



zenith
EDUCATION GROUP

Progress Report

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1) Introduction and Executive Summary

Continuing Our Progress as a Student-Centered Organization

A Message from Peter J. Taylor, President and CEO, Zenith Education Group, and President, ECMC Foundation

As I close out my first year as president and CEO of the Zenith Education Group (Zenith), I remain enthusiastic about our potential to set a new standard in the Career and Technical Education (CTE) sector. With the generous financial support of ECMC Group and ECMC Foundation, Zenith has now invested more than \$100 million in new curricula, updated equipment and materials, refreshed training for faculty and staff, and an improved experience for our students. This is in addition to the generous scholarship support, student loan buy-outs and our unprecedented “Student Choice” initiative that provided millions of dollars in refunds and vouchers to students who were enrolled in programs offered by the previous owner of Everest and WyoTech.

We’re already starting to see results from these investments in the areas we care about most: retention of students through graduation and placement into jobs that pay a family-supporting wage.

We also continue to refine our focus as an educational institution. We’re not trying to be all things to all students. We’re purposely limiting our program offerings to allied health professions, construction trades, transportation and business/IT. We’ve eliminated the online MBA program and other course options where we didn’t feel that Zenith offered anything unique compared to the broader marketplace of postsecondary education providers. This narrowed focus means we say “no” to some opportunities and instead stay focused on the long-term investments required to grow organically.

As part of this effort, we are soon completing a strategic planning process for the WyoTech schools and expect to make significant investments into their expansion. Stay tuned for additional information in the next few months.

We’re also proud to introduce Altierus, the new name for our Career College schools (formerly Everest). Altierus is a dedicated community that fully equips students to thrive. Simply put, we help students build strong technical and employability skills; we provide 1:1 guidance throughout their journey; and we surround them with a community of accountable students and faculty to help them stay on track.

As we promised nearly 30 months ago upon creating Zenith, we’re committed to helping students succeed. Our goal from the start has been to develop a new nonprofit model of career education that is student-centric and built around quality training in high-demand industries that result in job placement for the maximum number of our graduates. I hope you will read further and learn about how our commitment to students is changing lives and creating the kind of educational institution that will strengthen families and communities for years to come.

2) Ensuring Students Are Prepared: Enhanced Admissions and Assessment

In the past 15 months, we have made excellent progress on numerous initiatives to improve the student admissions and assessment process, including:

Increased Academic Readiness and Online Readiness Assessments

Zenith has a two-phase strategy to ensure students are academically ready for our programs and for online learning. In phase one, we established a policy that requires an online readiness assessment with required interventions for students enrolling in totally online programs. The policy also requires all students

to show evidence of his/her level of academic readiness and, depending on program choice, requires remediation if they don't achieve a minimum score. Phase two, recently launched, is the development of an adaptive learning academic support curriculum that recognizes differences in program entry expectations.

Increased Focus on Campus-Based Community Outreach Initiatives

Zenith campuses have dedicated team members who focus on building partnership with local schools and community leaders. High school counselors who understand what programs their local Zenith school offers can help match the right program to the right high school graduate. Community leaders who understand what programs their local Zenith school offers can recommend individuals who they believe are a good candidate for the American Dream Scholarship to help fund their course of study. The implementation of the American Dream Scholarship has helped Zenith students across the country realize the American dream of earning a degree. First-time students who are nominated by someone in their community are eligible for the scholarship.

To expand our service in the communities where we have schools, Zenith has recently added a new dedicated role at each of our 24 campuses. These individuals are responsible for reaching out to local employers to ensure that our training is meeting their expectations, and to help local nonprofit organizations by joining volunteer events that involve Zenith students, faculty and staff. They also play a role in administering our local GO! Program grant-making initiative, which is designed to involve our employees in supporting local nonprofit organizations by making \$25,000 in charitable donations available to each campus, to be used at their discretion.

