

INSTITUTIONAL PLANNING

Wis. Stats. 38.50 (10) (a)
Form EAB 1.10 (Rev. 02/12)



STATE OF WISCONSIN
EDUCATIONAL APPROVAL BOARD
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MADISON, WI 53703
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The Educational Approval Board (EAB) is a postsecondary education agency that employs a regulatory model focused not only on compliance, but also institutional effectiveness. To facilitate an environment in which schools seek to be effective organizations that improve over time, the EAB requires schools to submit evidence appropriate planning has been conducted. Although similar to a strategic or business plan, this information will enable the EAB and school officials to engage in a dialogue over time about the future of the school.

Schools that already have some type of strategic or business plan (e.g., schools that have either a corporate or accreditation plan) must adapt these documents to the following requirements and focus on Wisconsin operations and students. The EAB does not expect any school to divulge any sensitive, proprietary business information. The information must address the five elements identified below and provide the information requested.

I. SCHOOL INFORMATION

Name of School:

Motorcycle Mechanics Institute a div. of Universal Technical Institute (Phoenix)
~~Universal Technical Institute (Motorcycle and Marine Mechanics Institute - Florida)~~

II. PLANNING ELEMENTS

A. MISSION. Describe your school's mission and vision, which identifies its purpose and its core values.

Mission

As a nationwide provider of technical education training for students seeking careers as professional automotive, diesel, collision repair, motorcycle, marine and industrial technicians, we train and prepare students to become entry-level technicians.

MMI's Philosophy

Motorcycle Mechanics Institute and Marine Mechanics Institute (MMI) are dedicated to providing students with the technical education needed to begin successful careers as technicians in the motorcycle and marine repair fields. We provide a positive learning environment that encourages students to successfully complete their training programs and apply their knowledge and skills in technician careers. MMI's balance of theory, diagnosis, demonstrations and practical lab work consistently develops graduates who are accepted throughout the industry and recognized as potential leaders in their fields.

B. MARKET. Discuss the nature of your school and the business in which it is engaged. Describe who your existing and/or potential customers are and what motivates them to enroll in your school. Explain how you let these customers know you are in business. Finally, identify who your competitors are and how you are different from them.

Our customers are students seeking careers as professional automotive, diesel, collision-repair, motorcycle, marine and industrial technicians. These students are motivated to pursue a technical education at UTI because of our scholarship programs, our facilities and equipment, our curriculum, the quality of our instructors, our industry alliances (BMW, Ford, Toyota, Nissan, Cummins, Honda, Daimler Trucks of North America [Freightliner]), Harley-Davidson, Kawaski, Mercury, our student support staff, and graduate employment assistance. UTI also offers post-graduate Manufacturer-Specific Advanced Training to qualified students. UTI markets future students through field representatives who give presentations in local high schools in addition to advertisement through radio, television, and the internet. Competition is generally based on location, the type of programs offered, the quality of instruction and instructional facilities, graduate employment rates, reputation, recruiting and tuition rates. Public institutions are generally able to charge lower tuition, due in part to government subsidies and other financial sources not available to for-profit schools.

C. MANAGEMENT. Describe your management team and how it functions to lead, administer and position the school. If your school has advisory boards, describe how the school uses them for program and school improvement.

The Campus President provides daily oversight of school operations and leads the team of management staff at the local level who are, in turn, responsible for the school's departmental, education and administrative leadership. Using frequent departmental and cross-functional team meetings, ongoing assessments of key performance indicators and training sessions, these campus leaders closely manage their responsibilities and any assigned staff to the Campus President's expectations, thereby ensuring our obligations to students and employees meet and/or exceed standards while furthering the mission of the school.

A critical resource to ensure program and school improvement is the Program Advisory Council (PAC) meetings. The PAC, which consists of industry partners and potential employers for our students, reviews our curriculum twice annually and provides feedback regarding the curriculum, latest industry trends, and what they are looking for in future employees. PAC feedback and comments are reviewed and discussed among the Education Leadership group and with key Employment Services staff. Actionable comments are assigned to the Education Manager over the course(s) in which the change is associated. The Education Manager partners with the Tools and Training Department and Instructors in the identified courses to discuss and implement necessary changes.

D. SWOT ANALYSIS. Identify your school's strengths, weaknesses, opportunities and threats (SWOT). Based on the results of this SWOT analysis, provide the following:

- 3 to 5 goals for strengths/weaknesses and how they will be addressed by your school.
- 3 to 5 goals for opportunities/threats and how they will be addressed by your school.

The goals should have specific objectives, defined results, a timeline for completion and metrics (some type of evaluation or measurement) by which the institution can evaluate/measure their success. In developing its goals, the school may wish to refer to the Elements of Effective Institutions graphic that is included on the back page of this form.

