EY-Parthenon presentation to New England Board of Higher Education Lunch

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April 29, 2019
Higher education market context

EY-Parthenon macro-economic analysis indicates that enrollment should remain relatively flat through 2022

EY-Parthenon macro-economic trend analyses have typically been within 100-200 bps of the actual enrollment growth rate

U.S. Higher education macro-economic enrollment analysis, 2000–22E
(full-time equivalent students, millions)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Overall</td>
<td>4%</td>
<td>-1%</td>
<td>0%</td>
</tr>
<tr>
<td>Four-year graduate for-profit</td>
<td>21%</td>
<td>-3%</td>
<td>-1%</td>
</tr>
<tr>
<td>Two-year for-profit</td>
<td>9%</td>
<td>-12%</td>
<td>-2%</td>
</tr>
<tr>
<td>Four-year undergraduate for-profit</td>
<td>19%</td>
<td>-10%</td>
<td>-3%</td>
</tr>
<tr>
<td>Four-year graduate not-for-profit</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Two-year not-for-profit</td>
<td>3%</td>
<td>-3%</td>
<td>-1%</td>
</tr>
<tr>
<td>Four-year undergraduate not-for-profit</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: The data includes enrollments from US institutions that are both degree-granting and Title IV-participating
Source: National Center for Education Statistics (NCES), Integrated Postsecondary Education Data System (IPEDS), National Student Clearinghouse Research Center (NSCRC), EY-Parthenon higher education enrollment macro economic analysis
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Higher Education Demographic Context

Going forward the demographic outlook portends challenges, with high school graduate populations declining nationally and in the northeast.

Total public and private high school graduates in the United States, indexed to 2005

Nationwide birthrates peaked just before the recession at 14.3 per 1,000 people in 2007, dropping by 13% to generate a trough in 2030.

Note: Birth rate is calculated as number of births per 1,000 people

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Strategies in the face of increased pressures

Facing financial pressure, institutions need to consider which strategic options are available to them given the extent of the pressure and their access to capital.

<table>
<thead>
<tr>
<th>Level of transformation</th>
<th>Level of partnership</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transformative</strong></td>
<td><strong>Standalone</strong></td>
<td>Highly transformative, standalone strategies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Best suited for colleges under significant pressure but with access to capital</td>
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<tr>
<td></td>
<td><strong>Partnership</strong></td>
<td>Highly transformative, partnership strategies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Best suited for colleges under significant pressure and limited access to capital</td>
</tr>
<tr>
<td><strong>Incremental</strong></td>
<td><strong>Standalone</strong></td>
<td>Incremental impact, standalone strategies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Best suited for colleges under limited or no pressure and with access to capital</td>
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<tr>
<td></td>
<td><strong>Partnership</strong></td>
<td>Incremental impact, partnership strategies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Best suited for colleges facing modest pressure and with limited access to capital</td>
</tr>
</tbody>
</table>

Source: EY-Parthenon analysis
Strategies in the face of increased pressures
Facing financial pressure, institutions need to consider which strategic options are available to them given the extent of the pressure and their access to capital.

Level of transformation

Highly transformative, standalone strategies
- Delivery model innovation/new student audiences
- Program/curricular innovation

Highly transformative, partnership strategies
- Consortia
- Strategic affiliations, mergers

Incremental impact, standalone strategies
- Revenue strategies
- Expense reduction strategies

Incremental impact, partnership strategies
- Public-private partnerships
- Systems of “shared services”

Level of partnership

Source: EY-Parthenon analysis
Higher education market context
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