The campus promotes student loan repayment early in the enrollment process. A copy of the U.S. Department of Education's publication "Funding Education Beyond High School: The Guide to Federal Student Aid 2011/2012" is made available to students when enrolling. Further, each borrower is provided with a copy of his/her own "Cost Summary and Payment Addendum to Enrollment Agreement (CSPA)" which outlines the specific financial obligations for the three quarter academic year for which financial aid can be offered. During each subsequent academic year, a new CSPA is provided and a financial aid coordinator reviews any changes with the student. Each student is advised during his/her initial interview and during the second week of class when an entrance interview is done. They are further advised at the beginning of each subsequent academic year during their campus tenure. Finally, when they leave the campus, an exit interview is conducted.

4.64 Describe the extracurricular activities of the institution (if applicable).

Students are encouraged to participate in a variety of extracurricular activities during their school tenure. Activities at this campus include:
- Student clubs, professional organizations including Vet Tech
- Community Blood Drives
- Quarterly Enrollment Student Appreciation Week
- Quarterly Student Honors Award Certificates
- LRC Tutoring Services
- Computer Repair Club
- A Shoulder To Rely On (ASTRO)

5. EDUCATIONAL ACTIVITIES

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?

☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?

Mr. Scott DePrefontaine holds a bachelor of science degree in Music Education from West Chester University in West Chester, VA. He is currently completing a master's in Business Administration online from Daniel Webster College with an expected graduation date in 2014. Mr. Scott DePrefontaine joined ITT as a senior representative in May of 2008. He was promoted to manager of recruitment in November 2010 and later received another promotion to director of recruitment in February 2011. In November 2011, Mr. DePrefontaine was again promoted and became the campus director at the Durham location. Prior to joining ITT Technical Institute, Mr. DePrefontaine held several positions in sales and business management. Mr. DePrefontaine noted to the team that he reviews all faculty professional development plans, interacts with the faculty almost on a daily basis to identify and address program needs, and currently administers all programs. He also coordinates the lead instructors and other faculty members, based on students' needs.

5.03 Does this person have appropriate academic or experiential qualifications?

☒ Yes ☐ No

5.04 Describe how the institution makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.

The campus director is ultimately responsible for the development, administration and academic integrity of the programs at the campus. The structure is created for the campus director to be supported by the academic dean. The campus was actively seeking candidates for hire as the academic dean. The hired dean will share responsibilities with the director of curriculum management, development and evaluation of each program. The director and dean are supported by lead instructors in each program offered at the campus. Lead instructors work with administration, faculty and students in the development and administration of the programs.

5.05 Is the time devoted to the administration of the educational programs sufficient?

☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?

☒ Yes ☐ No

5.07 Reviewed at AAC

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?

☒ Yes ☐ No

5.09 Does the campus have any programs that carry specialized or programmatic accreditation?

☐ Yes ☒ No (Skip to question 5.10)

5.10 Are the educational programs consistent with the campus mission and the needs of its students?

☒ Yes ☐ No

5.11 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?

☒ Yes ☐ No

5.12 What provisions are made for individual differences among students?

The formation of policies and the design of educational programs involved data from student and graduate surveys, faculty recommendations, and advisory committees. Provisions are made in the administration and organization of the programs for individual differences among students.

Students with special needs may request special assistance provided appropriate documentation is disclosed and presented to the campus director. Individual education plans for students with identified learning disabilities may be developed in accordance with corporate's administration policy. Two students enrolled at the campus were identified as needing additional time in taking exams.

Faculty members are encouraged through in-service training to use a variety of teaching methods to accommodate diverse learning styles. Students performing below average are encouraged to attend tutoring sessions with faculty and peer tutors. High achieveing students are elevated to mentoring positions which expands leadership in the classroom.

Many textbooks include supplemental materials for additional assistance in the learning process. Students and faculty have access to numerous on-line references and resource databases through the virtual website, full-texted books through Ebrary, and periodicals through EBSCO Host which enhance student's research capabilities and educational experiences.

5.13 Describe the system in place to evaluate, revise, and make changes to the curriculum.

Curriculum is driven through the campus's corporate office; however, the campus gathers input collected from faculty, students, and local advisory committees. Faculty members participate in curriculum improvement through serving on curricula and advisory committees, submitting proposals for curricula changes to the campus director for review and consideration by the central administration management, faculty in-service breakout sessions, and through informal communication. These instruments are used to enhance the curricula and pursue continuous improvement. Students evaluate instructors each term; the results of these surveys are forwarded to curriculum revision committees for input into future considerations of change in each program. The corporate office determines final changes to the curricula. Supplemental work may be added to curricula if time is available during course instruction.

5.14 Does the faculty participate in this process?

☒ Yes ☐ No

5.15 Reviewed at AAC

5.16 If the institution awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?

☐ Yes ☐ No ☒ NA (institution does not award such credit)

5.17 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?

☒ Yes ☐ No

5.18 Are the following appropriate to adequately support the number and nature of the general education courses? (If only nondegree programs are offered with no general education courses, skip to 5.19)

Facilities

☒ Yes ☐ No

Instructional equipment

☒ Yes ☐ No

Resources

☒ Yes ☐ No

Personnel

☒ Yes ☐ No

5.19 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?

☒ Yes ☐ No

5.20 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?

☒ Yes ☐ No

5.21 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?

☒ Yes ☐ No

5.22 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?

☒ Yes ☐ No

5.23 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?

☐ Yes ☐ No ☒ Not Applicable (no faculty members hold foreign credentials)

5.24 Is there documented evidence of a systematic program of in-service training at the campus?

☒ Yes ☐ No

If Yes, how is this documented?

The team verified documentation of a systematic process of in-service training. Quarterly in-service training is planned and scheduled one year in advance; these training sessions focus on instructional improvement. The training is a minimum of two hours in length and is scheduled at an acceptable time for the majority of full-time and adjunct instructors. Faculty in-service meetings and informal communication are vehicles used to enhance the curriculum and pursue continuous improvement.

5.25 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?

☒ Yes ☐ No

5.26 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?

☒ Yes ☐ No

5.27 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?

☒ Yes ☐ No

5.28 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the Accreditation Criteria?

☒ Yes ☐ No

5.29 Reviewed at AAC

5.30 Reviewed at AAC

5.31 Reviewed at AAC

5.32 Reviewed at AAC

5.33 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

5.34 Reviewed at AAC

5.35 Reviewed at AAC

5.36 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

ITT Institute Durham campus was opened in May 2011 and offer associate degree and bachelor programs. The school occupies 19,709 square feet. The building is divided into administrative and educational areas complete with classrooms and laboratories. Ample and well lighted parking is available. The facility is designed to serve the disabled. The facility is in compliance with federal, state and local ordinances and regulations, including those related to safety and health.

6.02 Does the campus utilize any additional space locations?

☐ Yes ☒ No

6.03 Does the campus utilize learning sites?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and learning-site locations) appropriate for the size of the student population and the programs offered?

☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and learning-site locations)?

(a) Equipment.

☒ Yes ☐ No

(b) Instructional tools.

☒ Yes ☐ No

(c) Machinery.

☒ Yes ☐ No

6.06 Is there evidence on file to show that all institutional facilities are in compliance with fire, safety, and sanitation regulations?

☒ Yes ☐ No ☐ Not Applicable

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?

The catalog used during the visit was the 2012-2013 version, volume 7, published on October 1, 2012, with an effective date of October 1, 2012 to October 1, 2013.

7.02 Does the self-study accurately portray the campus?

☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and provided to all enrolled students?

☒ Yes ☐ No

7.04 Does the catalog contain the following items?

(a) A table of contents and/or an index.

☒ Yes ☐ No

(b) An indication of the year or years for which the catalog is effective on the front page or cover page.

☒ Yes ☐ No

(c) The names and titles of the administrators.

☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.

☒ Yes ☐ No

(e) A statement of accreditation

☒ Yes ☐ No ☐ Not Applicable (initial applicant)

(f) A mission statement.

☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.

☒ Yes ☐ No

(h) An academic calendar.

☒ Yes ☐ No

(i) A full disclosure of the admission requirements.

☒ Yes ☐ No

(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.

☒ Yes ☐ No

(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.

☒ Yes ☐ No

(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.

☒ Yes ☐ No

(m) A definition of the unit of credit.

☒ Yes ☐ No ☐ Not Applicable (The institution does not award credit)

(n) A complete explanation of the standards of satisfactory academic progress.

☒ Yes ☐ No

(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.

☒ Yes ☐ No

(p) The transfer of credit policy.

☒ Yes ☐ No

(q) A statement of the tuition, fees, and any other charges.

☒ Yes ☐ No

(r) A complete and accurate listing of all scholarships offered.

☒ Yes ☐ No ☐ Not Applicable (no scholarships offered)

(s) The refund policy.

☒ Yes ☐ No

(t) A statement describing the student services offered.

☒ Yes ☐ No

(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the institution offer degree programs?

☒ Yes ☐ No

If Yes, does the catalog contain the following?

(a) An explanation of the course numbering system (for all levels).

☒ Yes ☐ No

(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).

☒ Yes ☐ No

(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).

☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).

☒ Yes ☐ No

7.06 Does the institution offer courses and/or programs via distance education?

☐ Yes ☒ No (Skip to Question 7.07.)

7.07 Does the catalog contain an addendum/supplement?

☒ Yes ☐ No (Skip to Question 7.08.)

If Yes, is it appropriate?

☒ Yes ☐ No

7.08 Is the catalog available online?

☒ Yes ☐ No (Skip to Question 7.09.)

If Yes, does it match the hard copy version?

☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?

☒ Yes ☒ No (Skip to Question 7.10.)

7.10 Is all advertising and promotional literature, including the campus' Web site, truthful and dignified?

☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?

☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?

ITT Technical Institute advertises on television, radio and the internet. They also utilize direct mailers and flyers to send information to prospective students.

Are the advertisements under acceptable headings?

☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?

☒ Yes ☐ No (Skip to Question 7.14.)

If Yes, is there evidence that prior consent was obtained and that remuneration was not made for the consent or the use of the advertisement?

☒ Yes ☐ No

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No (Skip to Question 7.15.)

7.15 Does the campus avoid offering monetary incentives to attract students or for failure in job placement?

☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?

☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?

☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?

☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?

☒ Yes ☐ No

8.05 Reviewed at AAC

8.06 Reviewed at AAC

8.07 Reviewed at AAC

8.08 Reviewed at AAC

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?

