WHO WE ARE

With 104 locations in 31 U.S. States and Canada, Education Management Corporation (EDMC) is among the largest providers of private post-secondary education in North America, based on student enrollment and revenue. All EDMC schools are accredited by accrediting agencies recognized by the U.S. Department of Education. Likewise, each EDMC school is licensed by the state in which it is located and is authorized to confer its respective doctoral, master’s, bachelor’s, associate’s and diploma/certificate level programs.

EDMC was founded in 1962 and is headquartered in Pittsburgh, Pennsylvania. In 1970, the company made its first acquisition, The Art Institute of Pittsburgh. John R. McKernan, Jr. serves as the Chairman of EDMC’s Board of Directors; Todd S. Nelson is Chief Executive Officer; and Edward H. West serves as President and Chief Financial Officer.

WHERE WE EDUCATE

EDMC has schools in these States/Provinces:

- Alabama
- Arizona
- British Columbia
- Canada
- California
- Colorado
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Indiana
- Kansas
- Kentucky
- Massachusetts
- Michigan
- Minnesota
- Missouri
- Nevada
- New Mexico
- New York
- North Carolina
- Ohio
- Oklahoma
- Oregon
- Pennsylvania
- South Carolina
- Tennessee
- Texas
- Utah
- Virginia
- Washington
- Wisconsin

To reach more students seeking access to quality higher education, 54 of EDMC’s schools are located in center city locations. Online higher education degree programs are offered at The Art Institutes, Argosy University, and South University.

QUALITY

What We Do

EDMC has four primary education institutions that offer a broad range of academic programs concentrated in the creative and applied arts, behavioral sciences, education, health sciences, and business fields, culminating in the award of associate through doctoral degrees, as well as non-degree programs. In addition, Western State University College of Law offers the juris doctorate degree.

- **Argosy University** (www.argosy.edu), with 19 campus locations in 13 states, provides undergraduate and graduate degrees to students in an environment where academic knowledge is paired with interpersonal skills vital to success in an increasingly competitive market. Argosy University has five colleges: Psychology and Behavioral Sciences, Business, Education, Health Sciences, Undergraduate Studies.

- **The Art Institutes** (www.artinstitutes.edu) is a system of more than 45 education institutions located throughout North America. The Art Institutes system is America’s Leader in Creative Education providing an important source for design, media arts, fashion and culinary arts professionals. Several institutions included in The Art Institutes system are campuses of South University.

- **Brown Mackie College** (www.brownmackie.edu), with 26 schools located throughout the United States, offers educational programs that prepare students for entry-level positions in a rapidly-changing workplace. Brown Mackie College schools offer bachelor’s degree, associate degree, certificate, and diploma programs in health sciences, business, information technology, legal studies, and design technologies.

- **South University** (www.southuniversity.edu), established in 1899, is a private academic institution dedicated to providing educational opportunities for the intellectual, social and professional development of a diverse student population. South University offers educational programs at the associate, bachelor’s, master’s and doctorate levels with campuses located in Austin, Dallas and Fort Worth, TX.; Columbia, S.C.; Montgomery, Ala.; Novi, Mich.; Richmond and Virginia Beach, Va.; Savannah, Ga.; Tampa and West Palm Beach, Fla.

- **Western State University College of Law** (www.wsulaw.edu) was founded in 1966 and is the oldest law school in Orange County with more than 10,000 alumni. Located in the heart of Southern California, Western State University has produced more California judicial officers than any other law school and is fully accredited by the American Bar Association.

COMMUNITY

How Our Students are Making a Difference

EDMC’s vision is to help students achieve their educational goals across the full spectrum of in-demand careers. Graduates from EDMC owned schools are employed by companies and organizations of all types and sizes, including companies such as the Sony Corporation, Adidas, Verizon, Ford Motor Company, and Walt Disney Company. To help prepare students for a career in a rapidly-changing global economy, each school’s Career Services department offers a range of services and resources that support student career-planning efforts.

GROWTH

Who We Educate

With a collective enrollment of 158,300 students as of Fall 2010, EDMC and its school systems employ approximately 20,212 full-time, part-time, and adjunct faculty and staff. Nearly two-thirds of EDMC students are female, and the average age of an EDMC student is 27.7 years. To expand its reach to more students than ever before, EDMC is actively working with the U.S. Department of Veterans Affairs in the “Yellow Ribbon” reduced tuition program, part of the post-9/11 G.I. Bill.
What is Gainful Employment?
“Gainful Employment” refers to a provision of the 1965 Higher Education Act requiring proprietary colleges and universities to demonstrate that they prepare students for “gainful employment in a recognized occupation” in order for their students to remain eligible for federal financial aid. The test is performed on an individual program basis rather than for an entire institution. Accordingly, some programs offered by an institution could pass the test while other programs are either restricted or ineligible for participation in Title IV programs.