The primary goal of UTI is to continue being the leading provider of technical training for students seeking entry-level careers as automotive, diesel, medium/heavy equipment, collision repair, motorsports, motorcycle and marine technicians, as well as welders and CNC machining technicians. Our purpose is to change the world one life at a time by helping people achieve their dreams. This is the underlying inspirational reason for our existence.

We have a long-term goal to increase enrollment and achieve profitable growth while we continue to move forward with our smaller campus strategy. We successfully opened our Bloomfield, New Jersey campus in August 2018. We believe our strategic priorities and the dedicated and passionate team at UTI position us well to persevere through: current macroeconomic and regulatory headwinds; low unemployment rate; competitive pressures; execute on our growth goals and support a path to a profitable future. Please refer to our SWOT analysis below:

Strengths

- expense management: continue to maintain prudent cost structure
- new program initiatives launched: continue to expand course offerings and optimize excess capacity at existing campuses to allow for CNC and welding programs
- continue to monitor our existing show rate initiatives, including the continued development of our student success coach program, offer Institutional Grants to the student population with the most need, and relocation assistance programs to help students who face unique affordability challenges
- continue to improve our persistence and completion rates through professional development and training for our instructors, student networking and mentoring programs, and continuous improvement of our curriculum
- our Norwood, Massachusetts and Sacramento, California campuses were named ACCSC Schools of Excellence during 2018. The two campuses are among only 15 ACCSC-accredited schools to be recognized with ACCSC's most prestigious institutional award this year. ACCSC accredits 650 institutions across the nation. The campuses join eight other UTI campuses that have been recognized as Schools of Excellence since 2014.

D. SWOT ANALYSIS (continued)

Weaknesses

- *rising costs of student acquisition: closely monitor tuition pricing in conjunction with efforts to help students pay for their education*
- *restricted access to high schools and military bases: increase visibility with students and actively work to increase awareness in high school educators and prospective students*
- *talent recruitment, retention & reward; bench strength: continue to provide a positive environment for employees and provide opportunities for growth and learning*

Opportunities

- *marketing optimization: optimizing our marketing mix to ensure we generate quality inquiries at a reasonable cost. We have seen early indications of success since launching our new uti.edu website in December 2017. Additionally, we have made significant investments in brand awareness spend to support student growth.*
- *improve the admissions process through training and enhanced coaching*
- *employer engagement in student recruitment/strategic partnerships: leverage industry partnerships*

Threats

- *continued low unemployment rates: unemployment rates for our target demographic continue to be at historic lows*
- *unknown regulatory environment: implementing enhanced internal reporting to provide more visibility and allow us to be proactive in responding quickly to changes in the regulatory environment*
- *free 2-year community college: smaller campus strategy with commuter-friendly locations and monitoring tuition pricing in conjunction with efforts to help students pay for their education*

E. FUTURE THINK. Describe your school 5 years from now. What will it look like and how it will be positioned in the market place.

For the year ending September 30, 2018, we continue to expect new student starts to be at or near the same level as prior year. New student starts for the three months ending September 30, 2018, are expected to grow compared to the three months ended September 30, 2017. The average student population for the year ending September 30, 2018 is anticipated to be down in the mid single digits as a result of the lower beginning population and the timing of the anticipated starts. We expect full-year revenue to range between \$315 million and \$320 million, as compared to \$324 million in 2017. We expect our operating expenses will range between \$352 million and \$354 million, resulting in an operating loss of between \$32 million and \$36 million and negative EBITDA. This includes approximately \$4 million in consulting fees and \$4 million for incremental marketing and internal resources related to our transformation plan. The operating loss is a result of the lower total revenue expected in 2018 as compared to 2017, along with the financial impact of opening our Bloomfield, New Jersey campus, our planned investments in marketing and admissions to support start growth and the planned expansion of our welding program. Capital expenditures are expected to be between \$23 million and \$24 million, including approximately \$11 million for our Bloomfield, New Jersey campus; approximately \$2.5 million to expand our welding program to two additional campuses; \$7 million for new and replacement equipment for our existing campuses; and approximately \$2.5 million for real estate consolidation. We expect our efforts to rationalize our real estate footprint will provide net cost savings of \$2.5 million to \$3.0 million on an annualized basis starting in 2019.

III. SUBMISSION

I hereby certify that the information contained on this form and any attachments to the form is true and correct to the best of my knowledge.

Signature of Authorized School Official:



Print or Type Name and Title of Authorized School Official:

Kelly Beamish, Regional Compliance Analyst

Date:

8/24/2018