The campus has spent approximately 70% of the annual Learning Resource Center (LRC) budget for subscriptions, publications and the purchase of the collections in the areas of criminal justice, drafting and design, information technology, and electronics. The shared cost of $924 was paid to corporate for usage of the ITT Virtual Library.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.12 Reviewed at AAC

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?

☒ Yes ☐ No

8.14 Reviewed at AAC

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?

☒ Yes ☐ No ☐ Not Applicable (no interlibrary agreements)

8.16 Reviewed at AAC

8.17 Reviewed at AAC

8.18 Reviewed at AAC

8.19 Reviewed at AAC

8.21 Reviewed at AAC

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?

☒ Yes ☐ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?

☒ Yes ☐ No

9. PROGRAM EVALUATION

Academic Associate in Network Systems Administration

Academic Associate in Electrical Engineering Technology

Academic Associate in Information Technology-Computer Networking Systems

Academic Associate in Computer Engineering and Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

At the time of the visit, the team noted that ITT Durham is a new campus that started offering the academic associate degrees in Network Systems Administration, Electrical Engineering Technology, Information Technology-Computer Networking Systems, and Computer Engineering and Technology on June 2011. To date the campus has not hired a dean or school chairs or program directors to administer the academic operations of the IT and Electronics programs. Mr. Scott DePrefontaine, campus director is currently assigned to oversee all programs assisted with designated lead instructors. Ms. Renee La Mar is the lead instructor for the school of Information Technology and Mr. Long Le is the lead instructor of the school of Electronics Technology. Both Ms. La Mar and Mr. Le are experientially and academically qualified as lead instructors. Mr. Scott DePrefontaine holds a bachelor of science degree in Music Education from West Chester University in West Chester, VA. He is currently completing a master's in Business Administration online from Daniel Webster College with an expected graduation date in 2014. Mr. Scott DePrefontaine joined ITT as a senior representative in May of 2008. He was promoted to manager of recruitment in November 2010 and later received another promotion to director of recruitment in February 2011. In November 2011, Mr. DePrefontaine was again promoted and became the campus director at the Durham location. Prior to joining ITT Technical Institute, Mr. DePrefontaine held several positions in sales and business management. Mr. DePrefontaine noted to the team that he reviews all faculty professional development plans, interacts with the faculty almost on a daily basis to identify and address program needs, and currently academically administers the IT and Electronics programs. He also coordinates between the lead instructors and other faculty members based on students' needs as groups of students or individually. The campus provided documents signed by Ms. Lamar and Mr. Le the two lead instructors indicating their role in assisting with the academic administration of the programs. The campus is currently interviewing and will be adding a full time IT faculty member and is planning on increasing the academic administration staff for both programs according to the increase in student population in the IT and Electronics programs and based on the campus plan of growth and expansion.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The campus uses several community resources in addition to program advisory boards, guest speakers and field trips. With the assistance of the director of career services Ms. Tonya Winchester, the campus has established a Student Professional Experience (SPE) program. This program reaches out to employers and organizations within the community to provide student with an opportunity to work on projects or perform part time work as volunteers or paid help. The SPE program is also used as an opportunity to expose students to real world application of theories and concepts taught in their programs with the help of employers in the community, including Microsoft and AT&T. As a result of this program some students were able to find jobs with these employers. The campus has plans for additional guest speakers and field trips this year, including a subject matter expert from Microsoft and a field trip a local data center. In addition to the community resources documents provided to the team, interviews with faculty and students verified the use of these various community resources to enrich the programs.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:

(l) Out-of-class work assignments that support the learning objectives for the course

☒ Yes ☐ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☒ Yes ☐ No

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "Credit Hour" section on page 49 of the campus 2012-2013 current catalog volume 7, the campus' written documentation for developing the application of the U.S. Department of Education's definition of a credit hour is contained in the "Residence Courses" paragraph. The section states that a quarter credit hour represents 10 clock hours of classroom activities and at least 20 clock hours of outside preparation.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
The team reviewed several copies of out-of-class work assignments, including homework, exercises, research assignments, and short answers activities completed by students and graded by faculty members that demonstrated that out-of-class work is being implemented.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.33 Reviewed at AAC

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Academic Associate's of Applied Science in Criminology and Forensic Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

As previously noted, at the time of the visit Mr. Scott DePrefontaine, the school director, is acting in the role of academic dean, due to the vacancy of the academic dean position. Mr. DePrefontaine holds a bachelor of science degree in Music Education from West Chester University in West Chester, VA and is currently completing a master's in Business Administration online from Daniel Webster College with an expected graduation date in 2014. Mr. Scott DePrefontaine joined ITT as a senior representative in May of 2008. He was promoted to manager of recruitment in November 2010 and later received another promotion to director of recruitment in February 2011. In November 2011 Mr. DePrefontaine was again promoted and became the campus director at the Durham location. Prior to joining ITT Technical Institute, Mr. DePrefontaine held several positions in sales and business management. Mr. DePrefontaine noted to the team that he reviews all faculty professional development plans and interacts with the faculty almost on a daily basis to identify and address program needs to academically administer all the programs. He also coordinates between the lead instructors and other faculty members based on students' needs as groups of students or individually.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

The program was started in June 2012 and currently has 20 enrolled students. With the program now in its second quarter there has been one documented guest speaker. Based on the newness of the program, the team believes community resources are sufficient for this program.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No *(Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "Credit Hour" section on page 49 of the campus 2012-2013 current catalog volume 7, the campus written documentation for developing the application of the U.S. Department of Education's definition of a credit hour is contained in the "Residence Courses" paragraph. The section states that a quarter credit hour represents at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

Ms. Dena King, criminal justice faculty, presented documentation to the team evidencing that out of class work is being evaluated. That documentation consisted of several recent homework assignments. Each assignment reflected corrections and notations by Ms. King.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.33 Reviewed at AAC

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☐ Yes ☐ No ☒ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Academic Associate's degree in Computer Drafting and Design

Academic Associate's degree in Drafting and Design Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

As previously noted, at the time of the visit Mr. Scott DePrefontaine, the school director, is acting in the role of academic dean, due to the vacancy of the academic dean position. Mr. DePrefontaine holds a bachelor of science degree in Music Education from West Chester University in West Chester, VA and is currently completing a master's in Business Administration online from Daniel Webster College with an expected graduation date in 2014. Mr. Scott DePrefontaine joined ITT as a senior representative in May of 2008. He was promoted to

manager of recruitment in November 2010 and later received another promotion to director of recruitment in February 2011. In November 2011 Mr. DePrefontaine was again promoted and became the campus director at the Durham location. Prior to joining ITT Technical Institute, Mr. DePrefontaine held several positions in sales and business management. Mr. DePrefontaine noted to the team that he reviews all faculty professional development plans and interacts with the faculty almost on a daily basis to identify and address program needs to academically administer all the programs. He also coordinates between the lead instructors and other faculty members based on students' needs as groups of students or individually.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☐ No ☒ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

The team verified that students in this program were involved in some community activities that are used to enrich classroom instruction. Some guest speakers, such as ITT graduates, were invited to classes to speak.

Plans are being formulated to convene a meeting of an advisory board for the drafting and design programs.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No

For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:

(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "Credit Hour" section on page 49 of the campus 2012-2013 current catalog volume 7, the campus written documentation for developing the application of the U.S. Department of Education's definition of a credit hour is contained in the "Residence Courses" paragraph. The section states that a quarter credit hour represents at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.

Homework assignments and quizzes were verified in file at the time of the visit. The team reviewed binders with sample assignments that were also assessed.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.33 Reviewed at AAC

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☐ Yes ☐ No ☒ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

General Comments

The physical facility is very spacious and is partially furnished for the classrooms that are currently in use. There is plenty of room for future expansion of the student population and its supporting services.

The LRC contains up-to-date resources including full-text titles appropriate for the size of the campus and the breadth of and enrollment in its educational programs. Faculty and students may utilize ITT's virtual library through the campus portal at their convenience.

ITT campuses in the state of North Carolina participate in resource sharing which is essential to the vitality of learning resource centers of all types and sizes as a means of expanding the range of materials available to users. The purpose of resource sharing is to obtain school learning resource material not available in the local LRC.

Faculty members expressed concern with the procedure in place when reviewing progress reports with students. Faculty members are required to print and individually review student's grades. Progress reports are reviewed before, after or during the 15-minute breaks of scheduled classes. The team recommends campus administration analyzes and evaluate the process and consider a more efficient process that would benefit the student's learning experience.

This campus has been open for 18 months.

SUMMARY

The institution is in compliance with all *Accreditation Criteria.*

REEVALUATION

ITT TECHNICAL INSTITUTE

3428 Market Street

Akron, Ohio 44333

ACICS ID Code: 00026877

Regulatory131@itt-tech.edu

Ms. Jamilee Zeltner, Campus Director (Jzeltner@itt-tech.edu)

MAIN

ITT Technical Institute

Indianapolis, IN

ACICS ID Code: 00069154

October 22-23, 2012

William Winger	Chair	American International College of Arts and Sciences Antigua	Denver, CO
Richard Travis Murphree	Student-Relations Specialist	Effectual Business Solutions	Eagle, ID
Charles McNeil	Educational Activities	Prince Institute	Thornton, CO
Syrri Terry Donn	Computer Network Systems	Hewlett-Packard (retired)	Saratoga, CA
Alfred Lee Harwell	Drafting and Design	Baker College	Evans, GA

Sammy Maurice Hanna	Electronics Engineering Technology	Engineering Consultant	Danville, CA
Patricia L. Patterson	Nursing	Sawyer School (retired)	Marco Island, FL
Chip Snyder	Paralegal	Kaplan University	Hagerstown, MD
Christine Kiely-Granstaff	Staff Representative	ACICS	Princeton, KY

