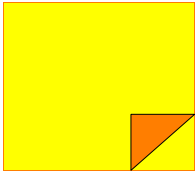


**Excerpts, selected by the HELP Committee, from a larger document
produced by the company**

EDMC Online Higher Education

MILITARY INITIATIVE – SERVING THOSE WHO SERVE

5 Aug 09



- Recommendation
- Current Situation
 - > Military Market
 - > OHE Inquiries and Current Students
 - > Tuition Assistance and Financial Aid
- Action Plan
 - > Military Discounts / P&L Impact
 - > Marketing to the Military
 - > Military Focused Policies, Processes, and Staffing
- Next Steps

Recommendation

- EDMC OHE has an opportunity to better serve U.S. Servicemembers while achieving important company goals:
 - > 90/10 management
 - > Market share
 - > Incremental growth
 - > Leverage of fixed assets
- Implementation Phase 1: 24 Aug 09 – 19 Oct 09
 - > Establish military discounts for all brands
 - > Reach out to servicemembers via established channels for military students
 - > Direct incoming military inquiries to specialized ADA's and FAO's
 - > Establish military specialist student advisors
- Implementation Phase 2: Begin w/o 26 Oct 09, depending on success of Phase 1
 - > Create specific military teams spanning the student lifecycle
 - > Create umbrella military marketing for all OHE schools
 - > Direct marketing and sales to specific base education officers and command level contacts

**Military Inquiries
School and Program Breakdown**

- Many OHE programs are well suited for Servicemembers and over-index with Military inquirers
- Leveraging the existence of our ground based institutions and OHE's flexible online education delivery positions us to serve Military students who may want/need either or both
- OHE's extensive programmatic offerings create a unique opportunity to meet the requirements of a broad section of Military members, and to create synergistic communications to reach them efficiently

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**Current Military Students
Percent SSB and Index vs. Inquiries**

- Military as a percentage of SSB varies by school
- Looking at active students vs. inquiries, A.I. over-indexes vs. the other schools
 - > Theory 1: A.I. has a 20% military tuition discount for Active Duty (AD) while the other schools have none
 - > Theory 2: A.I. has cache and programs that are uniquely appealing to young men - - the demographic of most people exiting the military

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**Tuition Assistance & Financial Aid
Use of Title IV and Military Benefits**

- Of the 994 military students enrolled at the end of Spring 2 '09, 822 (83%) used Title IV funds in addition to their military benefit
- Montgomery G.I. Bill (MGIB) funds are paid directly to the veteran, so if the veteran is covering all tuition costs with Title IV, no MGIB funds reach the institution - - Title IV becomes a low interest loan to the veteran, and 90/10 is exacerbated

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	Military Discounts and P&L Impact	Marketing to the Military	Military Focused Policies, Processes, and Staffing
Rationale	<ul style="list-style-type: none"> • Reduce additional out-of-pocket expenses for users of the MGIB • Improve 90/10 balance • Improve our mindshare with the military 	<ul style="list-style-type: none"> • Leverage our portfolio of educational opportunities • Promote the “Top-Right-Box” advantage • Improve our mindshare with the military 	<ul style="list-style-type: none"> • Ensure every person the servicemember comes into contact with is an expert on military educational requirements • The Higher Education Relief Opportunities For Students (HEROES) Act of 2003
Phase 1 24Aug09 – 19Oct09	<ul style="list-style-type: none"> • Waive application & enrollment fees • Military price reductions for AD and Veterans • Stand alone military P&L's by brand 	<ul style="list-style-type: none"> • Partner with vendors specializing in military higher education • Revise recruitment slideshows • Update and enhance current military web pages for each school 	<ul style="list-style-type: none"> • Fully train military specialized staff • Direct inquiries to specialized ADA's embedded within existing teams • Establish specialized FAO's and Advisors
Phase 2 19Oct09 – On-going	<ul style="list-style-type: none"> • Reduce military specific costs 	<ul style="list-style-type: none"> • Base and command level Education Services Officer outreach 	<ul style="list-style-type: none"> • Military focused teams • 24/5 staffing

