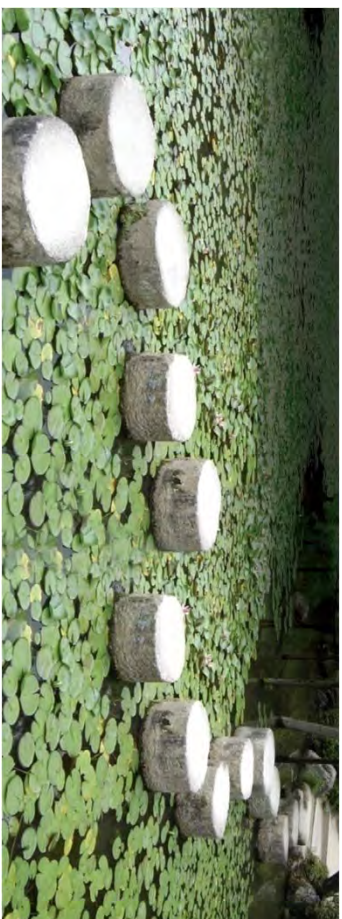


Excerpts, selected by the HELP Committee, from a larger document
produced by the company



Impact on Revenue From Enhanced Course Structure

Redacted by HELP Committee

Product Management 3/17/2009





Executive Summary

On-Ground Analysis

- » **Revenue loss among new students without the positive impact of foundational courses is 1.3%.**
 - Foundational courses make up 0.8% of the loss
 - Increased retention should make up the rest and possibly more
 - » **Revenue impact from existing students' programs shortening is difficult to quantify, but appears manageable**
 - Estimate 80% of existing students will not have program length changed (can be more exact, but requires significant effort)
 - Graduation rate of 33%
 - » **Percentage of new students whose programs are expected to be extended due to foundational courses is small (6% to 11%)**
 - Courses can be sequenced to mitigate the length
 - Students today taking foundational courses can be extended beyond 15 terms
 - Recommend capping tuition at 15 terms for those impacted most.
- The same principles apply for WCO, but specifics are not included**
- » **Work with Kevin and Scott on timing of analysis for WCO**
 - Needs to include timing of version 2.0 and Accuplacer/foundational courses

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Recap: impact from potential shortening of programs on new students

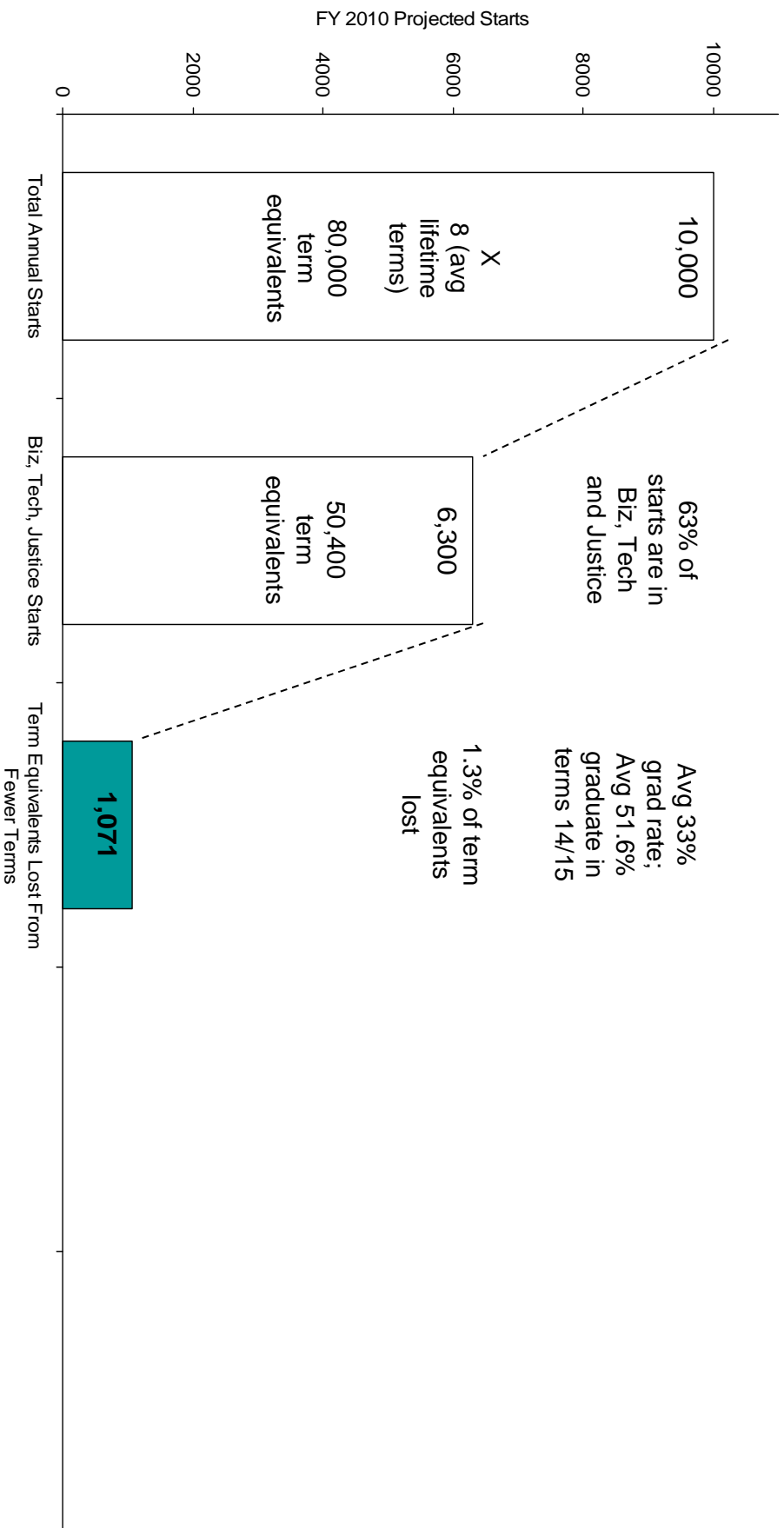
- » **Exposure to reduced program length for new students is limited by 33% graduation rate**
 - Furthermore, only 41% to 56% of graduates finish on time. Many take 16+ terms to graduate today
- » **The exposure is offset by increased program length from 14 terms to 15 terms among those taking three or more foundational courses (31.5% of new students)**
- » **This exposure may be further mitigated by expected increase in retention rate (3 to 5 percentage points per term) of students receiving foundational courses.**
 - Foundational courses should level the playing field and better prepare student, hence achieving retention rate comparable to other students

