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Washington Post Company to benefit from Bush education bill

By Margie Burns

January 21, 2002—Supporters of social programs may consider George W. Bush a grinch, but he's been a Santa Claus for the Washington Post Company. With Bush's "education reform" legislation, now signed into law, the company stands to reap a bonanza in the hundreds of millions of dollars.

As both critics and supporters have noted, this education bill chiefly promotes standardized testing in the schools, and certification programs beyond school, in every state and at virtually every level.

This is where the Post comes in. The company, most famous for its eponymous newspaper, has several subsidiaries in education and lists "provision of educational services" in public record filings among its "principal business activities." One principal subsidiary is Kaplan, Inc. <<http://www.kaplan.com>>, the tutoring and test-prep company, which "publishes course materials, books, software, and Web content to help prime students for standardized and licensing examinations." Kaplan, Inc., in turn owns other education businesses, including Quest Education (acquired in May 2000), which provides post-secondary programs; Score! Prep, which provides tutoring programs; and (in Texas) Leonard's Training Programs, Inc.

The numbers are impressive. In January 2000, operating revenues for the company's education segment (Kaplan and the rest) were \$240,075,000—third, behind revenues for advertising and circulation, but about 11 percent of total operating revenues of \$2.2 billion. In December 2000, education segment revenues were \$352,753,000—a 40 percent increase in the year, to about 13 percent of the total \$2.4 billion. Operating revenues for 2001 are not yet filed, but sources including the Post have reported that its education segment is growing, while circulation and advertising have declined (a Business Wire in May, 2001, reported Kaplan as making "good progress," with advertising businesses "weak"). Advertising has remained lower in the late-year recession and in the aftermath of the September attacks on the World Trade Center and the Pentagon.

Kaplan and its subsidiaries have been booming, comparatively speaking—perhaps with some help from the press; one Newsweek cover article touting the new era of standardized tests was titled "The Tutor Age." As of December 2001, Hoover's Company Capsule Database estimated Kaplan's sales for the previous year at approximately \$535.8 million. Press releases over the past two years have heralded acquisitions, publications, and additional software and training in states including Texas, Massachusetts, and New York. (Kaplan, which also has numerous part-time employees and no union, publishes books on the SAT, the PSAT, and ACT, as well as parents' guides to proficiency tests including the Ohio test.)

Should the company's education segment expand by a third, it will generate at least \$110 million more in operating revenues, per year, for the company as a whole. However, the expansion will probably exceed 30 percent: with the acquisition of Quest Corporation in May 2000, Kaplan's educational offerings are now eligible to participate in Title IV programs. According to a spokesman in the office of Rep. John Boehner (R-OH), who supports the education bill, current authorization for Title IV funding is "nearly doubled" by the bill, which will further increase it from \$1.9 billion the first year to \$2.1B, \$2.4B, and \$2.65B in the coming years.

No prediction is certain. But if the projected expansion in standardized testing continues for the next five years—accompanied by dizzying expansion in tutoring for the tests, software and publications for the students, teachers and parents preparing for the tests, and publishing and software for the tests themselves, etc.—then the Post stands to accrue the largest financial windfall for a single paper in the history of American newspapers, at least from legislation.

You can't accuse the Post of bragging about it, though. The sole reference to the Post's interest in the education bill occurred in two sentences about Kaplan on August 16, 2001, by reporters Michael Fletcher and Neil Irwin, who have yet to respond to phone and email queries. Media commentator Howard Kurtz has not mentioned the connection. Indeed, last May 7, Kurtz hosted a live online interview with Douglas Reeves, author of a book co-published by Kaplan that touts standardized tests, without mentioning the Post's interest.

This is not to imply that the current federal legislation is the first time Bush education proposals have benefited the Post. Kaplan also offers publications and services for students preparing for the Texas Assessment of Academic Skills (TAAS), a previously experimental program beefed up to mixed reviews by then-Governor Bush into an annual make-or-break for students.

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