PROGRAMS OFFERED BY

ITT TECHNICAL INSTITUTE

AKRON, OH

CREDENTIAL EARNED	ACICS CREDENTIAL	APPROVED PROGRAM TITLE	Clock Hrs.	Qtr.Hrs.	Enroll: Full-time/Part-time	CAR Retention & Placement			
						2011		2010	
						Ret.	Pla.	Ret.	Pla.
Associate of Applied Science	Academic Associate's	Business Management **	970	90	0/0	N/A	N/A	N?A	N/A
Associate's of Applied Science	Academic Associate's	Criminal Justice *	1100	96	0/0	N/A	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Criminology and Forensic Technology **	1071	90	0/0	N/A	N/A	N/A	N/A
Bachelor's of Science	Bachelor's	Criminal Justice *	1880	180	0/0	N/A	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Computer and Electronics Engineering Technology	1120	96	10/0	N/A	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Electrical Engineering Technology **	1058	90	27/9	**56.7%**	N/A	N/A	N/A
Bachelor's of Science	Bachelor's	Electronics and Communications Engineering Technology *	2110	180	0/0	**N/A**	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Computer Drafting and Design	1140	96	6/1	**39.5%**	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Drafting and Design Technology **	1058	90	25/9	**N/A**	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Graphic Communications and Design **	1958	90	0/0	**N/A**	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Visual Communications *	1120	96	0/0	**N/A**	N/A	N/A	N/A
Bachelor's of Science	Bachelor's	Construction Management	2090	180	0/0	**N/A**	N/A	N/A	N/A

		*							
Associate's of Applied Science	Academic Associate's	Information Technology- Computer Network Systems	1120	96	18/1	**N/A**	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Mobile Communications Technology **	1047	90	0/0	**N/A**	N/A	N/A	N/A
Associates of Applied Science	Academic Associate's	Network Systems Administration **	1058	90	50/6	61.7%	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Software Development Technology *	1120	96	0/0	N/A	N/A	N/A	N/A
Bachelor's of Science	Bachelor's	Information Systems Security *	2081	180	0/0	N/A	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Paralegal **	1071	90	0/0	N/A	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Paralegal Studies	1110	96	1/1	N/A	N/A	N/A	N/A
Associate's of Applied Science	Academic Associate's	Nursing	1548	109	53/10	100%	N/A	N/A	N/A
		TOTAL ENROLLMENT		230					

Notes: Type in bold any retention rate below 60.0% and any placement rate below 65.0%. Delete either *Sem.* or *Qtr.* in the column 3 heading. Add or delete rows as needed.

* There is no enrollment at this time in these programs but the campus will continue to recruit for them and start them when able to sit students for these programs of study.

** These programs will not be continued

Please use this page to give an overall narrative of the institution and to explain any extenuating circumstances.

The campus of ITT Technical Institute in Akron Ohio was founded in October 2009. The campus is located is suburban Akron , Ohio in a 21,160 square foot facility containing classrooms, labs, faculty offices, resource center, administrative office space and student lounge. The space is well planned and supports the mission and the programs being offered at the campus. There is adequate parking for students, faculty and staff. The student body is 230 with the largest percentage of the students involved in the nursing program approximately 25%. The campus has other offerings in the technical and paralegal areas.

The last CEP the campus had 16% female and 84% male with 69% evening students. By race the population was 55% Caucasian 21% African-American and 24% undisclosed and other. Most students were categorized in the non-traditional age group for college students..

REPORT QUESTIONS

CAMPUS

1. MISSION

1.01 Response submitted by Academic Administrative Center

1.02 Response submitted by Academic Administrative Center

1.03 Response submitted by Academic Administrative Center

1.04 Response submitted by Academic Administrative Center

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?

☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?

☒ Yes ☐ No

INSTITUTIONAL EFFECTIVENESS

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?

☒ Yes ☐ No

1.08 Does the campus have its own CEP, separate from the institution's IEP?

☒ Yes ☐ No

1.09 Does the CEP describe the following?

The characteristics of the programs offered.

☒ Yes ☐ No

The characteristics of the student population.

☒ Yes ☐ No

The types of data that will be used for assessment.

☒ Yes ☐ No

Specific goals to improve the educational processes.

☒ Yes ☐ No

Expected outcomes of the plans.

☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?

Student retention.

☒Yes ☐ No

Student placement.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of graduate satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of employer satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Student learning outcomes.

☒ Yes ☐ No

1.11 Describe the student learning outcomes used by the campus in each program and how these outcomes are being assessed.

The four listed instruments to assess learning outcomes in the campus CEP are: student attrition, student engagement, student course evaluations, and annual campus student satisfaction surveys. Since no students have been graduates for a year the annual campus student satisfaction surveys have yet to be used. Graduate surveys and employer surveys were also not yet used nor analyzed as the newness of the campus precluded such useage.

1.12 Are the following identified and described in the CEP?

The baseline data for each outcome.

☒ Yes ☐ No ☐ Not Applicable

The data used by the campus to assess each outcome.

☒ Yes ☐ No ☐ Not Applicable

How the data was collected.

☒ Yes ☐ No ☐ Not Applicable

An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.

☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability (previously referred to as AIR) Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?

☒ Yes ☐ No

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?

☒ Yes ☐ No

1.15 Describe the specific activities that the campus will undertake to meet these goals.

The goals are to reduce attrition by 1%, increase engagement by 1% to do this the dean will provide special focus to the programs not achieving minimum expectations of the campus, instructors will increase use of guest speakers, students receiving lower grades will be contacted and meet with their instructors, student feed back will be continously assessed, instructors will have more observations, and school chairs will assist with new faculty in their first classes to start them on the right track.

1.16 Does the campus have documentation to show the following?

(a) That the IEP has been implemented.

☒ Yes ☐ No

(b) That specific activities listed in the plan have been completed.

☒ Yes ☐ No

(c) That periodic progress reports have been completed.

☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.

The campus director Ms. Jamilee Zeltner is responsible for the implementation and monitoring of the CEP she is assisted by the management committee of the campus. Ms. Zeltner holds a bachelor's of arts and a master's of Business Administration both from Findlay University. Ms. Zeltner has held previous positions with ITT Technical Institute as the dean of the Maumee, Ohio campus and as a corporate trainer for ITT Educational Services before assuming the director's position of the Akron campus in July 2009.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?

☒ Yes ☐ No

GENERAL COMMENTS:

While the CEP meets Council standards the campus has copied the ITT corporate template for CEPs and has inadvertently included information that they have not yet been substantiated. For example the CEP provided made a statement "results indicated that the campus is achieving acceptable standards in core areas, as measured by employer satisfaction." The campus had not done any employer satisfaction surveys as they are done one year after graduation and the first classes have just graduated. While on-site the campus deleted this statement but in the future the CEP should be accomplished locally and not reliant on the ITT headquarters to provide statements that cannot yet be determined.

2. ORGANIZATION

2.01 (a) Response submitted by Academic Administrative Center

2.01 (b) Response submitted by Academic Administrative Center

2.01 Is the following information regarding the campus appropriately stated in the catalog?

(c) Names of the administrators.

☒ Yes ☐ No

2.02 Does the campus:

(a) Adequately train its employees?

☒ Yes ☐ No

(b) Provide them with constant and proper supervision?

☒ Yes ☐ No

(c) Evaluate their work?

☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?

☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:

(a) Clearly understand their duties and responsibilities?

☒ Yes ☐ No

(b) Know the person to whom they report?

☒ Yes ☐ No

(c) Understand the standards by which the success of their work is measured?

☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?

☒ Yes ☐ No

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?

☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?

☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Response submitted by Academic Administrative Center

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?

☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?

☒ Yes ☐ No

If No, insert the section number in parentheses and explain:

3.03 Who is the on-site administrator, and what are this person's qualifications?

The campus director Ms. Jamilee Zeltner is the on-site administrator for this campus. Ms. Zeltner holds a bachelor's of arts and a master's of Business Administration both from Findlay University. Ms. Zeltner has held previous positions with ITT Technical Institute as the dean of the Maumee, Ohio campus and as a corporate trainer for ITT Educational Services befor assuming the director's position of the Akron campus in July 2009.

3.04 Does the campus list degrees of staff members in the catalog?

☒ Yes ☐ No

If Yes, is appropriate evidence of the degrees on file?

☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?

(a) Response submitted by Academic Administrative Center

(b) Admissions.

☒ Yes ☐ No

(c) Response submitted by Academic Administrative Center

(d) Response submitted by Academic Administrative Center

(e) Guidance.

☒ Yes ☐ No

(f) Instructional resources.

☒ Yes ☐ No

(g) Supplies and equipment.

☒ Yes ☐ No

(h) The school plant.

☒ Yes ☐ No

(i) Faculty and staff.

☒ Yes ☐ No

(j) Student activities.

☒ Yes ☐ No

(k) Student personnel.

☒ Yes ☐ No

3.06 Response submitted by Academic Administrative Center

3.11 Do student files contain evidence of graduation from high school or the equivalent?

☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?

☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?

☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?

☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?

☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?

☒ Yes ☐ No

4. RELATIONS WITH STUDENTS

ALL PROGRAMS

4.01 How many student files were reviewed during the evaluation?

During the visit the team reviewed 40 student files.

4.02 How does the institution ensure that its student relations reflect high ethical standards?

All student relations activities are controlled by corporate headquarters to ensure that recruitment efforts reflect a high ethical standard consistent with the mission statement. Each admission recruiter has numerous pre-written presentation guides to assist him or her with each aspect of the recruiting process.

4.03 Does the campus have appropriate admissions criteria?

☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?

☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?

☒ Yes ☐ No

If No, insert the section number in parentheses, list student names, and explain:

4.06 reviewed at AAC

4.07 Is the admissions policy publicly stated?

☒ Yes ☐ No

4.08 Is the admissions policy administered as written?

☒ Yes ☐ No

4.09 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?

Ms. Jacqueline Conte, director of recruitment, is responsible for the oversight of student recruitment at the campus. Ms. Conte has a certificate in Liberal Arts from Marymount College for Women. Ms. Conte has been in her current position with the campus since March of 2012. Previously she was director of admissions for two other career colleges from 2006- 2011 along with other sales manager positions since 2002. Ms. Conte has participated in 25 professional development trainings in regards to recruitment since she has been with the campus.

4.10 Describe the process for the recruitment of new students.

Recruitment is done with multiple and different marketing strategies. The campus uses print, TV commercials, internet and radio advertisements. Either students will call in to schedule a personal interview with an admissions representative or the admissions representatives will call the prospective student to schedule a personal interview. The interview provides the prospective student with information regarding the programs of interest and the facility.

Are these recruiting practices ethical and compatible with the educational objectives of the institution?

☒ Yes ☐ No

4.11 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?

(a) Courses and programs.

☒ Yes ☐ No

(b) Services.

☒ Yes ☐ No

(c) Tuition.

☒ Yes ☐ No

(d) Terms.

☒ Yes ☐ No

(e) Operating policies.

☒ Yes ☐ No

4.12 Does the institution use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?

☐ Yes ☒ No

4.13 Does the state in which the campus operates require representatives to be licensed or registered?

☒ Yes ☐ No

If Yes, is evidence of licensure or registration on file?