New Technology to Deliver a Tailored Experience

Zenith continues to transform its technology platform to enable a more customized interaction experience. We recently implemented a texting communication platform which, when combined with a soon-to-be-implemented customer relationship management system, will give students the ability to communicate with admissions and other school departments in ways they prefer—either through calls, emails or text messages (or a combination of all three). These technology enhancements also will enable content and messaging that is more tailored to each student's interests.

Measuring and Monitoring What Matters Most

Matching the right student to the right program at the right time is the goal of the Zenith admissions team. We continue to prioritize student outcomes over enrollment. We made early-term retention a primary metric by which we measure the success of the admissions function as well as the success of individual representatives.

3) Increasing Students' Knowledge: Affordability and Financial Counseling Support

Enhancements to Our Financial Aid Process

In 2016, we launched a new approach to financial aid that focused on empowering students to make fully informed decisions about their futures through pre-enrollment financial literacy counseling.

Every student who enrolls in an Everest or WyoTech program now meets with a financial aid representative and is given his/her own Financial Aid Workbook. Using the workbook as a guide, the financial aid representative walks through:

- The basics of paying for college
- Federal student loans and how they work
- Management of federal student loans during and after school
- Repayment and the consequences of default

This allows the student to drive the conversation, be in control of documenting the discussion and leave with a helpful guide to refer back to with questions.

The financial aid representative then offers the student the option of taking a break and scheduling a follow-up appointment. This break offers the student a chance to go home and reflect on the conversation. Or, the students can choose to continue and complete the full process in one sitting. The rest of the conversation focuses on providing resources for the student's financial health, including:

- Budgeting—for now, for surprise expenses and for the future
- Researching future salaries through government sources
- Understanding credit scores and how student loans may affect them
- Establishing an emergency savings account
- Banking basics—checking vs. savings, overdraft fees, etc.

An additional pamphlet helps students specifically understand the math around maxing out their federal student loans.

In addition, Zenith financial aid teams at all locations receive extensive training by financial literacy experts. This training bolsters their ability to help students make informed decisions about financing their education and prepare to manage their finances after graduation.

Zenith Grant Program

In an effort to meet our strategic goal of “offering quality, affordable education/skills development in a fiscally sustainable fashion,” we enhanced the Zenith Grant Program to make our programs even more affordable to students and minimize the need for additional loans. During the 2016-17 award year, we awarded more than \$9.8 million through the Zenith Grant Program. We've also enhanced our offerings to WyoTech students at all three campuses by providing housing assistance totaling more than \$600,000 since September 2015.

American Dream Scholarship

The implementation of the American Dream Scholarship has helped Zenith students across the country realize the American dream of earning a degree. First-time students who are nominated by someone in their community are eligible for the scholarship. Since the program was initiated in September 2015, \$14.4 million in scholarships have been awarded to more than 3,500 students.

This year, the American Dream Scholarship program was enhanced to include an American Dream Graduation Scholarship program and, for our Chesapeake campus, a Chesapeake Medical Assistant Scholarship. Students who are in the last term/module of their program and are nominated by an instructor or externship supervisor are eligible for the scholarship(s).

Emergency Scholarship Program

We have entered into an agreement to self-fund an emergency scholarship through a neutral third party to assist students who might otherwise be forced to leave school due to an unexpected financial emergency. The scholarship will be administered by Scholarship America, the nation's largest provider of private scholarships. This scholarship is currently in pilot at four campus locations.

4) Enhancing Student Learning: Transformative Curriculum Initiatives

In the past 15 months, Zenith has implemented several initiatives to ensure students have the best possible learning experience. The top five initiatives include:

Adoption of Blended Learning and New Learning Management System (LMS)

Transitioning from a traditional classroom and laboratory environment to a blended classroom/online learning environment is a significant pedagogical shift for most Zenith faculty. The adoption of an LMS across all campuses and programs allows us to incorporate technology-enhanced features, such as adaptive learning and simulations, into the curriculum, while allowing faculty to rely less on traditional lecture-style teaching and more on active learning strategies. We define “blended” as a combination of online and onsite instruction within a single course, with no more than 50% of the instruction offered online. For students, the adoption of an LMS for course delivery enables an improved quality learning experience, because faculty from various campuses and diverse backgrounds contribute to course development.