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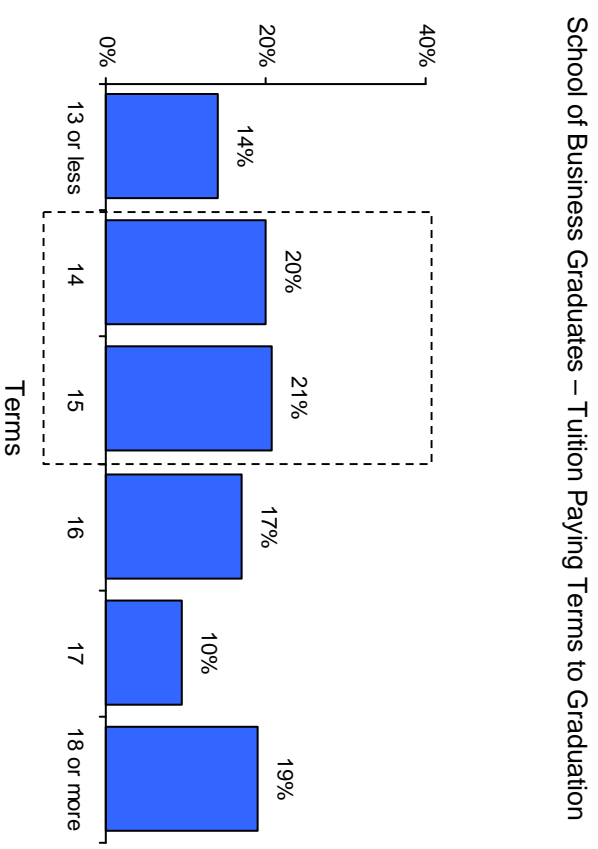
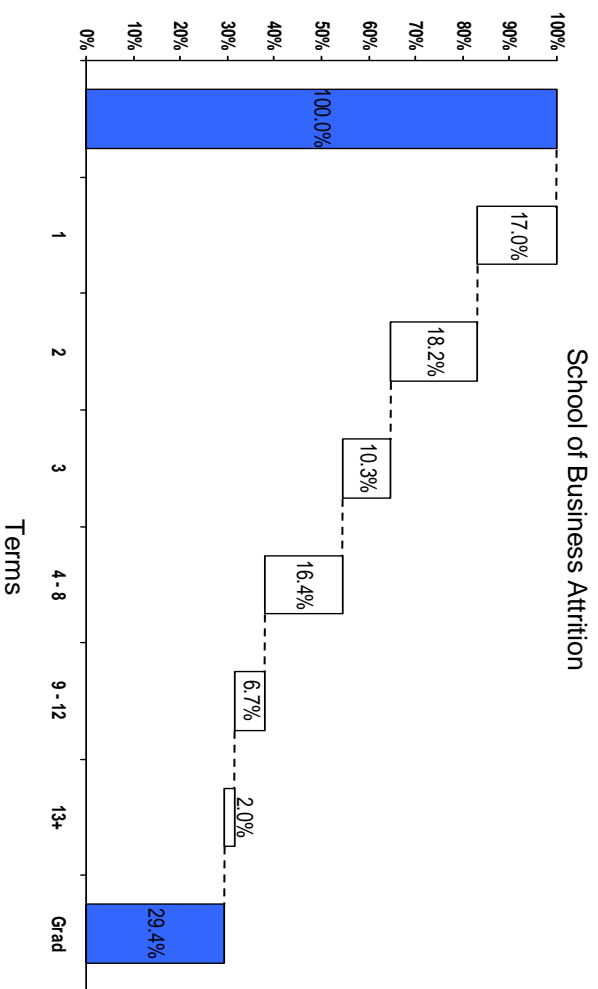
Shortened Business, Technology and Justice programs exposes 1,071 (1.3%) term equivalents over the life of all programs