☒ Yes ☐ No

4.14 Are the titles of recruitment and enrollment personnel appropriate?

☒ Yes ☐ No

4.15 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?

☒ Yes ☐ No

4.16 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?

☒ Yes ☐ No

4.17 reviewed at AAC

4.18 Is there evidence that the campus properly awards transfer of credit?

☒ Yes ☐ No ☐ Not Applicable

If No, insert the section number in parentheses and explain:

4.19 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another institution?

☒ Yes ☐ No

If No, insert the section number in parentheses and explain:

FOR ALL PROGRAMS

4.21 Is the standards of satisfactory academic progress policy published in the catalog?

☒ Yes ☐ No

If Yes, state the page number(s) where the standards of satisfactory academic progress policy is published?

The standards of satisfactory academic progress policy is published in the 2012-2013 Volume 12 catalog on page 60-65.

If No, insert the section number in parentheses and explain:

4.22 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?

(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.

☒ Yes ☐ No

(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.

☒ Yes ☐ No

(c) Procedures for re-establishing satisfactory academic progress.

☒ Yes ☐ No

(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:

Withdrawals.

☒ Yes ☐ No

Incomplete grades.

☒ Yes ☐ No

Repeated courses.

☒ Yes ☐ No

Non-punitive grades.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

Non-credit or remedial courses.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

A probationary period.

☒ Yes ☐ No

An appeal process.

☒ Yes ☐ No

An extended-enrollment status.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

The effect when a student changes programs.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one program of study

The effect when a student seeks to earn an additional credential.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one credential)

The implications of transfer credit.

☒ Yes ☐ No

4.23 Does the campus apply its SAP standards consistently to all students?

☒ Yes ☐ No

4.24 Are students who are not making satisfactory academic progress properly notified?

☒ Yes ☐ No ☐ Not Applicable (no students are in violation of SAP)

4.25 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?

☒ Yes ☐ No

4.26 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or its equivalent?

☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.27 Are students who are not making satisfactory academic progress at the end of the second year dismissed?

☒ Yes ☐ No ☐ Not Applicable (all programs are less than two years)

4.28 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?

☒ Yes ☐ No

4.29 Are students allowed to remain on financial aid during the probationary period?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

If Yes, is the student informed of this policy?

☒ Yes ☐ No

4.30 Are students whose appeals are granted due to mitigating circumstances placed on probation and considered to be making satisfactory academic progress?

☒ Yes ☐ No

4.31 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?

☒ Yes ☐ No ☐ Not Applicable (institution does not have extended enrollment and/or does not participate in financial aid)

4.32 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?

☒ Yes ☐ No ☐ Not Applicable (institution does not have extended enrollment)

4.33 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?

☐ Yes ☐ No ☒ Not Applicable (there is no such student)

4.34 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?

☒ Yes ☐ No

4.35 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?

Mr. Mamdouh Babi, dean, is responsible for the administration of satisfactory academic progress. Mr. Babi has a bachelor's in Electronics Engineering and Technology from the University of Nebraska and a master's in Computer Information Systems. Mr. Babi has been the dean of academics since December 2010 and has been working in academics in different capacities at ITT Technical Institute since 2003. He has been through multiple e-campus trainings and faculty in service trainings.

4.36 Does the institution encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?

☒ Yes ☐ No

4.37 reviewed at the institution level

4.38 Does the institution fully disclose the terms, conditions, and application procedures regarding institutional scholarship and grant programs in its catalog?

☒ Yes ☐ No ☐ Not Applicable (institution offers loans only)

4.39 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?

☒ Yes ☐ No

4.40 Do the financial records of students clearly show the following?

(a) Charges.

☒ Yes ☐ No

(b) Dates for the posting of tuition.

☒ Yes ☐ No

(c)Fees.

☒ Yes ☐ No

(d) Other charges.

☒ Yes ☐ No

(e) Payments.

☒ Yes ☐ No

(f) Dates of payment.

☒ Yes ☐ No

(g) The balance after each transaction.

☒ Yes ☐ No

4.41 Are tuition and fees clearly stated on the enrollment agreement or in the catalog?

☒ Yes ☐ No

If Yes, have students confirmed receiving a copy of the catalog or enrollment agreement (if one is used)?

☒ Yes ☐ No ☐ Not Applicable

4.42 Is the effective date listed on announcements of changes in tuition and fees?

☐ Yes ☐ No ☒ Not Applicable (institution has not changed tuition or fees)

4.43 Is the institution's refund policy published in the campus catalog?

☒ Yes ☐ No

4.44 Is the refund policy fair, equitable, and applicable to all students?

☒ Yes ☐ No

4.45 Is the campus following its stated refund policy?

☒ Yes ☐ No

4.46 Does the campus offer financial aid?

☒ Yes ☐ No (Skip to Question 4.53.)

4.47 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?

Ms. Kai Napier, director of finance, is responsible for administering student financial aid. Ms. Napier has an associate's and bachelor's in Business Accounting Technology from ITT Technical Institute. Ms. Napier has been the director of finance since June 2012 and has been in financial aid at ITT Technical Institute since 2002. She is a member of the Ohio Association of Student Financial Aid Administration (OASFAA)

4.48 Is the person who determines the amount of student awards not also responsible for disbursing those awards?

☒ Yes ☐ No

4.49 Are final student financial aid award determinations made by administrative individuals who are not responsible for recruitment?

☒ Yes ☐ No

4.50 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?

☒ Yes ☐ No

4.51 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).

The financial aid office stays current with regulations and policy changes in financial aid by attending a variety of trainings and holding appropriate memberships in professional organizations. The financial aid office has a membership with the Ohio Association of Student Financial Aid Administration (OASFAA). Additionally, the financial aid office has attended multiple trainings in the last year on different financial aid topics to include an internal financial aid certification exam.

4.52 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?

☒ Yes ☐ No

4.53 Does the campus provide discounts for cash received in advance of the normal payment schedule?

☐ Yes ☒ No (Skip to Question 4.54.)

4.54 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.

The campus offers and encourages participation in new student orientation, new student mixer, Constitution Day, tutoring and academic advising.

4.55 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?

☐ Yes ☐ No ☒ Not Applicable

If Not Applicable, explain:

At the time of the visit the campus had no graduates for the 2010-2011 CAR.

4. 56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?

☒ Yes ☐ No

4.57 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?

Ms. Sara Martin, director of career services, is responsible for the oversight of counseling students on employment opportunities. Ms. Martin has a bachelor's in Business Administration from John Carroll University. Ms. Martin has been at this campus since 2009 working in career services. Previously, she worked in a variety of business and accounting offices.

4.58 Does the institution offer employment assistance to all students?

☒ Yes ☐ No ☐ Not Applicable (institution enrolls only international students on a student visa)

4.59 Does the campus use placement percentages or salary projections as part of its recruiting activities?

☐ Yes ☒ No

4.60 Is the beginning enrollment on the most current Campus Accountability Report (CAR, previously referred to as the AIR) the same as the ending enrollment reported on the previous year's CAR?

☒ Yes ☐ No

4.61 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?

☒ Yes ☐ No ☐ Not Applicable

4.62 Are students who receive financial aid counseled concerning their student loan repayment obligations?

☒ Yes ☐ No

4.63 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.

This process begins as the student initiates the enrollment process, where he/she is required to complete a loan entrance interview prior to completing the financial aid packaging process. This information is reinforced the third week of the student's first quarter of training, where they are required to view a video and complete a test to support completion of this process. The loan exit process commences once a student is no longer in attendance. The IRIS database system self-populates communications to inactive students based upon their last date of attendance. This process is managed at the corporate office who utilizes a third party servicer. When possible, campuses will meet in person with inactive students. The team viewed a variety of reports supporting this process, which is managed on a weekly basis.

4.64 Describe the extracurricular activities of the institution (if applicable).

The campus offers and encourages participation in programmatic clubs, community volunteering time and an on campus blood mobile.

5. EDUCATIONAL ACTIVITIES

FOR ALL PROGRAMS

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?

☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?

Mr. Mamdouh Babi is the academic dean, and he is responsible for the administration of the education department. Mr. Babi holds a bachelor's in Electronics Engineering and Technology from the University of Nebraska and a master's in Computer Information Systems. Mr. Babi began his tenure as academic dean in December 2010 and has been working in academics in different capacities at ITT Technical Institute since 2003. Mr. Babi has completed multiple e-campus trainings and faculty in service trainings.

5.03 Does this person have appropriate academic or experiential qualifications?

☒ Yes ☐ No

5.04 Describe how the institution makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.

The team reviewed the program administrator's personnel files to verify that they have the appropriate job descriptions and confirmed that they were executed. Upon review, it was revealed that the job descriptions listed specific duties and responsibilities that indicated that the program administrators have sufficient authority and responsibilities for the development and administration of their respective programs. In addition, the program administrator's ACICS data sheets listed the percentage of time they have dedicated for their respective administrative tasks.

5.05 Is the time devoted to the administration of the educational programs sufficient?

☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?

☒ Yes ☐ No

5.07- reviewed at AAC

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?

☒ Yes ☐ No

5.09 Does the campus have any programs that carry specialized or programmatic accreditation?

☐ Yes ☒ No (Skip to question 5.10)

5.10 Are the educational programs consistent with the campus mission and the needs of its students?

☒ Yes ☐ No

5.11 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?

☒ Yes ☐ No

5.12 What provisions are made for individual differences among students?

The campus is committed to compliance with Section 504 of the Rehabilitation Act of 1973 and it's regulations. The campus provides tutoring by both peers and by faculty for students having academic difficulties.

5.13 Describe the system in place to evaluate, revise, and make changes to the curriculum.

The campus has a corporate curriculum manager who analyzes technical advancements and occupational considerations for the specific program assigned. The faculty and program advisory committee members are encouraged to make recommendations to the curriculum. The recommendations are evaluated at the corporate level and if they are approved, the revisions are implemented corporate wide. ITT also has a Faculty Collaboration Portal where faculty can communicate directly with the corporate curriculum managers to can post an observation or make recommendations.

5.14 Does the faculty participate in this process?

☒ Yes ☐ No

5.15 - reviewed at AAC

5.16 If the institution awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?

☒ Yes ☐ No ☐ NA (institution does not award such credit)

If Yes, is there appropriate documentation of the assessments of knowledge, skills, or competencies required?

☒ Yes ☐ No

5.17 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?