Addition of Industry-Recognized Certifications

True to our mission of providing workforce-ready graduates, all programs are being revised to incorporate or prepare for industry-recognized certifications or licensure, in addition to students earning a diploma or degree. Although several diploma programs have met this standard for many years, this was not true of our degree programs. The certifications provide us with an industry-recognized assessment of curriculum quality and relevancy, and also provide graduates with an outside endorsement of competencies achieved in the program.

Transition from 12-Week to Six-Week Accelerated Courses for Degree Programs

One of our early academic strategies to improve student retention and learning was to convert all 12-week degree program courses to a six-week structure. Not only did the academic research support a move to accelerated courses, but both student retention and success have improved since we moved to the new model. The student retention rate increased by almost nine percentage points, while the student A-C rate also increased nine percentage points in that same timeframe. The model enables students to reasonably complete three courses in a 12-week term by enrolling in one class the first six weeks and two in the second six-week term. Students experience an early completion and sense of accomplishment at the end of six weeks, instead of waiting for 12 weeks.

Introduction of an Electronic Early Alert System (Starfish)

Electronic early alert systems that identify students who are at risk of leaving school are recognized as a national best practice in higher education. In August 2016, we implemented Hobsons’ Starfish EARLY Alert and CONNECT. These tools enabled us to accomplish efficient and effective connecting of all advisors and other professional student-support staff to real-time, easily accessible, user-intuitive dashboards. These dashboards provide insights for both students and those supporting students—including faculty, student advisors, deans and career services representatives—who can access timely and relevant individualized student data. The early alert system provides Zenith with a rich source of data to identify at-risk students earlier in their experience.

Replacement of Transfer Degrees with Applied Occupational Degrees

Significant changes are underway to align degree program types and disciplines with our career college mission of preparing graduates for the workplace, and to focus our efforts on a shorter list of disciplines that lend themselves to embedded certifications. Therefore, we began phasing out baccalaureate and graduate programs, and started to replace our transfer associate degree curricula with applied (occupational) associate degrees. Benefits include: a stronger emphasis on the technical coursework and the program core; creation of a streamlined general education with increased contextualization; replacement of college algebra with quantitative reasoning; and better alignment to the national best practice of limiting or eliminating choice with the development of elective clusters.

Our Transition to a Single Accreditor

With a goal of continuous improvement, we decided in early 2016 to move to a single accreditor for our campuses. We selected the Accrediting Commission of Career Schools and Colleges (ACCSC) as our national accreditor, based on this group’s best alignment to our mission. We welcome their high standards for retention, graduation, and placement as a check for us to achieve our student outcome and quality

goals. Twelve of our 24 campuses initially were accredited by the Accrediting Council for Independent Colleges and Schools (ACICS) and to date, four of these already have moved over to ACCSC. The remaining eight campuses are at various stages in the process and are expected to be transitioned by December 2017.

5) Driving Student Success on All Fronts

Advancing Careers Through Collaborative Partnerships

As one of the largest nonprofit providers of career and technical education in the U.S., Zenith is helping to bridge our nation's skills gap and support our economy by developing a ready-to-work pipeline of skilled talent to meet the diverse needs of employers.

A major focus has been on building innovative collaborative relationships with employers, industry associations, workforce development boards and community-based organizations because we believe that by working together, we can achieve more and have a greater impact on this growing gap. Collectively, we strengthen communities and develop the skilled workforce. Current examples of collaborative partnerships include:

- SkillsUSA
- Big Brothers Big Sisters
- Snap-on Tools
- Mack Trucks and Volvo Trucks
- Direct Energy
- CVS

Creating Student-Talent Pipelines

Through our national network of career colleges, we're transforming the way education is experienced and delivered.