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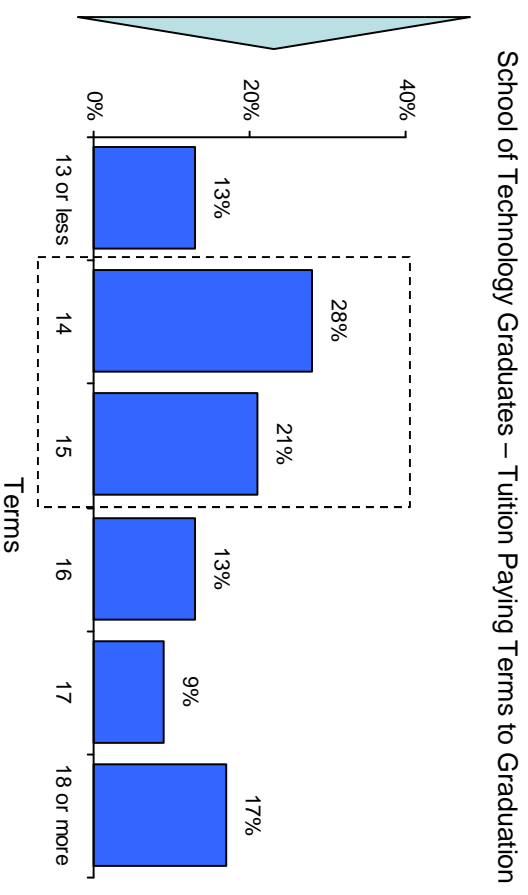
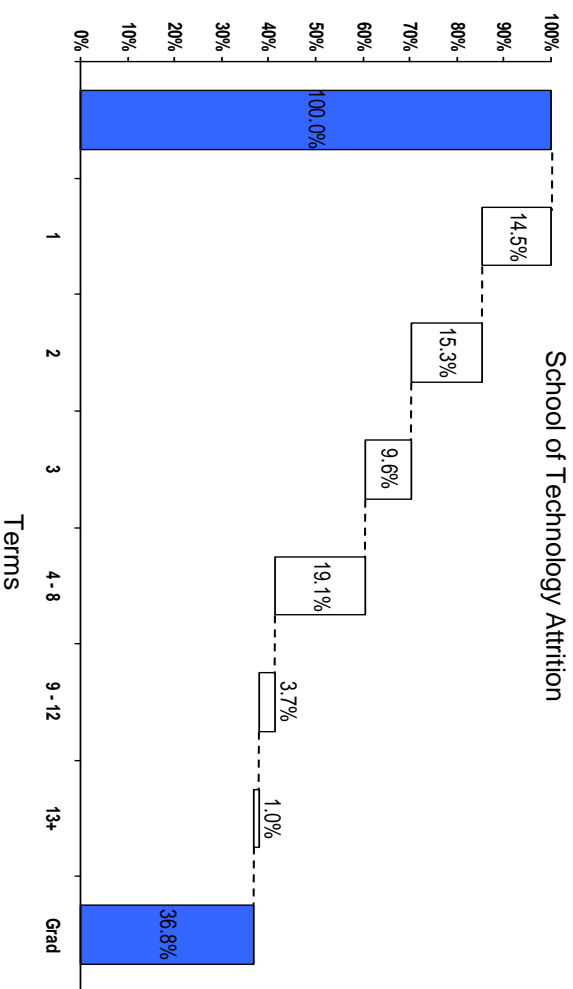


29.4% of School of Business students graduate, of which 41% graduate in 14 – 15 terms