☒ Yes ☐ No

5.18 Are the following appropriate to adequately support the number and nature of the general education courses? (If only nondegree programs are offered with no general education courses, skip to 5.19)

Facilities

☒ Yes ☐ No

Instructional equipment

☒ Yes ☐ No

Resources

☒ Yes ☐ No

Personnel

☒ Yes ☐ No

5.19 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?

☒ Yes ☐ No

5.20 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?

☒ Yes ☐ No

5.21 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?

☒ Yes ☐ No

5.22 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?

☒ Yes ☐ No

5.23 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?

☐ Yes ☐ No ☒ Not Applicable (no faculty members hold foreign credentials)

5.24 Is there documented evidence of a systematic program of in-service training at the campus?

☒ Yes ☐ No

If Yes, how is this documented?

There are minutes of in-service training with the appropriate faculty sign-in sheets.

5.25 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?

☒ Yes ☐ No

5.26 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?

☒ Yes ☐ No

5.27 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATES'S, AND BACHELOR'S DEGREES ONLY

5.28 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the Accreditation Criteria?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

5.31 - reviewed at AAC

5.32 - reviewed at AAC

5.33 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

BACHELOR'S DEGREES ONLY

5.34 - reviewed at AAC

5.35 - reviewed at AAC

5.36 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

The campus is located is suburban Akron Ohio in a 21,160 square foot facility containing classrooms, labs, faculty offices, resource center, administrative office space and student lounge. The space is well planned and supports the mission and the programs being offered at the campus. There is adequate parking for students, faculty and staff.

6.02 Does the campus utilize any additional space locations?

☐ Yes ☒ No

6.03 Does the campus utilize campus additions?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and campus additions) appropriate for the size of the student population and the programs offered?

☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and campus additions)?

(a) Equipment

☒ Yes ☐ No

(b) Instructional tools

☒ Yes ☐ No

(c) Machinery

☒ Yes ☐ No

6.06 Is there evidence on file to show that all campus facilities are in compliance with fire, safety, and sanitation regulations?

☒ Yes ☐ No ☐ Not Applicable

GENERAL COMMENTS:

The facility was a hospital building that has been converted to fit the campus offerings and is a pleasant, bright and airy building supporting the offerings of the campus.

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?

The team reviewed the 2012-2013, volume 12 catalog published on October 12, 2012.

7.02 Does the self-study accurately portray the campus?

☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and provided to all enrolled students?

☒ Yes ☐ No

7.04 Does the catalog contain the following items?

(a) A table of contents and/or an index.

☒ Yes ☐ No

(b) An indication of the year or years for which the catalog is effective on the front page or cover page.

☒ Yes ☐ No

(c) The names and titles of the administrators.

☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.

☒ Yes ☐ No

(e) A statement of accreditation

☒ Yes ☐ No ☐ Not Applicable (initial applicant)

(f) A mission statement.

☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.

☒ Yes ☐ No

(h) An academic calendar.

☒ Yes ☐ No

(i) A full disclosure of the admission requirements.

☒ Yes ☐ No

(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.

☒ Yes ☐ No

(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.

☒ Yes ☐ No

(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.

☒ Yes ☐ No

(m) A definition of the unit of credit.

☒ Yes ☐ No ☐ Not Applicable (The institution does not award credit)

(n) A complete explanation of the standards of satisfactory academic progress.

☒ Yes ☐ No

(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.

☒ Yes ☐ No

(p) The transfer of credit policy.

☒ Yes ☐ No

(q) A statement of the tuition, fees, and any other charges.

☒ Yes ☐ No

(r) A complete and accurate listing of all scholarships offered.

☒ Yes ☐ No ☐ Not Applicable (no scholarships offered)

(s) The refund policy.

☒ Yes ☐ No

(t) A statement describing the student services offered.

☒ Yes ☐ No

(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the institution offer degree programs?

☒ Yes ☐ No

If Yes, does the catalog contain the following?

(a) An explanation of the course numbering system (for all levels).

☒ Yes ☐ No

(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).

☒ Yes ☐ No

(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).

☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).

☒ Yes ☐ No

7.06 Does the institution offer courses and/or programs via distance education?

☒ Yes ☐ No (Skip to Question 7.07.)

If Yes, does the catalog contain the following?

(a) A description of each mode of delivery used for distance education courses.

☒ Yes ☐ No

(b) Any additional or different admissions requirements for students taking distance education courses.

☐ Yes ☐ No ☒ Not Applicable (there are no additional or different admissions requirements)

(c) A description of any tests used to determine access to distance education.

☐ Yes ☐ No ☒ Not Applicable (no additional tests are given)

(d) A description of the resources and equipment the students must have to avail themselves of distance education instruction.

☒ Yes ☐ No

(e) Costs and fees associated specifically with distance education.

☐ Yes ☐ No ☒ Not Applicable (there are no additional costs and fees)

7.07 Does the catalog contain an addendum/supplement?

☐ Yes ☒ No (Skip to Question 7.08.)

7.08 Is the catalog available online?

☒ Yes ☐ No (Skip to Question 7.09.)

If Yes, does it match the hard copy version?

☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?

☐ Yes ☒ No (Skip to Question 7.10.)

7.10 Is all advertising and promotional literature, including the campus' Web site, truthful and dignified?

☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?

☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?

The campus advertises via direct mail, company Web site, the yellow pages and broadcast advertising.

Are the advertisements under acceptable headings?

☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?

☐ Yes ☒ No (Skip to Question 7.14.)

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No (Skip to Question 7.15.)

7.15 Does the campus avoid offering monetary incentives to attract students or for failure in job placement?

☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

FOR ALL PROGRAMS

8.01 Does the campus develop an adequate base of library resources?

☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?

☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?

☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?

☒ Yes ☐ No

8.05 Reviewed at AAC

8.06 Reviewed at AAC

OCCUPATIONAL ASSOCIATES, ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S DEGREES ONLY

8.07 Reviewed at AAC

8.08 Reviewed at AAC

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?

The 2012 library is budgeted for fourteen hundred dollars ($1,400.00) and eighty-five percent (85%) has been spent. The money is allocated for newspapers, periodicals and textbooks for the nursing, computer, electrical, design and criminal justice programs. In addition, the campus has a consortium membership with OhioNET.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S DEGREES ONLY

8.12 Reviewed at AAC

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?

☒ Yes ☐ No

8.14 Reviewed at AAC

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?

☒ Yes ☐ No ☐ Not Applicable (no interlibrary agreements)

8.16 Reviewed at AAC

8.17 Reviewed at AAC

8.18 Reviewed at AAC

ACADEMIC ASSOCIATE'S AND BACHELOR'S DEGREES ONLY

8.19 Reviewed at AAC

8.21 Reviewed at AAC

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?

☒ Yes ☐ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?

☒ Yes ☐ No

GENERAL COMMENTS:

The team would like to commend Ms. Meghan Lindenberger, the campus librarian for her diligence to ensure practical use and accessibility of the LRC for students and faculty.

9. PROGRAM EVALUATION

Associate of Applied Science Degree in Network System Administration

Associate of Applied Science Degree in Computer Network Systems

ALL PROGRAMS

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Gerald Bastien is the department chair for both Network System Administration and Computer Network Systems programs. Mr. Bastien holds a bachelor's degree in Interdisciplinary Studies from University of Toledo and has many years of experience in the Information Technology industry.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

If No insert section numbers 2-1-809, 3-1-512 and 3-1-111 in parentheses and explain:

Based on the information in Campus Accountability Report (CAR) - 2011, there were no students graduated from the programs.

9.07 List the community resources and how they are utilized to enrich the program(s).

Field trips have been organized to allow students to see the latest information technologies and how they are actually employed at the workplace first hand. Guest speakers, who are instructors in other classes, have been invited to different classes to present their domain subjects and potential employment needs in the local industry where they work. External guest speakers will continue to be sought in the future.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:

(l) Out-of-class work assignments that support the learning objectives for the course

☒ Yes ☐ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, the minimum amount of time expected to complete out-of-class assignments.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "credit hour" section on page 51 of the campus' 2012-2013 catalog, volume 12, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

Samples of graded homework assignments were provided by the Department Chair as evidence.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.33 Reviewed at AAC

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Associate's degree in Computer and Electronics Engineering Technology (CEET)

Associate's degree in Electrical Engineering Technology (ELCT)

ALL PROGRAMS

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Juius Saroka is assigned to administer the CEET and the ELCT programs as the chair of the School of Electronics Technology. He holds a bachelor's degree in Industrial Technology and master's degree in Technology both from Kent State University. Mr. Saroka has more than 20 years of experience in the field of Electronics working in industry and teaching. Mr. Saroka is qualified for his current position.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

If No insert section numbers 2-1-809, 3-1-512 and 3-1-111 in parentheses and explain:

The retention rate reported in the Campus Accountability Report (CAR) for the associate's degree in Computer and Electronics Engineering Technology (CEET) program is 56.7 % . No retention data were included in the CAR for the new program associate's degree in Electrical Engineering Technology (ELCT).

The two programs: CEET and ELCT did not report any graduates in the CAR for its reporting period.

9.07 List the community resources and how they are utilized to enrich the program(s).

The School of Electronics provides for the CEET and ELCT programs the following community resources:

- The campus has a Program Advisory Committee (PAC) advising on how to enhance the interaction with the community and how can students benefit from the resources available in the community;
- Students in these programs participated in two presentations by guest speakers in the field of electronics;
- Students are encouraged to become members of the Electronics Technicians Association (ETA).

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☒ Yes ☐ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses.

Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The two programs: associate's degree in Computer and Electronics Engineering Technology (CEET) and associate's degree in Electrical Engineering Technology (ELCT) are new programs and no placement data were included in the CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "credit hour" section on page 51 of the campus' 2012-2013 catalog, volume 12, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

The team has been provided documentation verifying that out-of-class work is being evaluated.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Associate of Science Degree in Nursing

ALL PROGRAMS

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Tracy King was appointed in June 2012 as the acting nursing chair for the Akron campus, where she spends two days per week and three days per week are spent at Warrensville Heights campus as the nursing chair. Ms. King holds a bachelor's and master's degree in nursing from Case Western Reserve University and has 10 years working experience in the medical field. Documentation is on file for all her credentials and official transcripts. Ms. Carla J Carter is a consultant for ITT Corp. for new nursing programs and has been helping the Akron campus on the days that Ms. King is not on site. Ms. Carter holds a master's in nursing education from Indiana Wesleyan University and is currently enrolled in a doctoral program at Argosy University online with expected graduation date of April 2013.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The nursing program at ITT Akron Ohio has an advisory board that is comprised of members from the medical community and campus faculty that meet twice a year and several medical sites that are used for student clinical rotations. They have had five guest speakers in the past year on the homeless, fire safety, home health care for older adults, parental nutrition, blood and intro to microbiology and one field trip to Chapel, a homeless location.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses.

Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "credit hour" section on page 51 of the campus' 2012-2013 catalog, volume 12, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

There is evidence that out-of-class work or the equivalency is being evaluated in all courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

GENERAL COMMENTS:

The campus has started a Student Nurse Association that meets every month to plan activities both social and educational headed by Sandra Charlton. The team was very fortunate to be able to sit in on one of these meetings during the visit and found that the students are very involved in planning an upcoming event to raise money for the pinning ceremony.

9. PROGRAM EVALUATION

Associate of Applied Science Degree in Paralegal Studies

ALL PROGRAMS

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Brett M. Watts, adjunct instructor, is assigned to administer the Paralegal program. He holds a bachelor's degree in Leisure Studies from Christopher Newport University (Newport News, VA) and a juris doctor degree from Case Western Reserve University (Cleveland, OH). Mr. Watts started as an adjunct instructor with ITT in December 2010. Prior to starting at ITT, he served as an assistant district attorney in Anchorage, Alaska.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

They have held one program advisory committee meeting with Mr. Brett Watts, Christina Young and Mary Ellen Leslie, Esq., in attendance.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☒ Yes ☐ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

If No, insert "Section 3-1-303(a)" in parentheses and explain:

There were no graduates during the period being evaluated.

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "credit hour" section on page 51 of the campus' 2012-2013 catalog, volume 12, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.

Faculty made available to the team homework assignments submitted by students and graded. Also, students interviewed by the team provided access to their homework assignments.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

<u>NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY</u>

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

<u>OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY</u>

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

<u>ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY</u>

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

<u>ACADEMIC ASSOCIATE'S DEGREES ONLY</u>

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

GENERAL COMMENTS:

The team highly recommends guest speakers with skillsets commensurate with the course offering. Also, the team recommends field trips to sites such as courthouse, clerk's office and probate court.

9. PROGRAM EVALUATION

Academic Associate of Applied Science in Drafting and Design Technology
Academic Associate of Applied Science in Computer Drafting and Design

ALL PROGRAMS

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Jeff Muhlbach is assigned to administer the associates program in Drafting and Design Technology, and the associates program Computer Drafting and Design. Mr. Muhlbach holds a bachelors in Landscape Architecture from Ohio State University. Additionally, Mr. Muhlbach has over 5 years work experience as a drafting instructor at Bryant and Stratton College as well as 9 years as a senior landscape architect for KA, Inc. The diversification in work experience coupled with his educational background provides Mr. Muhlbach with a solid foundation to administer these programs.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

The school of Drafting and Design Technology and Computer Drafting and Design utilizes various community resources including field trips and guest speakers to enrich the program. For example, on August 1, 2012, Mr. Calvin Smith of Calvin Smith Builders spoke to several classes. Mr. Smith is the owner of a successful contracting firm and as such could provide the students with excellent insight into drafting and design applications. In addition, on May 10, 2011the CD111 class visited the NASA - John H. Glenn Research Center. These types of activities significantly enrich the program effectiveness.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☒ Yes ☐ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses.

Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "credit hour" section on page 51 of the campus' 2012-2013 catalog, volume 12, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

If No, insert the section number in parentheses and explain:

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

SUMMARY

The institution is not in compliance with the *Accreditation Criteria* in the following areas:

Number	Citation	Page
3-1-513(a) And Glossary	**Course syllabi do not include, as appropriate, our-of-class work assignment**	31, 35, 40, 44, 49, 50

REEVALUATION

ITT TECHNICAL INSTITUTE

8111 E. 32nd Street North

Wichita, KS 67226

ACICS ID Code: 00023509

Ms. Rose Horton, Director (rhorton2@itt-tech.edu)

Campus e-mail(Regulatory113@itt-tech.edu)

ITT Technical Institute

Indianapolis, IN

ACICS ID Code: 00016040

October 15-16, 2012

Dr. Alvin J. Marrow	Chair	Retired Academic Dean, Florida Metropolitan University - North Orlando	Orlando, FL
Dr. Alvin J. Marrow/Dr. Judith Bernstein	Student-Relations Specialist	Retired Academic Dean, Florida Metropolitan University - North OrlandoHigher Education Advisor, Higher Education Management	Orlando, FL/Denver, CO
Ms. Carol Kizer	Educational Activities Specialist	Chair Emeritus, Hospitality Management Department, Columbus State Community College	Columbus, OH
Dr. Samy Maurice Hanna	Computer and Electronics Engineering Technology, Electrical Engineering Technology Specialist	Engineering Consultant	Danville, CA
Mr. Brian Edmund Bennett	Computer Drafting and Design, Drafting and Design Technology Specialist	Assistant Professor, University of Alaska Anchorage	Anchorage, AK
Mr. Joseph Aranyosi	Visual Communications Specialist	Director of Career Development, Career Education Corporation	Crystal Lake, IL
Dr. Judith Bernstein	Criminal Justice, Paralegal, Paralegal Studies Specialist	Higher Education Advisor, Higher Education Management	Denver, CO
Ms. Betty Herald	Information Systems Security, Computer Network Systems, Network Systems Administration Specialist	Past Associate Academic Dean at Virginia College	Birmingham, AL
Ms. Nancy H. Wright	Nursing Specialist	Retired Director - Surgical Technology/Medical Assisting	Helena, AL
Ms. Laura Siegmann	Criminology and Forensic Technology Specialist	Program Manager, Miami-Jacobs Career College	Springboro, OH
Ms. Adriene Hobdy	Business Management Specialist	Director, Undergraduate Accelerated Business, Rosemont College	Philadelphia, PA
Ms. Melonie Vanderpoool-Wyatt	ACICS Staff Representative	Accrediation Coordinator	Washington, DC

PROGRAMS OFFERED BY

ITT TECHNICAL INSTITUTE

WICHITA, KANSAS

CREDENTIAL EARNED (Certificate, Diploma, Occupational Associate's, Academic Associate's, Bachelor's, Master's, or Doctoral)	APPROVED PROGRAM TITLE	Clock Hrs.	Qtr.Hrs.	Enroll: Full-time/Part-time	CAR Retention & Placement 2011 Ret.	2011 Pla.	2010 Ret.	2010 Pla.
Academic Associate's	Nursing*&**	1575	109	64/51	91.4%	N/A	N/A	N/A
Academic Associate's	Computer Network Systems-ITCNS***	1058	180	7/4	72.6	71.8	69.6	69.2
Academic Associate's	Criminology and Forensic Technology*	981	90	30/12	N/A	N/A	N/A	N/A
Academic Associate's	Drafting and Design* Technology	1058	90	25/12	N/A	N/A	N/A	N/A
Academic Associate's	Electrical Engineering Technology*	1058	90	23/20	N/A	N/A	N/A	N/A
Academic Associate's	Computer and Electronics Engineering Technology	1120	96	4/9	66.1	**37.5**	62.84	100
Bachelor's	Project Management Administration*	1940	180	16/0	N/A	N/A	N/A	N/A
Academic Associate's	Computer Drafting and Design**	1140	96	5/2	**58.6**	N/A	85	N/A
Academic Associate's	Paralegal Studies**	1040	96	6/3	**61.9**	N/A	68.4	N/A
Bachelor's	Information Systems Security**	2090	180	0/6	69.2	N/A	100	N/A
Academic Associate's	Criminal Justice**	1020	96	3/3	**61**	N/A	90%	N/A
Academic Associate's	Paralegal*	981	90	2/3	N/A	N/A	N/A	N/A
Academic Associate's	Visual Communications**	1120	96	1/3	66.2	N/A	66.2	N/A
Academic Associate's	Network Systems Administration*	1058	90	52/22	N/A	N/A	N/A	N/A
	Total Enrollment			392				

*N/A - There were no graduates during the reporting period.

**N/A - There was no enrollment during the reporting period.

*** This program is being taught out. New students are being enrolled in Network Systems Administration

INTRODUCTION

The ITT Technical Institute in Wichita is owned and operated by ITT Educational Services, Inc. (ITT/ESI), a leading private college system focused on technology-oriented programs of study. ITT Institute-Wichita is one of more than 140 ITT Technical Institutes operated by ITT/ESI in 38 states, which provide career-focused degree programs to more than 80,000 students. The Wichita campus, which opened its doors in July 1997, offers academic associate's degree programs in several areas (see table above) of study that emphasize technology-oriented study and prepare students for employment in entry-level positions. The student body, which is representative of the demographics in the Wichita, Kansas community, consists mainly of adult learners, all having either a high school diploma or a GED equivalent. The campus offers a flexible schedule of classes enabling some students to have part-time employment. Of the 392 students on campus at the time of the visit, most attend during the evening (90% plus), with the majority being male (56%). By race, the population includes 35% Caucasian or White, 10% African-American or Black, non-Hispanic; 8.8% Hispanic; 2.5% Asian or Pacific Islanders; and 1% American Indian. Forty-three percent of the student body chose not to disclose their racial background.

1. MISSION

1.01 Response submitted by Academic Administrative Center

1.02 Response submitted by Academic Administrative Center

1.03 Response submitted by Academic Administrative Center

1.04 Response submitted by Academic Administrative Center

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?

☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?

☒ Yes ☐ No

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?

☒ Yes ☐ No

1.08 Does the campus have its own CEP, separate from the institution's IEP?

☒ Yes ☐ No

1.09 Does the CEP describe the following?

The characteristics of the programs offered.

☒ Yes ☐ No

The characteristics of the student population.

☒ Yes ☐ No

The types of data that will be used for assessment.

☒ Yes ☐ No

Specific goals to improve the educational processes.

☒ Yes ☐ No

Expected outcomes of the plans.

☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?

Student retention.

☒Yes ☐ No

Student placement.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of graduate satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of employer satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Student learning outcomes.

☒ Yes ☐ No

1.11 Describe the student learning outcomes used by the campus in each program and how these outcomes are being assessed.

