



zenith
EDUCATION GROUP

Progress Report

February 2015-March 2016

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1) Introduction and Summary

One year ago last month, we launched Zenith Education Group with the mission of helping students succeed. Our goal from the beginning was to develop a new nonprofit model of career education that was student-centric, offered quality training in high-demand industries and resulted in job placement for the maximum number of our graduates.

While we are early in the multi-year process of transforming our schools into models of success, and have much left to accomplish, we are proud of the significant headway we've made thus far to improve student outcomes. We have made great strides in increasing affordability and implementing a thoughtful and robust curriculum reform effort to help ensure skills being taught in the classroom reflect the real-time needs of employers.

In the time since our launch, we have embarked on numerous initiatives to improve student success, including:

- Established our long-term strategic goals
- Improving affordability and financial counseling support
- Implementing student-centered admissions
- Ongoing curriculum reform, focused on employer needs and wants
- Enhancing career services and employer partnerships
- Building a new model of career education through ongoing innovation
- Improving compliance and regulatory safeguards
- Building out a mission-driven leadership team

Below is a recap of our efforts, which continue as we create a model of vocational training that enables our students around the country to reach their educational and occupational goals.

2) Strategic Goals Established

The Zenith senior leadership team established four strategic goals to prioritize efforts in the months (and years) ahead. These goals are:

- **Embrace the opportunity to serve an underserved demographic by offering high quality, “high-touch,” affordable education/skills development in a fiscally sustainable fashion** by materially improving our grant and scholarship programs, and aligning our intake, placement and academic support policies with student success.
- **Produce industry-leading student outcomes** by improving curriculum, employing well-trained and well-credentialed faculty, meeting employer needs and wants, and placing students into well-paying jobs in their field of study.
- **Focus on academic excellence, employer expectations and compliance**, while also encouraging local community engagement and outreach at the campus level, and in the process strengthen the Zenith brand-identity/institutional reputation.
- **Transform the postsecondary career education sector** by cultivating a culture of innovation that includes developing graduate talent pipelines for employers.

The following pages provide specific examples of the initiatives cited above that align with these goals, and demonstrate both the progress we have made and our continued focus. Working together we will stay true to our mission and achieve our vision of becoming recognized and emulated as the nation's nonprofit leader in postsecondary vocational training, by matching well-prepared graduates with today's and tomorrow's jobs.

3) Improving Affordability and Financial Counseling Support

Several initiatives have been implemented (or are in process) to ensure students are able to make informed financial decisions about their education, including offering programs that are affordable, despite the financial barriers that exist for a majority of our students.

In the past year, we have awarded more than \$100 million in tuition reductions, scholarships, grants and financial assistance across all Zenith campuses, resulting in an overall reduction of 20 percent in the debt burden of our students—while at the same time, pouring tens of millions of dollars into initiatives to help materially improve the completion and job placement outcomes of these same students.

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. Now, most students’ out-of-pocket contribution is limited to \$500 per academic year, regardless of their expected family contribution.

In the past 12 months, we have awarded \$9.5 million through the Zenith Grant Program.

We’ve also enhanced our offerings to WyoTech students by providing housing assistance to students at all three campuses.

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 last year, \$1.9 million in scholarship dollars have been awarded in \$5,000 increments.

Emergency Scholarship Program

We recently 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.

New Financial Aid Process

This month we launched a new approach to financial aid focused on empowering students to make fully informed decisions about their futures through pre-enrollment financial literacy counseling. Previously piloted at several campuses last fall, data indicates students who went through the financial literacy process were, on average, one-third less likely to take out the maximum available loans, as compared to students at campuses where the new process had not yet been implemented. The program is being rolled out across all Everest and WyoTech locations.

In addition, Zenith student finance teams at all locations are receiving extensive training by financial literacy experts to bolster their ability to assist students in making informed decisions about financing their education and to help prepare them to manage their finances after graduation.

4) Implementing Student-Centered Admissions

We continue to prioritize student outcomes over enrollment and have put several initiatives in place to strengthen our programs, improve placement rates, and increase our value to current and prospective students.

A major objective for the current year is to implement process improvements and reporting to increase visibility, accountability and effectiveness throughout the admissions process.

New Admissions Process

In addition to empowering students to make fully informed choices about their futures through pre-enrollment financial literacy counseling, we've completed field-testing and are rolling out a new assessment process—the SuperStrong™ Interest Inventory—for any prospective student who is considering our programs. The assessment is free of charge and is designed to help individuals choose a school and a program that is right for them, even if it is not one of ours. Our hope is that other career schools, both for-profit and nonprofit, will follow our lead, and help students make better decisions through the use of this instrument or ones like it. SuperStrong™ is the result of a collaboration with CPP Innovation Labs, the leader in providing assessment tools.

A second pre-enrollment assessment, designed to evaluate for academic readiness, will be fully scaled across all campuses by April 1, 2016. Scores will be used by academic advisors to recommend developmental modules or delayed enrollment until remedial needs are satisfied. We plan to use data from the admissions assessments and CPP partnership, along with student outcome and other performance measures, to gain a better understanding of the factors that lead to student success, and thus to create more effective programs and better student outcomes.

