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

Education Management Corporation **Document 3, Page 1**

90/10 Update

Confidential

(updated from 06/19/09)

EDMC-916-00000494

90/10 has become a very real challenge to our continued success

Situation

increasing 90/10 lower ARC's are student mix and Rapid changes in ratios:

- Growth of online **ARCs** students at lower
- students with Graduate federal borrowing higher direct
- sources to non-Title IV with less access Growth of lower ncome students

Complication

and decreases in non-federal by simultaneous large increases in Title IV sources Additional challenges posed funding sources

- Increases in Title IV sources:
- Unsubsidized lending limits

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Potential impact of the Perkins program

Pell grants

Elimination/reductions of Decreases in alternative loan availability

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state grants

pronged approach is needed

- Structural adjustments combine operational management structure while maximizing alignment with our achieve the long term 90/10 relief and acquire appropriate schools to
- 3rd party pay, short term "Non-Title student segments - international, Student Mix - increase penetration credentials IV" programs yielding recognized military, affluent student segments, into cash paying programs and
- **Legislative relief** lobby for interpretive rule concessions and longer term changes to the HEOA

Resolution

3-pronged approach - given the

complexity, risk, and long lead times

involved with lowering 90/10 ratios, a 3-

Mergers

Acquisitions

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Confidential EDMC-916-00000500

eligible programs Negotiated Rulemaking on non Title IV

wait to see the Notice of Proposed Rulemaking and final rules to have additional non-Title IV eligible could help us with 90/10.We would have to was acceptable to the members of the team so we should determine if these negotiation team did not reach consensus, I have been told that the below The following was not finalized during negotiated rulemaking since the Funds paid by a student, or on behalf of a student by a party other then the

- the program institution, for an education or training program that is not eligible under §668.8 if
- Is approved or licensed by the appropriate State agency;
- Is accredited by an accrediting agency recognized by the Secretary under 34 CFR part 602;
- independent third party; examination for an industry-recognized credential or certification issued by an Provides an industry-recognized credential or certification, or prepares students to take an
- Provides training needed for students to maintain State licensing requirements; or
- specialized training for practitioners that already meet the general licensing requirements Provides training needed for students to meet additional licensing requirements for

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07/16/09) FY10 State Grant Update Which Impacts 90/10 (as of

\$ are awarded for FY09

- Alabama OK (\$0.1 million)
- California last proposal only first time recipients have lost eligibility (\$10.7 million)
- Colorado same amount as last year (\$0.5 million)
- Florida decrease, in ABLE funding, about 9% (\$3.6 million)
- Illinois announced cut of almost 67% (\$4.6 million)

Georgia – slight decrease in GTEG, no change in HOPE (\$5.4 million)

- Indiana OK (\$1.3 million)
- Kentucky OK (\$0.8 million)
- Massachusetts OK (\$0.2 million
- Minnesota actual increase in FY10 (\$1 million)
- New York currently no change (\$2 million)
- Ohio reduced to zero (\$11.8 million)
- Pennsylvania unknown, but possibly lose all of it (\$5.2 million)
- South Carolina currently no change (\$0.1 million)
- Tennessee currently no change (\$0.2 million)
- Washington currently no change (\$1.3 million)

The above represents about \$49 million of the \$54 million of the FY09 state grants