The student learning outcomes used by the campus in each program are measured by four parameters: capstone courses, capstone assessment data, student engagement, and student success. For the first, capstone courses, many of the ITT Technical Institute programs utilize a capstone course to solidify the student's overall learning process and to determine the level of the students understanding of the program objectives. Beginning in 2009, the campus dean started tracking class average grades for capstone courses in order to develop a history of data that can be used to analyze student learning outcomes. For the second measure, or capstone assessment data, the faculty evaluates specific learning outcomes through the application of an assessment rubric (communication skills, teamwork, critical thinking, et al.). As assessment data becomes available, the faculty will review proficiency levels achieved by graduates and take measures for continuous learning outcomes improvement. Thirdly, the campus measures student engagement by taking into account student attendance and the ability to complete program courses. Data is being collected for measuring student engagement. Lastly, student success is measured by dividing the number of passing students by the number of student attempts (when a student sits for a section). The number of students starting and passing a course is an indicator of the potential to achieve student learning outcomes. As with student engagement, data is also being collected for student success to aid with assessment.

1.12 Are the following identified and described in the CEP?

The baseline data for each outcome.

☒ Yes ☐ No ☐ Not Applicable

The data used by the campus to assess each outcome.

☒ Yes ☐ No ☐ Not Applicable

How the data was collected.

☒ Yes ☐ No ☐ Not Applicable

An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.

☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability (previously referred to as AIR) Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?

☒ Yes ☐ No

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?

☒ Yes ☐ No

1.15 Describe the specific activities that the campus will undertake to meet these goals.

To meet its retention goals, the campus will continue to monitor student attendance daily and assist students in resolving issues and/or problems affecting their attendance; provide regular feedback to students related to their academic progress; provide increased tutoring and other one-on-one assistance; be proactive in assisting students remain focused on completing their programs and graduating on time; maintain up-to-date information on potential student drops; support an active student organization and club activity on campus; reinforce the use of the LRC as a student-friendly campus location; and provide increased student services to meet transportation, housing, part-time employment, and other similar student needs.

To meet placement goals, the campus (career services) will continue to provide programs to assist with resume writing, interview preparation, and employment search techniques; invite guest speakers from various industries to make presentations on campus about the latest trends and opportunities in business and industry; encourage potential employers to participate in mock employment interviews, resume critques, and job searches; and provide students with the opportunity to use an online database to research job openings and career opportunities.

1.16 Does the campus have documentation to show the following?

(a) That the IEP has been implemented.

☒ Yes ☐ No

(b) That specific activities listed in the plan have been completed.

☒ Yes ☐ No

(c) That periodic progress reports have been completed.

☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.

Ms. Rose Horton, the campus director, is the person responsible for implementing and monitoring the CEP. Ms. Horton has a master's degree in Administrative Studies and a bachelor's degree in Communication Management, both from Missouri State University. She has been in her current position since July 2012. Prior to coming to ITT Technical Institute, Ms. Horton was a regional director for Corinthian Colleges (2003-2012) and an advertising manager for Missouri State University (2002-2003). Her most current professional development includes attendance at the ACICS workshop (2012) and the Kansas Board of Regents meeting (2012); in addition, she is currently a member of Wichita Chamber of Commerce. As chair of the CEP committee, Ms. Horton has been instrumental in putting together a dynamic team of individuals to assist her in the development and implementation of the campus plan. Ms. Horton's CEP steering team consists of the following individuals: the dean, associate deans, functional directors, school chairs, and faculty representatives. Together, the team leads the campus' effort to improve institutional effectiveness and to provide continuous quality improvement.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?

☒ Yes ☐ No

GENERAL COMMENTS:

The team commends the campus for its approach in defining student learning outcomes, as stated in the CEP, through the use of four key measures—capstone courses, capstone assessment data, student engagement, and student success. By collecting data from these measures, the campus has an excellent tool for evaluating the effectiveness of its instruction.

2. ORGANIZATION

2.01 (a) Response submitted by Academic Administrative Center

2.01 (b) Response submitted by Academic Administrative Center

2.01 Is the following information regarding the campus appropriately stated in the catalog?

(c) Names of the administrators.

☒ Yes ☐ No

2.02 Does the campus:

(a) Adequately train its employees?

☒ Yes ☐ No

(b) Provide them with constant and proper supervision?

☒ Yes ☐ No

(c) Evaluate their work?

☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?

☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:

(a) Clearly understand their duties and responsibilities?

☒ Yes ☐ No

(b) Know the person to whom they report?

☒ Yes ☐ No

(c) Understand the standards by which the success of their work is measured?

☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?

☒ Yes ☐ No

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?

☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?

☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Response submitted by Academic Administrative Center

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?

☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?

☒ Yes ☐ No

3.03 Who is the on-site administrator, and what are this person's qualifications?

As stated previously, Ms. Rose Horton is the campus director and the on-site administrator. Ms. Horton has a master's degree in Administrative Studies and a bachelor's degree in Communication Management, both from Missouri State University. She has been in her current position since July 2012. Prior to coming to ITT Technical Institute, Ms. Horton was a regional director for Corinthian Colleges (2003-2012) and an advertising manager for Missouri State University (2002-2003). Her most current professional development includes attendance at the ACICS workshop (2012) and the Kansas Board of Regents meeting (2012); in addition, she is currently a member of Wichita Chamber of Commerce.

3.04 Does the campus list degrees of staff members in the catalog?

☒ Yes ☐ No

If Yes, is appropriate evidence of the degrees on file?

☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?

(a) Response submitted by Academic Administrative Center

(b) Admissions.

☒ Yes ☐ No

(c) Response submitted by Academic Administrative Center

(d) Response submitted by Academic Administrative Center

(e) Guidance.

☒ Yes ☐ No

(f) Instructional resources.

☒ Yes ☐ No

(g) Supplies and equipment.

☒ Yes ☐ No

(h) The school plant.

☒ Yes ☐ No

(i) Faculty and staff.

☒ Yes ☐ No

(j) Student activities.

☒ Yes ☐ No

(k) Student personnel.

☒ Yes ☐ No

3.06 Response submitted by Academic Administrative Center

3.07 Does the campus maintain records for the following that support the admissions determination for ability-to-benefit students? Not applicable-The campus no longer enrolls ability-to-benefit students.

3.11 Do student files contain evidence of graduation from high school or the equivalent?

☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?

☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?

☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?

☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?

☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?

☒ Yes ☐ No

4. RELATIONS WITH STUDENTS

4.01 How many student files were reviewed during the evaluation?

The team reviewed 79 student files during the evaluation.

4.02 How does the institution ensure that its student relations reflect high ethical standards?

The admissions policy adheres to the institution's mission through the application and testing process that seeks to ensure accepted students possess the ability to prepare for career opportunities in their chosen field.

4.03 Does the campus have appropriate admissions criteria?

☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?

☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?

☒ Yes ☐ No

4.06 reviewed at AAC

4.07 Is the admissions policy publicly stated?

☒ Yes ☐ No

4.08 Is the admissions policy administered as written?

☒ Yes ☐ No

4.09 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?

Mr. David Hoppe is the director of student recruitment. Mr. Hoppe holds a bachelor's degree in Social Science from Troy University in Montgomery, Alabama. Mr. Hoppe has extensive experience in sales, beginning in 1985. In 2007, Mr. Hoppe joined ITT as the director of recruitment. Mr. Hoppe has attended in house recruitment training at ITT corporate headquarters in Indianapolis, IN.

4.10 Describe the process for the recruitment of new students.

Students interesting in attending the institution contact the admissions office and schedule an appointment with an admissions representative for a Guided Interview. Students are marketed through a number of methods, including internet, television and radio ads, direct mailing, and referrals. Student enrolled must be at least 16 years of age. The admission representative and the potential student discuss the programs offered at the campus and the student's interests. Once a student has shown an interest in attending the campus they must have a high school diploma or a GED, or recognized Home School transcript. Students are then are given the Wonderlic Entrance exam, or have a score of 17 on the ACT, or a score of 400 on each portion of the SAT that is not older than 5 years. All new students are scheduled for a budget and support meeting with the financial aid planning office.

Are these recruiting practices ethical and compatible with the educational objectives of the institution?

☒ Yes ☐ No

4.11 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?

(a) Courses and programs.

☒ Yes ☐ No

(b) Services.

☒ Yes ☐ No

(c) Tuition.

☒ Yes ☐ No

(d) Terms.

☒ Yes ☐ No

(e) Operating policies.

☒ Yes ☐ No

4.12 Does the institution use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?

☐ Yes ☒ No

4.13 Does the state in which the campus operates require representatives to be licensed or registered?

☐ Yes ☒ No

The director of recruitment and the community resource person must be licensed. The community resource person is assigned to the admissions department, and is also the high school recruiter. Other admissions representatives do not need licensure.

4.14 Are the titles of recruitment and enrollment personnel appropriate?

☒ Yes ☐ No

4.15 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?

☒ Yes ☐ No

4.16 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?

☒ Yes ☐ No

4.17 reviewed at AAC

4.18 Is there evidence that the campus properly awards transfer of credit?

☒ Yes ☐ No ☐ Not Applicable

4.19 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another institution?

☒ Yes ☐ No

4.20 reviewed at AAC

4.21 Is the standards of satisfactory academic progress policy published in the catalog?

☒ Yes ☐ No

Satisfactory Academic Progress can be located on pages 61-63 of the catalog.

4.22 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?

(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.

☒ Yes ☐ No

(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.

☒ Yes ☐ No

(c) Procedures for re-establishing satisfactory academic progress.

☒ Yes ☐ No

(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:

Withdrawals.

☒ Yes ☐ No

Incomplete grades.

☒ Yes ☐ No

Repeated courses.

☒ Yes ☐ No

Non-punitive grades.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

Non-credit or remedial courses.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

A probationary period.

☒ Yes ☐ No

An appeal process.

☒ Yes ☐ No

An extended-enrollment status.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

The effect when a student changes programs.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one program of study

The effect when a student seeks to earn an additional credential.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one credential)

The implications of transfer credit.

☒ Yes ☐ No

4.23 Does the campus apply its SAP standards consistently to all students?

☒ Yes ☐ No

4.24 Are students who are not making satisfactory academic progress properly notified?

☒ Yes ☐ No ☐ Not Applicable (no students are in violation of SAP)

The corporate office forwards a SAP Logic Report to the dean at the end of every term. The report consists of all students whether or not they are in the third or sixth term, which generally are the points that SAP is evaluated. By notifying students at the end of each term, it enables the dean and the program chairs to have an opportunity to meet with students that can become potential SAP issues.

4.25 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?

☒ Yes ☐ No

4.26 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or its equivalent?

☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.27 Are students who are not making satisfactory academic progress at the end of the second year dismissed?