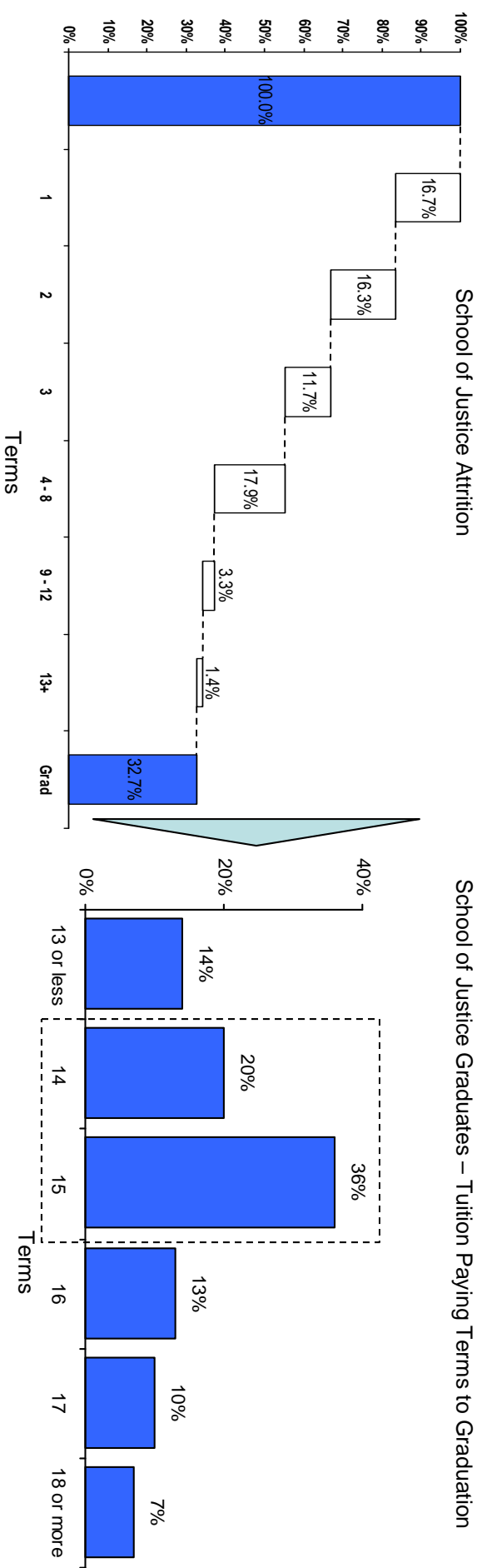


36.8% of School of Technology students graduate, of which 49% graduate in 14 - 15 terms





32.7% of School of Justice students graduate, of which 56% graduate in 14 – 15 terms





Recap

- » **Between 70% and 85% of existing students will not be impacted by term length changes in August**
 - Construction Management is the exception, with 66% of students expected to see a shortening of program length
- » **For new students, few will face lengthening beyond 15 terms**
 - School of Business, Technology and Justice students can generally finish in 15 terms
 - School of Design students who required 3+ foundational courses could face a 16th term
- » **For new students, whose programs are shortened to 14 terms, only the few who graduate will realize the shortening**
 - Only 33% continue to graduation and could benefit from shortening program length, but only half of this group graduate on time
 - The retentive benefit of foundational courses could balance out terms lost to shorter programs after only 10 terms
 - Additional foundational courses would compensate for more than half of term equivalent shortfall

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Recommended solution for students who face a 16th term through no fault of their own

- » These students, most likely Design students, should not be penalized for graduating after enhancing their preparedness through foundational courses.
- » If students need to take foundational courses in order to be successful in college, Westwood will cap tuition at 15 full-time equivalent terms regardless of number of foundational courses taken and scheduling challenges created by these courses
- » **Additional considerations:**
 - Students who remain beyond 15 full-time equivalent terms will have run out our Stafford funding and therefore require all, or most, of funding through APEX
 - Students whose programs lengthen due to drops, failed courses, and/or withdrawals, will have to pay for any additional terms required due to their own progress

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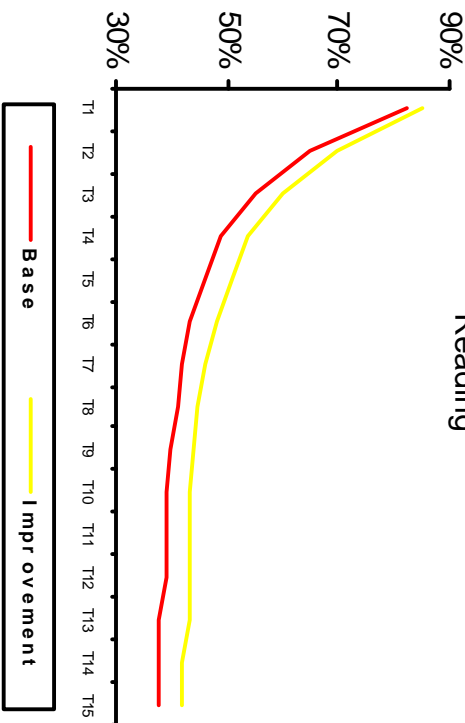


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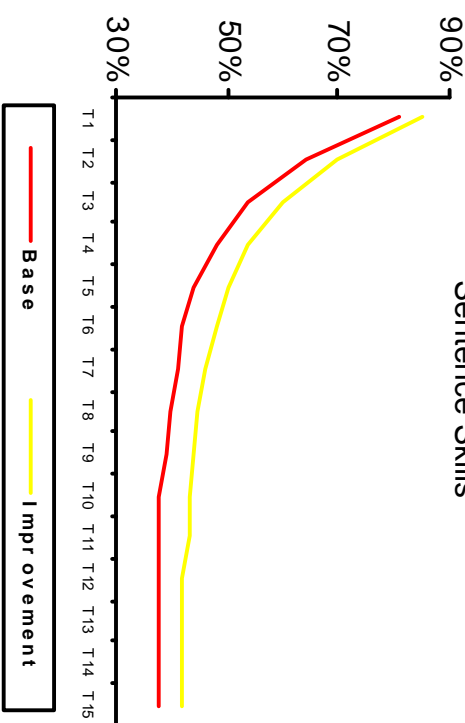


Retention is expected to grow for those students who will now take Foundational Courses

