



Strategic Price Down



WESTWOOD
COLLEGE[®]

A PLACE WHERE YOU CAN SUCCEED[™]



WESTWOOD
COLLEGE ONLINE[®]

A PART OF WESTWOOD COLLEGE DENVER NORTH



Overview

- » **Balance of Considerations**
 - Business Performance vs. 90/10 Rule
- » **3 more years of 90/10 rule “suspension”**
 - Suspension is really that the additional \$2,000 in Stafford funding does not count toward 90/10 for the next 2 years.
 - No matter how positively business performance is impacted, violating 90/10 rule ends Title IV funding.



Option A - Across the board price cut

Business Performance		90/10
+ Increased conversion rate		- Direct hit on 10% side of equation
+ Increased start rate		
+ Incremental starts		
+ Increased retention		
+ Reduced bad debt %		
- Reduces revenue from students who would pay entire amount, without defaulting.		

Outcome Not Acceptable





Option B -Need-based grants to eliminate bad debt

Business Performance		90/10
+ Increased retention		- Internal grants/scholarships do not help 90/10
+ Reduced bad debt %		
- Simply shifts bad debt to corporate subsidy		

Outcome Not Acceptable



Holistic Approach Required

Decrease Tuition Overall and Increase Revenue to the 10%

- » **Offsetting negative impact on 90/10 requires additional sources of revenue (and regional accreditation):**
 - Military (new GI bill)
 - International students
 - Corporate training programs
 - Employer reimbursements
 - Increased 3rd party scholarship funding



Revenue sources impacting the 10%

- » **Military (new GI bill)**
 - New target market for WW (outside of Air Force)
- » **International students**
 - New target market for WW
- » **Corporate training programs**
 - Non-degree offerings a new business model for WW
- » **Employer reimbursements**
 - New student target for WW
- » **Increased 3rd party scholarship funding**
 - Not huge dollars
 - Currently 12 on-ground students receive an outside scholarship
- » **Additional challenges for each**
 - Regional accreditation
 - Online focus
 - Online is part of only one OPEID group within WW so the 90/10 benefit will only be realized by that one group, unless all five groups are consolidated into one singular business unit with approval from the US ED.



Next Steps

- » **Breakeven analysis on tuition**
 - Include impact on 90/10
- » **Flesh out plans for new sources of revenue**
 - Cost of going after (resources, marketing, time, dollars)
 - Revenue potential