In addition, we created a new, centralized quality assurance team that monitors phone calls between admissions representatives and prospective students to ensure the process is consultative and focused on enrolling students who are likely to complete their programs and become employed in their fields.

Lastly, we made the difficult decision to consolidate several campuses in 2015 to offer students a vibrant student experience, consolidate our expertise and ensure the stability of our schools. We are pleased to report that the vast majority of students whose campus was impacted by consolidation chose to complete their study at a nearby Zenith campus.

5) Ongoing Curriculum Reform

To ensure we provide the best educational experience for our students, we are in the process of reviewing and enriching our programs. The goal is to develop occupational-ready curricula with outcomes that result in workplace-ready skills, degrees and job placement.

Meeting Marketplace Demand with Applied Learning Curriculum

We are engaging with faculty as well as industry leaders and employers beyond our walls to help identify competencies and behaviors as well as certifications that fit the needs of the marketplace and enhance a graduate's ability to find a job in his/her chosen field. The re-engineered curriculum refresh process was piloted in 2015 with the Medical Assistant program, which involved hundreds of hours in the formulation and implementation of the new curriculum rolled out in January. The design serves as a model for all other programs undergoing curriculum refresh.

In addition, we are developing curricula that better aid students in connecting what they are learning in class to their targeted career. Remediation will also be built into these curricula so skills lessons are integrated into course learnings, making them more meaningful and therefore more effective.

We have also begun offering additional certifications within degree and diploma programs that allow more students to earn industry-recognized credentials that are valuable and desired by future employers. For example, existing Accounting students are provided practice exams and encouraged to prepare for the Microsoft Excel Specialist Certification, while future graduates of the applied program will be prepared for several additional certifications, including QuickBooks, payroll and bookkeeper. Students in Paralegal are provided practice exams and preparation for certification via the National Federation of Paralegal Associations' Paralegal CORE Competency Exam. The new applied Business program includes certifications in Six Sigma, Social Media Strategy and Microsoft applications.

Students will also have the opportunity to enter the workplace and then return to Zenith to “stack” another program component through our stackable credential offerings. Programs, like the newly redesigned Computer Information Technology program, offer opportunities for stackable credentials, where students can earn a one-year diploma, enter the workforce and then return to earn a two-year associate degree.

Adjusting Course Length to Promote Student Success

Research shows courses offered in shorter time increments (six weeks versus 12 weeks) yield improved learning and completion rates, grades and overall student satisfaction. We are in the process of converting our online courses to the shorter format and plan to launch shortened courses across the ground campuses over the next year.

Integrating Online and Ground Operations

We have begun the process of integrating our online and ground campus operations, which will improve efficiencies by reducing duplicative admissions, management and other functions. In addition, students will have the opportunity to participate in a blended learning model, with some courses online and some in person, so that they may choose a learning modality that works best for them.

As we continue to enhance our curricula, we will strive to be innovative, but we will not sacrifice quality along the way. This effort is about forging a new path in the industry with student success as the driver.

6) Enhancing Career Services and Employer Partnerships

With the goal of students graduating with a job, not to go find a job, we are instituting a collaborative approach that provides students with one-on-one dedicated career coaching, focused on career development and job search strategies. This involves cooperation between career services, faculty, student services and academic support to ensure career readiness skills are developed throughout the student lifecycle.

In addition, students have access to career development through a dedicated career coach, who provides assistance with a myriad of skills, including job search strategies, resume writing, LinkedIn profiles, networking, interview preparation, establishing references, negotiations, strategies for the first 30, 60 and 90 days on the job, and more.

Creating Student-Talent Pipelines

Another key strategy for 2016 and beyond is the development of student-talent pipelines designed to match employer needs with graduate skills. We are currently in the process of expanding our partnerships with employers that understand our value proposition and are willing to help us build on that mission and vision.

As an example, in 2015 we entered into a three-year partnership with Mazda to enable our WyoTech students to graduate as Mazda-certified technicians. As part of the agreement, Mazda is permitted to use WyoTech's facilities in Blairsville, Pennsylvania, and Laramie, Wyoming, to train its dealership personnel in advanced courses. This is just one of the ways we are developing strategic partnerships to ensure our students have employment opportunities once they graduate.

Soon we will also be launching an alumni engagement program to further strengthen our relationships with our graduates and to provide lifelong career development, as well as offer mentorship and networking resources for our current students.

We continue working to improve job placement rates and are well aware that materially improving student outcomes is a multi-year, long-term process. This goal remains at the heart of virtually every initiative we have undertaken to date. The fall 2016 report to our accreditor will be published in November of this year and will include our first full year's worth of data since Zenith began operations in February 2015 (any reporting to date is still based on the previous owner's performance). We are confident this reporting will show progress toward improving student outcomes.

7) Building a New Model of Career Education through Ongoing Innovation

We are pleased our employees have embraced our student-centric goals and our subsequent call to innovate to help meet those goals. We are implementing many of their ideas, which are already having an impact on our students.