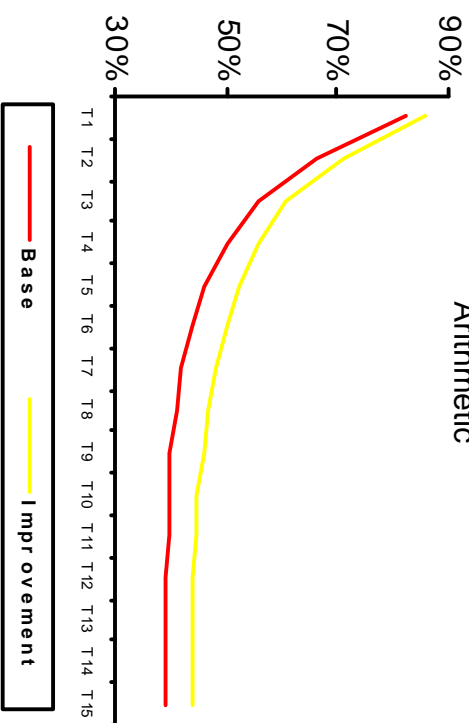
Reading



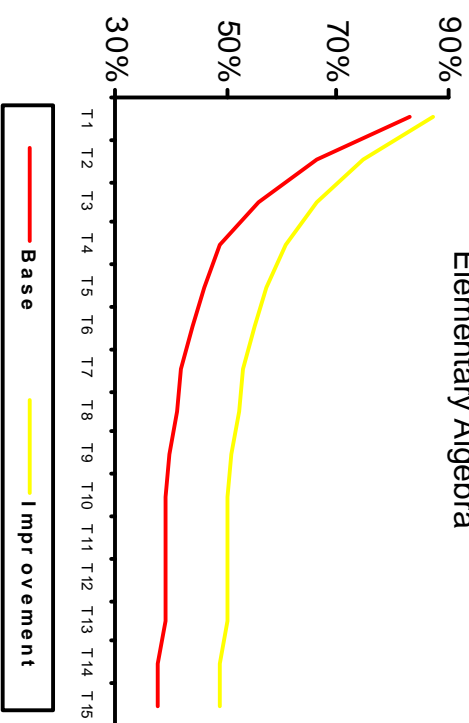
Sentence Skills



Arithmetic



Elementary Algebra





2009 pricing decision for on-ground and online was geared towards preserving margins with expected cost of delivery

- » January 2009 price increase averaged 5%, and introduced variation by region and School for new programs (VA and TX)
- » **This next phase of pricing analysis calibrates our pricing for competitiveness and student affordability**
 - If a price decrease is chosen (not recommended), loss of revenue must be offset by:
 - gains in conversion rates, start rates and therefore cost per start
 - reduction in attrition
 - increased graduation rates
 - reduction in bad debt
 - Additional benefits will be realized by our students
 - Less debt, regardless of source, to pay off upon beginning career
 - Higher graduation rates
 - Higher satisfaction with Westwood

