
From: Kline, John
Sent: Monday, June 07, 2010 4:50 PM
To: Allen, Travis
Cc: Redacted by HELP Committee
Subject: RE: AUO Pricing

I just got off the phone with ^{Redacted by HE} he is fine with our pricing. ^{Redacted by HE} wanted me to make it clear, he has no problem with what we proposed, but he wants us to downplay that with ^{Redacted by H}.

John R. Kline | President

EDMC Online Higher Education

1400 Penn Avenue
Pittsburgh, PA 15222-4332

Redacted by HELP Committee

From: Allen, Travis
Sent: Monday, June 07, 2010 12:48 PM
To: Kline, John
Cc: Redacted by HELP Committee
Subject: AUO Pricing
Importance: High

Hi John, as a follow up to my voicemail. Argosy Ground wants a much higher tuition increase than what we have proposed. Last week Eric and I exchanged emails which led me to believe that he wanted me to wait to finalize our price increase until after his FY11 Plan presentation as he was going to ask Todd and Ed for some kind of relief since they had already baked in a much higher price increase into their plan.

In the end, I must have misunderstood his approach because it sounds like he went to Todd and Ed asking them to push us to raise our Undergraduate tuition to align with what they have proposed. He told me on Friday that he made the argument based on the potential impact of 90/10.

While I recognize a higher tuition price point has the potential to positively impact 90/10, I don't think it can be the solution as it will constrain our ability to get enrollments. We are already priced higher than any of our competitors so if this were a driving factor in 90/10 we would be in a much better position as it relates to 90/10. If we move to the rates Eric has proposed we will become even less competitive and there will likely be a negative impact on ARC.

We need to finalize this ASAP or we will be at risk of having to defer the price increase until after the Fall 2 start as there is a 90 day notification period required.

Has Todd reach out to you? I am not even sure he will as I am getting things second hand from Eric. My preference would be to wait until COB today and if you have not heard from Todd to move forward with our proposed increase.

Let me know what you think is the best way to proceed.

Thanks!

From: Allen, Travis
Sent: Saturday, May 29, 2010 8:34 AM
To: Redacted by HELP Committee
Cc: Kline, John
Subject: FW: AUO Pricing

I made the changes that we discussed and sent it onto Eric. I will wait to send to _____ and others until I talk to him but think we will be right...

From: Allen, Travis
Sent: Saturday, May 29, 2010 8:33 AM
To: Evenson, Eric
Subject: AUO Pricing

Eric attached is a model that shows the AUO proposed tuition increase for FY11. The first sheet shows the AUO increase compared to our competitors and the second sheet shows the increase compared to AU.

The proposed rates were based on the competitor matrix in the attached. As I mentioned to you on the phone we have a tremendous amount of pressure from competitors like Ashford and Canyon that are significantly less expensive at the undergraduate level.

As I went through this in detail it looks like we were only completely aligned at the Bachelor Degree level last year which makes it near possible to get alignment this year. It also probably tells us that is not as critical as I thought to get alignment. We will be close at bachelor and master degree level(non-education) and materially different for education and doctorate degrees. I think you already have a way to solve for that by offering the scholarships to partnership organizations so I think we should be okay here.

I thought through offering scholarships as way to go higher on price but still remain competitive but in the short-term I think there is too much risk for us to do so. Our students learn about us almost exclusively via the web which means we would have a good chance of losing them before we even had a chance to have a discussion about scholarships that offset the tuition. I am sure we can figure it out but we would need to do some focused pilots to get it right before rolling it out on a large scale.

I think we both need have to these finalized by COB Tuesday so let me know if you want to talk through them between now and then.

Thanks,

Travis Allen