Effects on Proprietary Schools
- Gainful Employment restricts student choice in and access to postsecondary education. Not all students are a fit for traditional universities.
- Proprietary schools offer a unique opportunity, customization and flexibility for students who may be working a full-time job, a single parent, minority or lower income – the very students to whom Title IV is envisioned to provide access.
- Low-income students must borrow substantial amounts of money to attend any college. The rule is therefore toxic to the continued existence of programs that enroll significant numbers of low income students.

Effects on Low-Income and Minority Students
- The Department of Education’s proposed Gainful Employment rule would disproportionally harm low-income and minority populations by discriminating against students who must borrow the needed tuition to attend college. The proposed rule will negatively impact colleges that serve greater numbers of low-income & minority students.
- Restrictions on programs enrolling low-income students would further limit student access. Overall, the proposed rule would reduce the number of seats available to new students at proprietary schools and makes it difficult, if not impossible, to reaching President Obama’s goal of leading the world in college graduates by 2020.
- Now, more than ever, we need to create opportunities for underserved populations to obtain college degrees to help improve unemployment numbers – not build barriers to make it harder for them to get a higher education. For-profit colleges provide a unique alternative to traditional schools because they offer flexible classes and hands-on, real world experience that prepare graduates for the workforce.
- Students who receive Pell Grants often have less family resources and face a tougher time paying back loans than many of their peers. Pell Grants were created to help people go to college – specifically those students who need the most help.** The only way to get repayment rates up would be to stop accepting Pell Grant recipients, which is counter to the goals shared by stakeholders throughout higher education.
- If this proposed rule was applied to other learning institutions, 93% of historically African-American colleges and universities, and even Harvard Medical School, would fail the gainful employment test due to unacceptable repayment rates. Given that such a high percentage of Pell Grant recipients are likely to be affected by the Gainful Employment rules, the U.S. Department of Education should conduct further analysis of the impact of the NPRM on Pell Grant recipients, especially those who graduate from higher education institutions.

**According to a recent study by Mark Kantrowitz of FinAid.org and FastWeb.com.
-According to a recent study by the Advisory Committee on Student Financial Assistance, the average cost of attendance (minus grant aid from all sources) for low income students attending 4-year Public Colleges represents 48% of their total family income.
-Over 50% of students attending career colleges are minority students, compared to approximately 34% at public and 32% at private, not-for-profit four-year institutions.
-More than half of Pell Grant recipients at for-profit colleges are enrolled in colleges where the loan repayment rate is under the 35% threshold and an additional third are enrolled in colleges where the threshold for loan repayment is between 35% and 45%.
Student Testimonials

Venus Williams, Bachelor of Arts in Fashion Design, The Art Institute of Fort Lauderdale
In addition to her career as a world-renowned tennis champion, Venus Williams is the owner of EleVen and VStarr Interiors. To create her unique designs, she taps into her own fashion-forward personality, resulting in creations that are sassy and colorful — with daring cuts.

“I love fashion and the idea that I am using my design education to actually create clothing and footwear that reflects my personality and energy both on and off the court. I don’t like mainstream. I want to be ahead of the curve. I don’t like to be the same as everybody.” She cites her parents, who advised her to be a well-rounded individual — to be more than just an athlete. Her love of fashion led her to The Art Institute of Fort Lauderdale’s fashion design program, which she completed while competing in the Grand Slam, U.S. Open™, and Wimbledon®.

Vicki Tucci, Associate’s Degree in Paralegal Studies, South University – West Palm Beach
As a single mom, lawyer, volunteer, and active church member, Vicki Tucci leads a dynamic life in West Palm Beach County, Florida. As a working mom, raising a newly born son, Vicki started her career path by earning her associate’s degree in Paralegal Studies in 1997 from South University. Ms. Tucci knows what it’s like to advocate for others. She was recently honored by ChildAbuse Watch as their Child Advocate of the Year.

“Nobody truly does it alone,” according to Vicki. “Once I started the program at South University, I found real people and a real connection with the campus community that only fueled my interests, but also my desire to work with the law to help others.”

Melissa Hammel, Master’s Degree in Professional Counseling, Argosy University – Nashville
Melissa Hammel, a graduate of Argosy University, Nashville with a master’s degree in Professional Counseling, was recently named one of the top 50 most distinguishable women wealth managers in the country by Bloomberg Wealth Manager Magazine. A Certified Financial Planner (CFP®), Melissa serves as the Managing Partner and principal Financial Planner at Hammel Financial Advisory Group, LLC, a progressive firm she runs with a team of professionals and support staff.