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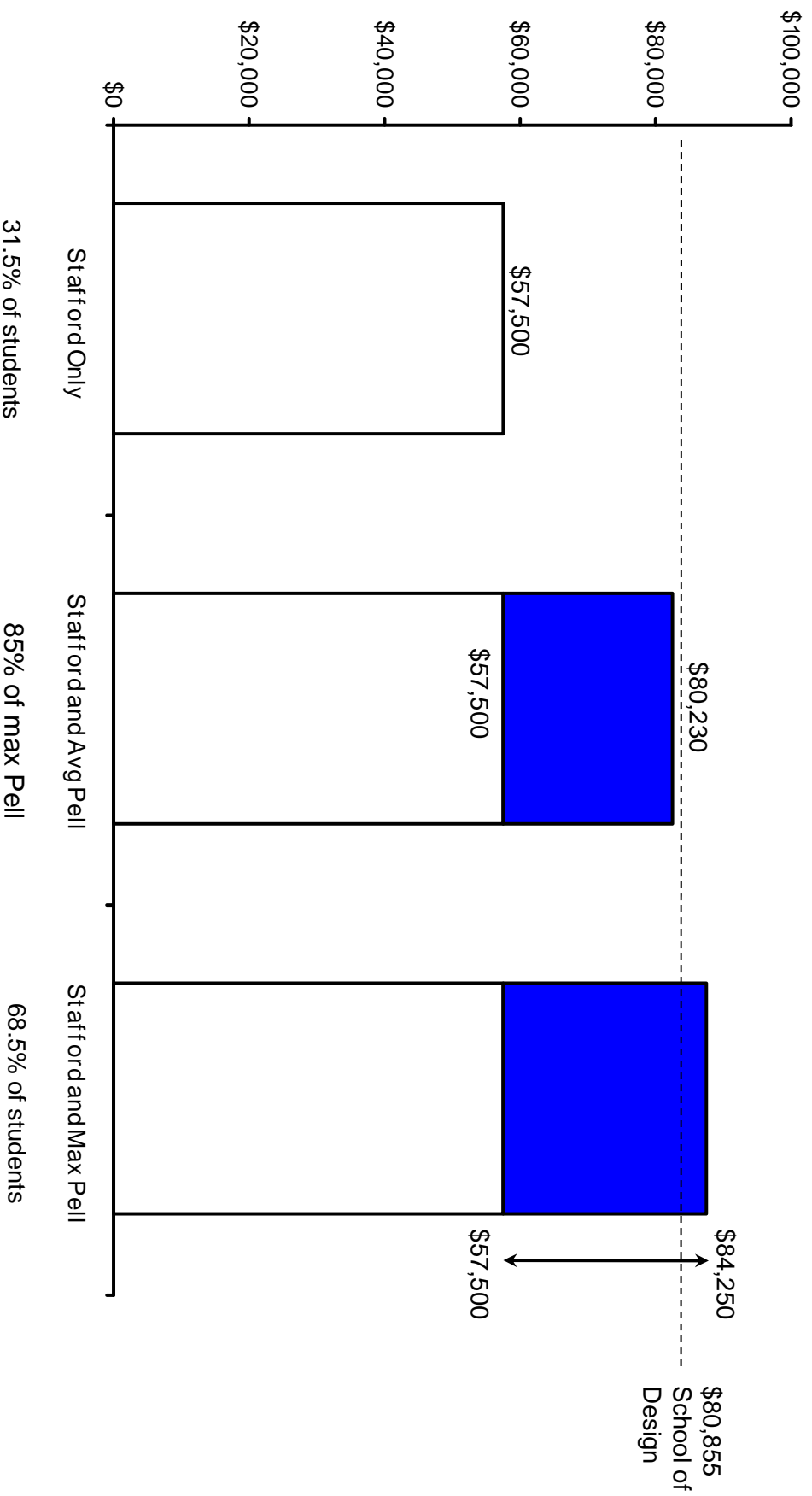
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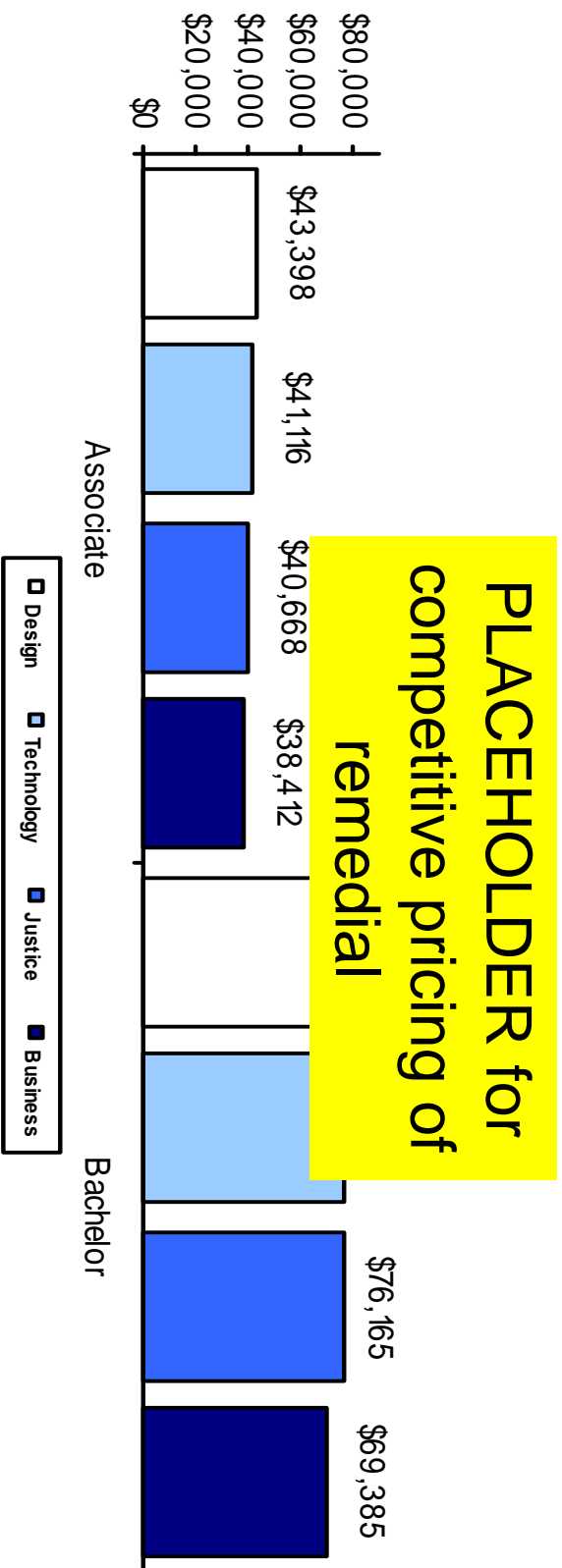
Pricing below the Title IV limits leaves money on the table, but also relieves the debt load of students



