage Foundation is a research and educational institute - a think tank - whose mission is to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense.

Milton & Rose D. Friedman Foundation

www.friedmanfoundation.org

The Milton & Rose D. Friedman Foundation, first conceived in 1955, is dedicated to improvement in the quality of the education available to children of all income and social classes in this nation, whether that education is provided in government or private schools or at home.

National Center for the Study of Privatization in Education

www.ncspe.org

The Center for the Study of Privatization in Education provides an independent, non-partisan source of analysis and information on privatization in education.

National Charter School Alliance

www.charterfriends.org

A national network of state-based charter school resource centers, associations and supporters promoting the growth of high-quality charter schools by strengthening state organizations and providing a credible voice for charter schools nationally.

New American Schools

www.naschools.org

New American Schools (NAS) is a nonpartisan, non-profit organization whose mission is to increase student achievement through comprehensive school improvement strategies.

Software and Information Industry Association

www.siia.com

The Software & Information Industry Association is the principal trade association for the software and digital content industry. SIIA provides global services in government relations, business development, corporate education and intellectual property protection to the leading companies that are setting the pace for the digital age.



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ABOUT THE EILB

The Education Industry Association (EIA) is the leading organization in the emerging education industry that brings together market-based education providers from all industry sectors. Working through the Education Industry Leadership Board (EILB), the EIA plays an important role in educating the public about the robust array of educational enterprises and offerings that supplement and complement America's public schools.

EILB Publications

Available upon Request

Michael R. Sandler, "The Emerging Education Industry: The First Decade." EILB WHITE PAPER (April 2002)

Wade Dyke, "The Education Industry: Finding Common Cause in the Public Interest."

EILB PERSPECTIVES No. 1 (2002).