**Military Discount / P&L Impact
Overview – All Schools**

- The purpose of price reductions would be to attract more military students by minimizing out-of-pocket expenses for students not using the Post 9/11 GI Bill
- If reduced tuition rates for the military are desired, new tuition rates must be established vs. offering discounts (per R. Them)
- 90/10 is only improved if the military discounts discourage the use of Title IV funds
- Price reductions offered must be the same for all veterans
- P&L impact and 90/10 impact of price reductions vary depending on how many incremental military students the changes attract - - the following slides detail the impact by school
- The following analysis assumes the same cost structure for existing students and military students
- If AD tuition rates are established to match TA, AD servicemembers show *no profit*, and the P&L becomes very sensitive to the AD/Veteran mix
- Discount rate impact and TA impact are independent and additive

EDMC

Education Management Corporation

**Military Discount / P&L Impact
SUO Assoc., Bachelor, and MSN – 90/10 Impact**

- Reducing tuition 10% does not cover the gap between SUO's tuition rates and MGIB benefits
- It does improve the Title IV-to-cash ratio assuming the servicemember only takes out the loans needed to cover the gap

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- AIPOD currently offers a 20% military discount to active duty service members, and to those who have separated from activity duty within the last year
- Replacing this with a 10% priced reduction for all military does not cover the gap between SUO's tuition rates and MGIB benefits
- It does improve the Title IV-to-cash ratio assuming the servicemember only takes out the loans needed to cover the gap

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Phase 1: Marketing to the Military Policies, Processes, & Staffing

- Although current inquiry levels appear to justify military specific admissions teams, the individual ADA's would need to be cross-trained in all school programs and degree levels

	Inq / Week *	Avg New Inq / ADA (Mid Tier – Top Tier)	Total ADA's Required
AIPOD	390	30 – 40	10 – 13
AJO	421	40 – 50	8 – 11
SUO	824	40 – 50	16 – 21

- Actions
 - > Admissions / Marketing
 - Identify military specific ADA's embedded in current teams
 - Route military inquires via CampusVue based on "Veteran Identifier" and program
 - Identify mature military inquiries and assign appropriately
 - > SFS: Route military students to military specialists directly - - no intermediate planner
 - > Advising : Same as SFS

* First 10 Months of FY09, ref. Slide 5

Phase 2: Marketing to the Military Policies, Processes, & Staffing

- Create umbrella website for the *Online Higher Education Military Consortium* (ohemilitary.edu) for all three OHE schools
 - > Positioning:
“Only the Online Higher Education Military Consortium provides the widest variety of academic programs and degree levels for activity duty servicemembers and veterans to support both their in-service and post-service career plans and goals.”
 - > Objective:
Drive significant incremental enrollment among servicemembers
 - > Strategy:
Overcome late to market disadvantage by leveraging the breadth of the ALPOD, AUO & SUO offerings
 - > Pricing:
Blanket 10% Military price reduction from Consortium schools
- Develop targeted advertising/outreach initiatives
 - > Display advertising on military appropriate sites/networks
 - > Military-focused landing pages
 - > Print ads
 - > On-base brochures (as appropriate free-standing displays)
- Establish dedicated military toll-free numbers and call routing

Next Steps

- Kick off meeting Friday 7 Aug 09
- Recruit for and train “embedded” ADA’s to receive Military inquiries across all programs and degree levels
- Establish routing for military inquiries in CampusVue
- Establish headcount requirements for, recruit for, and train FAO’s and Advisors
- Identify mature military leads in existing Admissions databases
- Establish Military Pricing by school
- RFP from Military inquiry vendors - - Initiate first round of inquiries targeted at over-indexing programs by school
- Complete review and update of OHE information in the Defense Activity for Non-Traditional Education Support (DANTES) and Servicemembers Opportunity Colleges (SOC)