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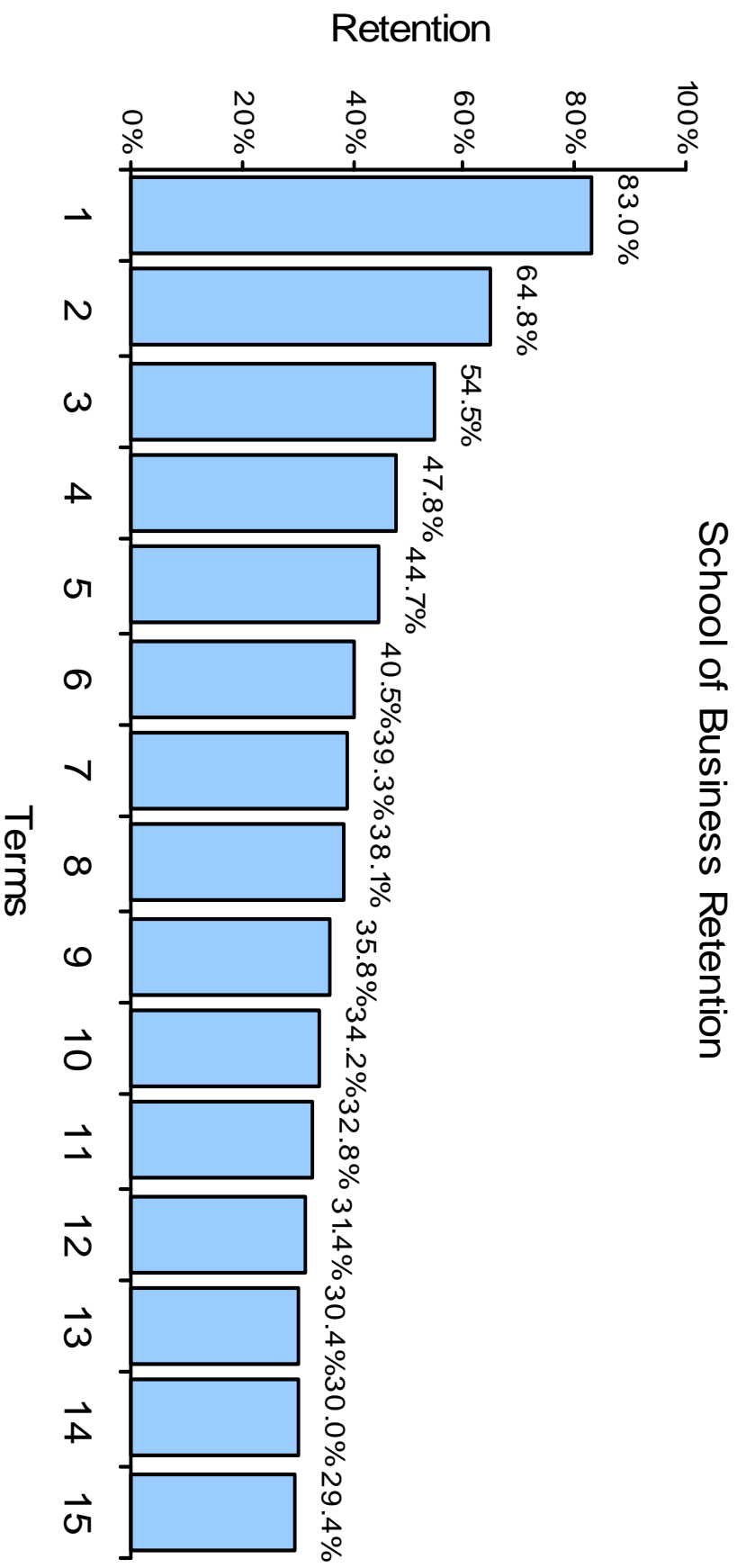
Foundational courses should be charged at regular tuition. Ed wages will be at least as much as for other faculty



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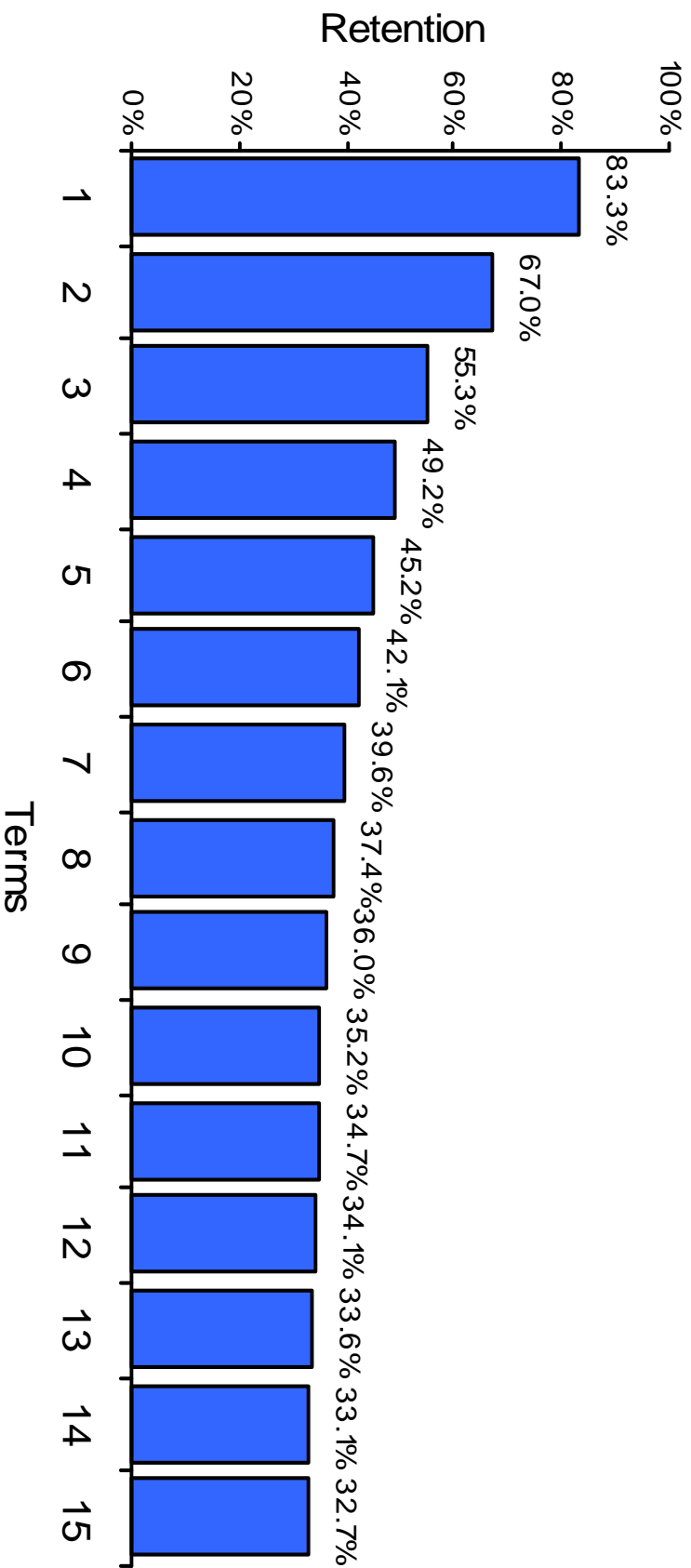
Expected grad rate for School of Business is 29.4%