When considering a graduate program in Professional Counseling, Melissa said she was drawn to the Nashville campus “because everything seemed to fit.” The blended format of online and on-campus courses enabled her to work full-time while earning a master’s degree. “The professors were outstanding, too,” she said. “They truly are practicing professionals. I got all of the academic theory plus hands-on learning. They provided models of how they handled real-life situations.”

Paula DaSilva, Bachelor’s Degree in Culinary Arts, The Art Institute of Fort Lauderdale
Who is talented—and crazy—enough to take the heat from Chef Gordon Ramsay? Paula DaSilva, a 1998 graduate of The Art Institute of Fort Lauderdale, proved she was when she captured a huge fan base as the Hell’s Kitchen Season Five runner-up.

Now working as the Executive Chef at Eden Roc at Renaissance Miami Beach, Paula’s reality show fame has given her the opportunity to accept prestigious chef invitations to the James Beard House, a stage with the famed Chef Joel Antunes of Joel’s in Atlanta, and the opening of an Italian restaurant in St. Kitts. She credits The Art Institutes for providing the foundation for her culinary successes. “I chose The Art Institute of Fort Lauderdale over the other culinary programs because I really liked the way the program was structured,” said DaSilva. “It gave me good basic knowledge that I needed to begin working a pantry position.”

Quincey Montgomery, Associate of Applied Business degree in Business Management, Brown Mackie College
Quincey Montgomery credits his mother and the birth of his son as his reasons for choosing to attend Brown Mackie College - Cincinnati. “My mother and my son were my inspiration,” he proudly says. “They are why I came to the school. In fact, my mom and I started school together. Unfortunately, she had to withdraw from school due to medical reasons. Her leaving school gave me more motivation to succeed. The flexibility at Brown Mackie College – Cincinnati and the school’s great faculty and staff contributed to my success at the school. I thank them all for being there for me through thick and thin.”

Montgomery’s professional goal is to earn a promotion into management at Proctor & Gamble, where he is currently employed as a product supply HR assistant. He is back in school and plans to earn a MBA by 2014.

For more information about EDMC, please visit www.edmc.edu
Proprietary Schools: Myth versus Fact

REGULATION

**MYTH:** Proprietary schools aren’t regulated like traditional schools.

**FACT:** All EDMC schools are accredited by accrediting agencies recognized by the U.S. Department of Education, including both national and regional accreditors. Regional accreditors are the very same agencies that accredit traditional colleges and universities across the country. Some examples are:

- Higher Learning Commission (HLC);
- Commission on Colleges of the Southern Association of Colleges & Schools (SACS);
- Middle States Association of Colleges & Schools, Commission on Higher Education (MSCHE);
- New England Association of Schools & Colleges; and
- Western Association of Schools and Colleges (WASC).

In addition to institutional accreditation, a number of EDMC’s programs also have programmatic accreditation that often is awarded to those programs that prepare students for licensure in their respective fields of study.

JOBS AND GRADUATION

**MYTH:** Proprietary schools don’t provide education and degrees that result in quality jobs.

**FACT:** Proprietary schools are helping to improve the sustained 10% unemployment that our country has endured for over two years, providing hands-on training with real world experience that result in quality jobs for their graduates. For example, during calendar year 2009, 11,432 EDMC graduates were placed in jobs in their field or a related field within six months of graduation (85.7% of available graduates).

**MYTH:** Proprietary schools maintain low graduation rates.

**FACT:** In fact, proprietary schools do a much better job than their four-year and two-year public and private non-profit counterparts at graduating low-income students. Notably, the graduation rate for two-year proprietary is more than twice that for community colleges.* When controlled for risk factors, the rates are even closer.

According to 2007-08 IPEDS data for four-year institutions with more than 40% of their students receiving Pell grants, the graduation rate was 38% for proprietary institutions, compared to 33% for public institutions. EDMC’s graduation rate (with approx. 40% Pell recipients) is 42%.

