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DeVry Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

I would be to happy too. (Operator Instruction). And at this time your first question comes from the line of Amy Junker with Robert Baird. Please proceed.

Amy Junker

Hi everyone good afternoon. If we could just start, with the expense line in the fourth quarter, I guess I just -- and Rick, thank you for all of the detailing going forward because that really is helpful for us. When you talked about the investments you plan to make, would you say the fourth quarter fell in line with what you had expected? Did you pull any of that expense forward? And I guess I'm asking just because you said you'd thought it was going to be slightly higher than the third-quarter overall spending and it came in a bit higher than maybe what we had anticipated. So I just want to understand that a little bit.

Richard Gunst

Yes, I think the timing between the third and fourth quarter, from what we said as we started out the second half of the year, we had more shift to the fourth quarter versus the third quarter. I think in total we were better in the third quarter by 3 to \$4 million, and we made up that and then a little bit more in the fourth quarter as we were looking at things that had been working and have continued to invest in those things that make sense for the business long term.

Amy Junker

Can you just talk a little bit -- I know you give bad debt on an annual basis on the 10-K, but how that's been trending, and perhaps in talking a little bit about lending, if you have been lending more directly to students through your EDUCARD program, or what that's been looking like?

Richard Gunst

Yes, our bad debt trends have been very positive. Given the fact that we have been working on our receivables per account, as I mentioned, it's down now versus prior year. In fact, it's been down versus prior year for 28 months in a row. So when you make that progress and you're addressing some of the older balances, the bad debt results sort of follow. So we are actually down -- improved a little bit year-over-year across the organization on bad debt. And as a result, our balances on our EDUCARD are relatively flat, up a little bit because of the revenue growth.

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