Expected grad rate for School of Justice is 32.7%

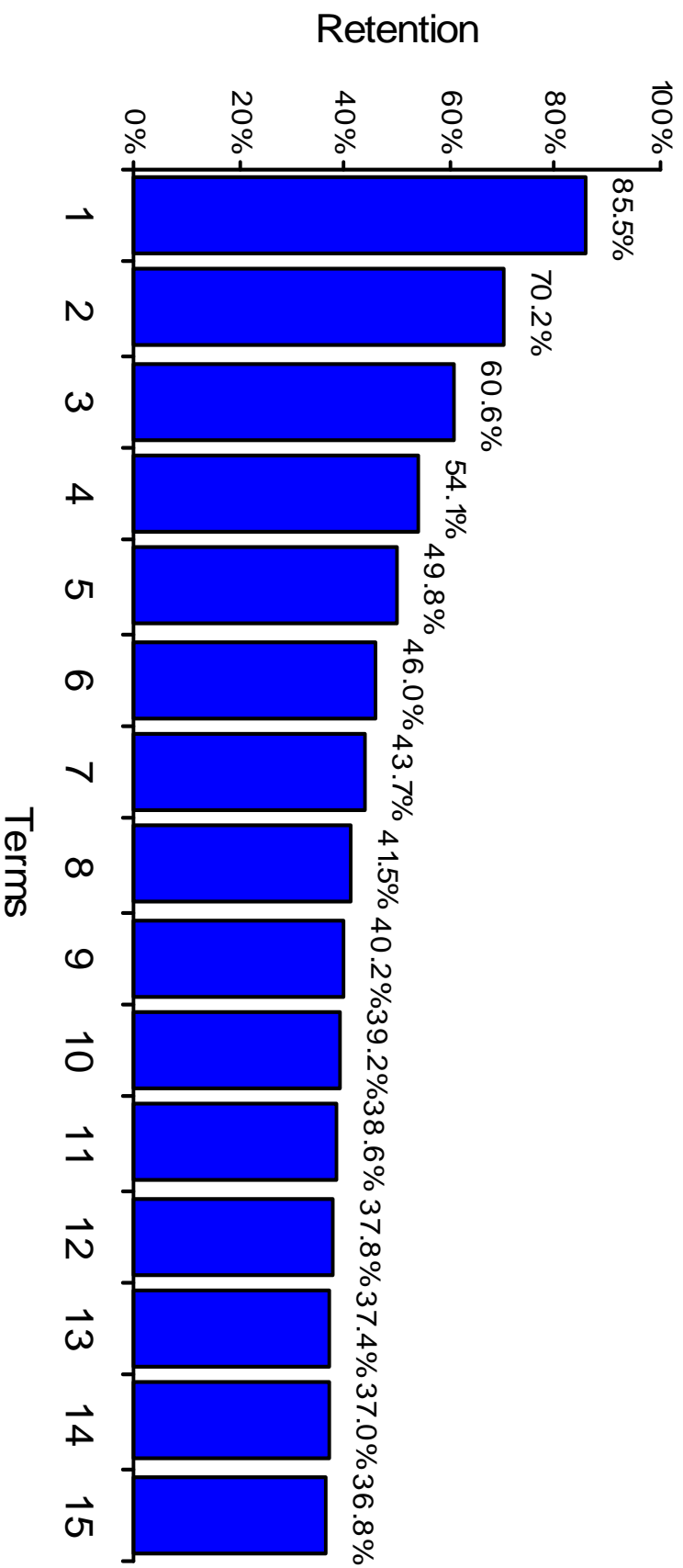
School of Justice Retention





Expected grad rate for School of Technology is 36.8%

School of Technology Retention





Foundational courses should be charged at regular tuition. Ed wages will be at least as much as for other faculty