Using real-time labor market tools and technologies from top data analytics companies such as EMSI and Burning Glass, we proactively design academic programs that are demand-driven and expertly aligned with high-growth occupations, while using predictive analytics to stay ahead of industry changes.

We also integrate insights from local, regional, and national partners and employers, who help us prepare graduates to enter the workforce with in-demand, job-specific skills. In return, industry leaders like Mazda, CVS, and Walgreens gain access to a diverse and skilled talent pool ready to work and serve proficiently on day one.

Making an Impact: How Collaborative Partners Help Students Succeed

Collaborative partnerships benefit us in many ways. Here are a few ways our collaborative partners contribute and help students succeed:

- **Hiring a Graduate:** They employ students or graduates from our programs and gain the skilled talent they need.
- **Providing Experiential Learning:** They partner with us by hosting student interns/externs.
- **Teaching by Example:** They offer opportunities for job shadowing.
- **Mentoring:** They help inspire individuals on their journey to a successful postsecondary education or career.
- **Offering Insight:** They serve in an advisory capacity, providing subject matter expertise to ensure our programs cover emerging skills and stay responsive to the job market.
- **Volunteering:** They speak to a class, serve as a tutor, help students prepare for interviews or assist with networking.

- **Donating:** They provide scholarship support, donate their time, or make in-kind donations, such as equipment, training materials or professional clothing for our students.
- **Serving as Advocates:** They help promote awareness and support education, employment initiatives, and policies that promote successful students, a skilled workforce and a stronger economy.
- **Spreading the Word:** They share our story with their networks. They refer an organization that aligns with our mission. Or refer a student who can benefit from our programs.

Achieving Positive Outcomes: Student Retention, Graduation and Job Placement

Obtaining the best outcomes for our students is Zenith’s primary mission, and outcomes in higher education have specific metrics followed by accreditors, government regulators and students themselves. Two of the most important measurements of student outcomes are program graduation rates (also called completion rates) and placement rates (also called job placement rates or employment rates). Retention rates are also important indicators of student success and are leading indicators of graduation rates, so some accreditors monitor retention rates instead of graduation rates. Graduation, retention and placement rates published by educational institutions frequently vary due to different methodologies used by different accreditors to calculate the total number of students in a given measurement group, and in calculating the number of those students who have obtained the educational credential awarded for successful completion of their programs as well as the number who have been verified to be employed in the field which requires the credential they were awarded.

Because Zenith is in the process of moving all of our programs to a single, national accreditor (ACCSC), this progress report provides graduation and job placement rate metrics using ACCSC methodology for calculating such metrics. Half of Zenith’s 24 campuses, however, have been accredited by ACICS, which monitors retention rates instead of graduation rates. Nevertheless, in this report, we are publishing outcomes measured in graduation rates for all campuses and will continue to do so going forward, while we continue to use retention rates as an internal, early indicator of student completion success.

We are pleased that since we assumed control of the 24 campuses we currently operate, the graduation and placement rates aggregated by campus show substantial improvement. Our graduation rates have improved at nearly 60% of our campuses (14 of 24) and our placement rates have improved for nearly 88% of our campuses (21 of 24). The final rates will be reported to our accreditors in Fall 2017; so, at this time, the results are unofficial and represent conservative estimates.

The outcomes are very positive overall, and Zenith is pleased with the success of our continuing programs and our many initiatives that have been implemented since February 2015 to improve outcomes. There are, however, still some programs and some campuses that are not yet fully meeting our expectations for student outcomes, despite the overall progress made to date. We will continue to monitor and put in place performance improvement plans for those programs that do not meet expectations.

6) Supporting Students Through Our Mission-Driven Organization

ECMC Foundation Support

ECMC Foundation is a Los Angeles-based, nationally focused foundation with current assets of \$640 million. Its mission is to inspire and facilitate improvements that affect educational outcomes—especially among underserved populations—through evidence-based innovation. ECMC Foundation has three priority focus areas: Teacher and Leader Development, College Success, and Career Readiness. It prioritizes evaluation and measurement and is committed to sharing Zenith’s impact. ECMC Group has earmarked a \$250 million gift to ECMC Foundation to support Zenith schools. This establishes a fund that annually provides about \$12 million to support transformative investments and innovations at Zenith campuses, including new programs in allied health, business and trades.