GOVERNMENT FUNDING

**MYTH:** Proprietary schools require more government funding with less results.

**FACT:** Total federal and state grant subsidies for 4-year public colleges are over twice that of proprietary colleges: approximately $7,500 per FTE student subsidy for public colleges vs. approximately $3,000 per FTE (including total cost of defaults) for proprietary colleges, which – unlike traditional schools – pay taxes as well. Less reliance by proprietary schools on direct tax appropriations in the form of state and federal funding also is beneficial during these economic times, when state budget constraints force public institutions to make difficult decisions on whether to cut back service levels and quality education to students, reduce access to education by cutting available courses, or to raise prices significantly to offset lost tax subsidies.
DEBT AND LOANS

**MYTH:** Students from proprietary schools are more likely to default on student loans.

**FACT:** Economically disadvantaged students default at similar rates, regardless of the type of school attended. As an example, for institutions with 40% of more of their student population receiving Pell grants, proprietary institutions report a Cohort Default Rate of 10.2% for 4-year schools and 12.2% at 2 year schools. These rates are at or slightly above the average of 10.3% reported for all institutions across all institution levels. “The characteristics of the students who attend the schools” account for differences in the proportion of loan defaults, not the type of institution that students attend.**

**MYTH:** Students graduating from proprietary schools carry higher debt load than those graduating from traditional schools.

**FACT:** According to financial aid expert Mark Kantrowitz, in his report “Growth in Cumulative Education Debt at College Graduation,” of students applying for federal student aid at undergraduate institutions, the percentages graduating with debt at public colleges (70.2%) and nonprofit colleges (87.4%) are within range of the percentage graduating with debt proprietary colleges (96.2%). This is truer at 4-year institutions, where the percentages are 83.3%, 89.1% and 98.9% respectively. Any disparity in these percentages is due primarily to the economic need of proprietary students. Proprietary schools educate low-income students at a far greater rate than do traditional schools, whose educational models routinely leave behind at-risk populations.

GAINFUL EMPLOYMENT

**MYTH:** Gainful Employment regulation will protect minorities.

**FACT:** Unfortunately, the Department of Education’s proposed Gainful Employment rule would disproportionally harm low-income, minority, women working adult, and other at-risk populations by impacting students who must borrow the needed tuition attend college. This will result in reduced access, less opportunity, and fewer choices for these students. Based on the current definition, 93% of historically African-American colleges and universities (HBCUs) and even Harvard School would fail the Gainful Employment test due to unacceptable repayment rates. Postsecondary education – a college education – is one of most powerful indicators of upward economic mobility. Adult children are more likely to surpass their parents’ income and reach higher brackets if they have a degree, regardless of their parents’ income. Likewise, only five percent of adult children who do not have a degree reach top income brackets.***


**The Government Accountability Office

***The Pew Charitable Trusts Economic Mobility Project
EDMC Leadership Profiles

John R. McKernan, Jr., Chairman of the Board of Directors
John R. McKernan, Jr. is EDMC's Chairman of the Board of Directors. Mr. McKernan served as EDMC's Executive Chairman from February 2007 to December 2008 and Chief Executive Officer from September 2003 until February 2007. Mr. McKernan joined EDMC as Vice Chairman and a member of the Board of Directors in June 1999. In March 2003, he became President of EDMC and served in that office until September 2003. Mr. McKernan is also a director of BorgWarner Inc., a publicly traded producer of engineered components and vehicle powertrain system applications, and served as Governor of the State of Maine from 1987 to 1995.

Todd S. Nelson, Chief Executive Officer
Todd S. Nelson has served as EDMC’s Chief Executive Officer and a Director since February 2007. Mr. Nelson also served as EDMC President from February 2007 to December 2008. Mr. Nelson worked as an independent consultant from January 2006 through January 2007 and for Apollo Group, Inc. from 1987 through January 2006. Mr. Nelson served in various roles with Apollo Group, Inc. and was appointed President in February 1998, Chief Executive Officer in August, 2001 and Chairman of the Board in June 2004. Mr. Nelson was a member of the faculty at the University of Nevada at Las Vegas from 1983 to 1984.

Anthony J. Guida Jr., Senior Vice President – Regulatory Affairs and Strategic Development
Anthony J. Guida Jr. has served as Senior Vice President — Regulatory Affairs and Strategic Development since March 2005. He was appointed Senior Vice President — Strategic Development in March 2003 after joining EDMC in January 2002 as Vice President — Strategic Development. Mr. Guida served as the Chief Financial Officer and General Counsel of Pennsylvania Culinary Institute from September 1999 through December 2001 and was an attorney with Buchanan Ingersoll, a law firm based in Pittsburgh, PA, from September 1986 through September 1999, being elected as a shareholder in 1994. Mr. Guida was appointed to the Advisory Committee on Student Financial Assistance by the Speaker of the United States House of Representatives in 2009 to serve a term that expires in September 2011. He also serves on the Board of Directors of the Career Colleges Association where he chairs the Federal Legislative Committee.

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