Campaign for Innovation

Since its launch last March, the Campaign for Innovation has been successful in uncovering opportunities and funding initiatives that bolster completion and job placement rates. Sponsored jointly by ECMC Foundation and ECMC Innovation Lab, awards range from \$500 to \$250,000 and are used for a variety of initiatives, including upgrading classroom technology and equipment, and providing additional resources and assistance for current students. During the first year of operation, \$2.5 million was allocated by ECMC Foundation through the Campaign for Innovation and another \$1 million has been allocated to the Campaign for Innovation for 2016.

Many Campaign for Innovation grants have been awarded to fund a variety of programs. Highlights include:

- Everest College in Tacoma received three awards totaling \$283,578 to enhance the Dental Assistant and Medical Assistant programs with improved equipment and training, and to expand the existing Adult Basic Education program to support all Everest students through career placement.
- A \$141,500 grant was awarded to Everest College Dallas Mid Cities to establish a GED testing class and testing facility that will support current and future students as well as the community.
- Everest College in Austin received a \$150,000 grant to partner with a bus transportation firm to provide rides to students 30 to 60 miles from campus, often without other means of transportation. So far, more than 15 students are using the service every week, making it possible for them to obtain a potentially life-changing education.
- A \$148,750 grant to WyoTech Laramie is being used to purchase a compressed natural gas (CNG) engine for student practice exercises. The plan aims to eventually fund the purchase of emissions-compliant diesel engines to help students gain more of the hands-on experience they will need to set them apart in the job market.

An additional \$1 million was dispersed for additional projects, including the TechHire initiative, the implementation of the Starfish Retention Solutions and a new Learning Management System.

This month, the efforts of Zenith and ECMC Innovation Lab were recognized by the White House as part of its national TechHire initiative designed to further develop the tech skills of the U.S. workforce by leveraging career colleges and coding bootcamps as partners in training for tech-sector jobs. As part of those efforts, Zenith will be partnering with the programming bootcamp Flatiron School to launch a new

coding program at its Everest campus in Austin, Texas. Thanks to a grant of nearly \$500,000 from ECMC Foundation and the support of ECMC Innovation Lab, we expect the coding program to graduate more than 200 students in the next three years and to model programs we hope to implement elsewhere.

8) Improving Compliance and Regulatory Safeguards

We continue to centralize and strengthen our regulatory compliance through a variety of initiatives.

In an effort to streamline the accreditation process, we are transitioning our schools' accreditation to one organization—the Accrediting Commission of Career Schools and Colleges (ACCSC). The transition, currently in process and to be fully completed by March 2017, will create efficiencies and provide more robust compliance across the system by having one set of accrediting standards governing our schools.

In addition, Zenith eliminated campus-based job placement entry and consolidated placement entry and verification within the compliance department. Campus career services personnel are no longer tasked with entering placements into the system of record, eliminating a potential conflict of interest and allowing them to stay focused on helping students find fulfilling careers. Campus personnel now simply notify the Verification Team of information that a graduate has been placed, and the Verification Team independently and exclusively verifies those placements.

9) Continuing to Build a Mission-Driven Leadership Team

In the past year, we have assembled a senior leadership team with the passion and experience to serve our students now and into the future. The team includes the following new hires from outside of the organization:

- Dr. Mary Ostrye, who joined Zenith in August 2015 as Provost and Chief Academic Officer for Zenith, bringing 35 years of experience in higher education academic leadership to her role. She will lead efforts to develop and implement new occupational applied degree and diploma programs, with an emphasis on “stackable” credentials, and also assure increased academic quality standards.
- Karen Turner joined us as Senior Vice President of Student Success and her role was recently expanded to Chief Engagement and Student Success Officer for Zenith. In this position, Karen leads the development and execution of enterprise-wide engagement strategies, including community outreach, employer partnerships and business development, allowing us to link strategy with execution.
- Sarah Strehl joined in May 2015 as ECMC Group's Senior Vice President and Chief Human Resources Officer to better assist with Zenith's HR needs.
- Dave Goff joined in June 2015 as ECMC Group's Senior Vice President and Chief Information Officer to better assist with Zenith's IT needs.
- James Kielkopf joined Zenith recently in a newly created position, Vice President of Institutional Research, to serve as the authoritative source over data and provide all functional areas with the analytics for sound decision making and student outcome reporting.
- Jim Gilbertson was hired in February 2016 as Chief Financial Officer for Zenith Education Group.

We continue our search for a president and remain committed to finding that person who shares our mission of helping students succeed, and is the best person for the job. Dave Hawn continues to serve as Interim President until the position is filled.

10) Conclusion

The time since our launch last February has brought many changes as well as many opportunities for us to have a positive impact on the lives of our students. We knew at the outset that this would require dedication and determination, and the entire Zenith team has risen to the challenge.

Working together, we have the capacity and the tenacity to successfully create an organization that we, as well as our students, can be proud of. We have made great progress, yet we have much to do.