In 2016, ECMC Foundation's investments across Zenith campuses totaled \$8 million. In 2017, the Foundation plans to award \$12 million. These investments support Zenith campuses in many ways, such as enhancing programs, improving campus and technology equipment, and assisting with faculty and staff development. Here are a few examples of this funding at work:

- **Everest Institute - Houston Hobby received funding for a medical clinic simulation lab that also will serve as an area for the students to provide local community health fairs.** The goal is to improve student outcomes by providing an interactive, hands-on learning experience while offering students an opportunity to serve the community.
- **Zenith received funding to implement the McGraw-Hill "Practice Marketing for Practical Learning" simulation to research best practices in simulations and gaming in education.** The goal is to improve online student outcomes in the Introduction to Marketing course for Business AAS campus and online students. They will assess student outcomes and recommend the go-forward plan for integration of simulations/gaming into degree programs.
- **WyoTech - Laramie received financial support to add quality upgrades for instruction of heating, ventilation, air conditioning and climate control.** They will add advanced HVAC diagnostics to the programs to replace training aids that were developed for automotive use. The goal is to provide up-to-date training to students, to attract more and better employers to career fairs, and to make WyoTech an industry front-runner in career education.

ECMC Foundation is an important partner in Zenith's efforts. Grants from the Foundation help solidify Zenith's academic and operating framework, provide additional leadership training, enhance classroom experience, and add new programs in fields with in-demand jobs.

Building a Strong Leadership Team

Since our last report, we have added key members to our leadership team, who are experts in their fields and outside the realm of the previous owner:

- **Todd Allard, Chief Marketing Officer:** Todd A. Allard joined Zenith in September 2016 as senior vice president, chief marketing officer. Todd brings 25 years of customer-centric brand strategy and prospect engagement expertise, forged across some of the best-known brands in the U.S. and globally.
- **Thomas O'Donnell, Vice President for Operations:** Tom O'Donnell joined Zenith in April 2016 as VP of campus operations. Tom has spent the last 15 years in various finance and operational roles in higher education. In his current role, he works closely with the campuses to improve student service, retention and placement outcomes, and to focus our resources where they will have the greatest impact: in the classroom.
- **Annie Sarver-Bodoh, Chief of Philanthropy and Development:** Annie Sarver-Bodoh is the newest member of the senior leadership team and is a longtime nonprofit executive with more than 25 years of fundraising experience. Her expertise includes strategic business development, constituent relations, corporate and foundation giving, special event management and strategic planning.

Faculty Preparation, Support and Development

Beginning in 2016, Zenith embarked on several faculty preparation and support initiatives to enable us to transcend accreditation and regulatory compliance and accomplish faculty credentialing, professional development and performance effectiveness appropriate for a high-performing academic institution. The creation of a Faculty Academic Credentials and Qualifications Handbook ensures properly credentialed, experienced faculty for each program and includes certifications recognized by employers.

The implementation of Lynda.com and STARLINK Training Systems provides more than 200 faculty professional development courses and a comprehensive video library of courses—all taught by recognized industry experts. These resources enable consistent, readily available faculty development opportunities to support quality instruction and recordkeeping for course completions to meet accreditor and regulatory

requirements. Our planned Faculty Symposiums, the first of which will take place with our Medical Assistant and Nursing faculty in October 2017, will impart high-impact teaching methods and strategies to increase students' capacities for problem-solving, critical thinking, teamwork and collaboration—skills required to be successful in their careers. The Faculty Symposiums also will create a forum for collaborative exploration of curriculum and assessment.

Additional initiatives include updating job descriptions, creating onboarding materials, providing asynchronous training and hosting in-person development events.