

Operations Department

ITT Educational Services Inc.

Proposal

Draft 07/15/08

Military Recruitment Proposal

Military Recruitment Background

With the passage of the new GI Bill legislation, there is an increased opportunity for significantly driving our market share of not only military personnel, but their family members through the transferability clause of the new GI Bill. The new legislation goes into effect on August 1, 2009 and is applicable to anyone who has served a minimum of 90 days of active duty since September 10, 2001 and has met certain discharge requirements.

Eligible participants will receive a maximum of thirty months of entitlements under the new bill and will receive a percentage, as determined by length of credible active duty service, of the following:

- Amount of tuition and fees not to exceed the most expensive in-State public institution of higher education.
- Monthly housing allowance equal to the basic housing allowance (BAH) amount payable to an E-5 with dependents, in the same zip code as the school. This ranges from a low of around \$750 to a high in excess of \$2500 depending on location. A fair average to consider is \$1000 a month.
- Yearly books and supplies stipend of up to \$1000.
- A one time payment of \$500 may be payable to certain individuals relocating from highly rural areas.

This new GI Bill is meant to cover formal educational training that includes graduate and undergraduate degrees, vocational/technical training, and foreign training. All training programs must be offered by an institution of higher learning and approved for purposes of chapter 30. Additionally, tutorial assistance, and licensing and certification test reimbursement are approved under the Post 9/11 GI Bill.

A key component, and one that could have significant impact on our ability to attract GI Bill eligible veterans, is the transferability portion of the bill. Eligible veterans may, with approval from the Department of Defense, transfer their eligibility to their spouse and/or dependent children.

ITT/ESI Military Recruitment Plan

The Overall Objectives

1. Increase census of military veterans through a well rounded advertising, informational, and recruiting campaign.
2. Demonstrate a positive ROI on any incremental expenses.

Implementation Strategies

The overall military recruiting plan would consist of the standard type of campaigns that we currently utilize for normal recruiting campaigns. Advertising in the form of direct mail

campaigns structured to the military touting the benefits of the new GI Bill and our educational programs and successes coupled with our normal advertising efforts will gain some exposure.

The specific direction of this paper is to propose that we consider hiring an individual or individuals that would specifically target and drive military recruiting around the new GI Bill.

A key factor to the success of any military recruiting campaign is built around several variables:

- Access to key military facilities and seminars
- An acceptance of the educational representative by the military establishment
- The ability to understand the audience and “talk the talk”.

As our market is going to be almost exclusively enlisted personnel as virtually all officer personnel already have at least an undergraduate degree, our candidate/s should be senior non-commissioned officers who have attained at least an undergraduate degree and be retired.

These basic qualifications are extremely important for several reasons:

- Access to key military installations is going to be simplified by an individual who is familiar with the military, has served in the military and understands the nuances of gaining access not only to the facility but also to the key decision makers involved in gaining access to job fairs, transition assistance seminars and base educational service officers.
- I cannot emphasize enough that the message is only as good as the messenger delivering it. We have a strong brand name, impressive results over an extended period of time, demonstrated success with students of all backgrounds and ages, but military veterans will immediately have greater acceptance of hearing our message from one of their own.
- A senior non-commissioned officer will by virtue of their rank and service already have the respect of discharging veterans. The fact that they have completed an undergraduate degree is extremely important if you are going to talk to veterans about the value of education. The ideal candidate will have completed their education while on active duty allowing them to speak from experience about obtaining education in an environment that most of the veterans will be working in. (working, raising a family, and going to school at the same time)

The current active duty military strength located in the continental United States is approximately 1,079,590 personnel and worldwide is 1,368,226. The breakdown by branch of service is as follows:

United States Navy	333,727
United States Army	518,068
United States Air Force	330,089
United States Marine Corps	186,342

There are an additional several hundred thousand Guard and Reserve veterans who will also qualify under the new GI Bill for expanded educational benefits.

This number becomes multiplied by the ability to transfer their benefit to eligible spouses or dependent children who can be accessed through our normal high school presentations by modifying it to reflect this component.

We should consider recruiting and hiring a team of military specialists with the above qualifications to support our military recruiting efforts that represent each branch of the service. Initially we should start with two specialists from different branches of the Armed Forces with the ability to target their prospective branch of service in a concentrated geographical area. Our initial strategy should be to target the largest installations first with the goal of getting in front of the largest populations as quickly as possible through the use of this team. Based on the results of these two individuals we could then evaluate expanding the team by the additional two branches of service for a total of four.

Return on Investment

The potential Return on Investment should be significant but will start slowly and then accelerate as our impact spreads throughout the military organizations. Some rough numbers are:

Expense:

Four military specialists:

Salary:	Redacted by HELP Committee	Total:	Redacted by HELP Committee
ALB		Total:	
Travel:		Total:	

Annual cost of team: Total:

Revenue:

Assumptions:

We currently have approximately ^{Redacted by HEL} military veterans enrolled as students representing 5% of our total census. A low estimate of increasing this by an additional 1 % would result in approximately an additional ^{Redacted b} students annually. On a F/T basis that would equate to an additional ^{Redacted by HELP Committee} in annual revenue resulting in a very positive return on investment (ROI).

I have included as attachments two separate Cost Summary Payment Addendums (CSPA) showing the estimated packaging of an independent veteran. The first scenario is a veteran that is eligible for full Pell and the second shows the anticipated packaging with no Pell. The new GI Bill is based on the highest tuition for an in state University. Using Indiana University as the

potential baseline their annual tuition is \$15, 674.00 (\$7,837.00 per semester). An independent veteran with full Pell would have no additional payments under the new GI Bill for an academic year at ITT/ESI. A veteran with no Pell would have a self pay amount of \$139.00 for the full academic year. These are estimates based on available data, but should hold true going forward.

Implementation Time Line

Based on an implementation date of August 1, 2009 for the new GI Bill benefits to take affect, the following timeline is proposed:

- By August 15, 2008 have CEO approval for implementation of the plan
- August 30, 2008:
 - Convene an ad hoc committee of current, retired military employees to meet and brainstorm the benefits of such a structure and add details to the strategic plan for implementation.
- September 15, 2008:
 - HR to have a draft job description completed for executive review
- October 15, 2008:
 - Marketing to have first draft on proposed ancillary marketing materials to support recruiting efforts to include, but not limited to, direct mail materials, advertising efforts via internet, etc., brochures for presentations, etc.
 - HR to have finalized job description and begin actively recruiting for team members.
- November 1, 2008:
 - Operations to have rough draft of goals/objectives with underlying initiatives for military recruiting team members for review.
- February 1, 2009:
 - Team members hired and goals and objectives reviewed.
 - Orientation to company goals/policies and procedures/miscellaneous other tasks completed.
 - Marketing to have approved marketing materials completed and ready for use.

- March 1, 2009:
 - Team begins operational assignments and duties.