☒ Yes ☐ No ☐ Not Applicable (all programs are less than two years)

4.28 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?

☒ Yes ☐ No

4.29 Are students allowed to remain on financial aid during the probationary period?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

If Yes, is the student informed of this policy?

☒ Yes ☐ No

4.30 Are students whose appeals are granted due to mitigating circumstances placed on probation and considered to be making satisfactory academic progress?

☒ Yes ☐ No

4.31 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment and/or does not participate in financial aid)

4.32 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment)

4.33 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?

☐ Yes ☐ No ☒ Not Applicable (there is no such student)

4.34 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?

☒ Yes ☐ No

4.35 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?

Mr. Paul Jackson is the dean at the campus. Mr. Jackson holds a bachelor's degree in Liberal Arts from Wichita State University and a master's degree in Adult, Occupation, and Continuing Education from the Kansas State University. He is currently attending Harrison Middleton University for his doctor in education. Mr. Jackson expects to graduate in 2016. Prior to his position at the campus in 2009, Mr. Jackson was the manager of distance of education, director of online learning and an instructor at Wichita Area Technical College from 2000-2009. Prior to 2000, Mr. Jackson was an instructor at Kansas College of Chinese Medicine and the associate dean at Crowley County Community College.

4.36 Does the institution encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?

☒ Yes ☐ No

4.37 reviewed at the institution level

4.38 Does the institution fully disclose the terms, conditions, and application procedures regarding institutional scholarship and grant programs in its catalog?

☒ Yes ☐ No ☐ Not Applicable (institution offers loans only)

4.39 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?

☒ Yes ☐ No

4.40 Do the financial records of students clearly show the following?

(a) Charges.

☒ Yes ☐ No

(b) Dates for the posting of tuition.

☒ Yes ☐ No

(c)Fees.

☒ Yes ☐ No

(d) Other charges.

☒ Yes ☐ No

(e) Payments.

☒ Yes ☐ No

(f) Dates of payment.

☒ Yes ☐ No

(g) The balance after each transaction.

☒ Yes ☐ No

4.41 Are tuition and fees clearly stated on the enrollment agreement or in the catalog?

☒ Yes ☐ No

If Yes, have students confirmed receiving a copy of the catalog or enrollment agreement (if one is used)?

☒ Yes ☐ No ☐ Not Applicable

4.42 Is the effective date listed on announcements of changes in tuition and fees?

☒ Yes ☐ No ☐ Not Applicable (institution has not changed tuition or fees)

4.43 Is the institution's refund policy published in the campus catalog?

☒ Yes ☐ No

4.44 Is the refund policy fair, equitable, and applicable to all students?

☒ Yes ☐ No

4.45 Is the campus following its stated refund policy?

☒ Yes ☐ No

4.46 Does the campus offer financial aid?

☒ Yes ☐ No (Skip to Question 4.53.)

4.47 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?

Mr. Daniel Cole is the director of financial aid. Mr. Cole holds a bachelor's degree in Criminal Justice from Wichita State University. Mr. Cole has over four years of experience with ITT in the financial aid field, beginning as a financial aid coordinator, senior financial aid coordinator, and in 2010 was promoted to the director of finance. Mr. Cole is a member of the Kansas Association of Student Financial Aid Administrators (KASFAA).

4.48 Is the person who determines the amount of student awards not also responsible for disbursing those awards?

☒ Yes ☐ No

4.49 Are final student financial aid award determinations made by administrative individuals who are not responsible for recruitment?

☒ Yes ☐ No

4.50 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?

☒ Yes ☐ No

4.51 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).

The financial aid office stays current primarily through corporate training through e-campus that includes student advisement and new guidelines and regulations which is held monthly. Mr. Cole attends Student Association Funds Workshops, Veterans Administration Workshops, and KASFAA conferences and workshops.

4.52 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?

☒ Yes ☐ No

4.53 Does the campus provide discounts for cash received in advance of the normal payment schedule?

☐ Yes ☒ No (Skip to Question 4.54.)

4.54 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.

The campus holds student orientations for each group of starting students. Students and their families meet the dean, department chairs, and functional managers. During orientation, sessions include a review of campus policies and expectation, attendance policy, the student handbook and general questions. Students are then divided into their programs of study to discuss the expectations of the program chairs.

In addition, students meet with financial aid staff as needed to ensure that financial paperwork and related requirements have been, or are being completed.

4.55 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?

☒ Yes ☐ No ☐ Not Applicable

4. 56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?
☒ Yes ☐ No

4.57 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?

Mr. Michael Kusharski is the director of career services. Mr. Kusharski holds an associate's degree in General Education from Santa Monica College, and bachelor's degree in Business Management from Pepperdine University. Mr. Kusharski has been the director of career services since March 2012. Mr. Kucharski has extensive experience in the business world working as a technical recruiter and human resource representative. In addition, Mr. Kuchinski was a financial analyst for Summit Entertainment. Mr. Kuchinski has attended e-campus training courses.

4.58 Does the institution offer employment assistance to all students?

☒ Yes ☐ No ☐ Not Applicable (institution enrolls only international students on a student visa)

4.59 Does the campus use placement percentages or salary projections as part of its recruiting activities?

☐ Yes ☒ No

4.60 Is the beginning enrollment on the most current Campus Accountability Report (CAR, previously referred to as the AIR) the same as the ending enrollment reported on the previous year's CAR?

☒ Yes ☐ No

4.61 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?

☒ Yes ☐ No ☐ Not Applicable

4.62 Are students who receive financial aid counseled concerning their student loan repayment obligations?

☒ Yes ☐ No

4.63 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.

This process begins as the student initiates the enrollment process, where he/she is required to complete a loan entrance interview prior to completing the financial aid packaging process. This information is reinforced the third week of the student's first quarter of training, where he/she is required to view a video and complete a test to support completion of this process. Further, each student borrower is provided with a copy of his/her Cost Summary and Payment Addendum to the Enrollment Agreement (CSPA) which outlines the specific obligations for the academic year. During each subsequent year, a new CPSA is provided and a financial coordinator reviews any changes with the student.

The loan exit process commences once a student is no longer in attendance. The IRIS database system self-populates communications to inactive students based upon their last date of attendance. This process is managed at the corporate office which utilizes a third party servicer. When possible, campuses will meet in person with inactive students.

4.64 Describe the extracurricular activities of the institution (if applicable).

Students participate in Constitution Day, honor awards and student clubs. Nursing students have volunteered to work with the Red Cross in area disaster preparedness. The IT department has a student chapter of the Association of Information Technology Professionals.

5. EDUCATIONAL ACTIVITIES

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?

☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?

Mr. Paul Jackson is the dean, who has overseen all academic programs and faculty performance on the Wichita campus since December, 2009. He earned a bachelor's degree in Liberal Arts at Wichita State University and a master's degree in Adult, Occupational, and Continuing Education at Kansas State University. He has completed six courses toward a doctorate program in Education at Harrison Middleton University in Tempe, AZ. Dean Jackson has been involved in public and private college and proprietary school teaching and administration, including online education, since the early 1990's. As dean, he participates in a quarterly dean webcast provided by ITT Educational Services.

5.03 Does this person have appropriate academic or experiential qualifications?

☒ Yes ☐ No

5.04 Describe how the institution makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.

The academic dean is responsible for providing leadership and oversight of campus academic operations, instruction, assessment, faculty training, and professional development activities, and he has no teaching responsibilities. He is assisted by an associate dean of general studies and five full-time school chairs. They have reduced teaching hours in order to fulfill their responsibilities for faculty supervision, curriculum development and delivery, and support for students in their fields of study. The chair of Nursing does not currently have a teaching assignment. During the visit, the other school chairs are teaching from 8.5 to 18 contact hours per week, depending on enrollment and complexity of programming. Designated subject matter experts support the school chairs of the Paralegal, Drafting and Design, Electronics, and Business programs. These individuals serve as the technical expert on curriculum for applicable faculty and students, assist the dean with related program/course issues, and serve as liaison to the dean in communicating applicable curriculum issues and/or recommendations. These responsibilities are in addition to their normal instructional duties.

The associate dean of general studies, Mr. Bruce Fitz, has approximately the same responsibilities as the school chairs as he oversees general education curricula and instructional staff. He also assists students enrolled in blended/hybrid/online courses, all of which are general education courses offered at the corporate level, and he coordinates tutoring on the Wichita campus. During the visit, he is teaching two sections of G1140 Problem Solving, totaling 9 contact hours per week. Mr. Fitz earned a bachelor's degree in International Studies at Wichita State University and a master's degree in Latin American Studies at the University of Kansas. He assumed the associate dean position in January, 2010, following a ten year career as a technical writer and 7 years teaching middle school and as an adjunct instructor teaching college level world history and geography courses.

5.05 Is the time devoted to the administration of the educational programs sufficient?

☐ Yes ☒ No

(Section 3-1-511): Within the administrative structure of the institution, the subject matter experts (SME's) in the Paralegal and Drafting and Design programs do not have adequate time to fulfill their responsibilities.

Ms. Julie Connolly, SME for the Paralegal program, has only 1 1/2 hours per week designated to fulfill the responsibilities expected of a SME. Ms. Ann Rishell, SME for the Drafting and Design program, has only 1 hour per week designated to fulfill these responsibilities.

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?

☒ Yes ☐ No

5.07- reviewed at AAC

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?

☒ Yes ☐ No

5.09 Does the campus have any programs that carry specialized or programmatic accreditation?

☐ Yes ☒ No (Skip to question 5.10)

The Nursing program is approved by the Kansas State Board of Nursing and upon completion students are eligible to sit for the NCLEX exam. This is not a programmatic accreditation.

5.10 Are the educational programs consistent with the campus mission and the needs of its students?

☒ Yes ☐ No

5.11 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?

☒ Yes ☐ No

5.12 What provisions are made for individual differences among students?

Instructors are utilizing a variety of learning activities and methodology in order to accommodate individual students' learning styles and academic abilities. Instructors offer supplemental work and/or special projects to superior students. One-on-one and group tutoring sessions are provided by school chairs, subject matter experts, faculty, associate dean and the two library assistants. Students in need of extra assistance can take advantage of a regularly scheduled open lab (Tuesday 1 to 2 p.m. and Monday, Wednesday, and Friday 5 to 6 p.m.) that is staffed by school chairs and the associate dean. Courses are offered in concentrated blocks of time that better accommodate students with job and family commitments than does a traditional college schedule. The availability of taking general education courses online also allows flexibility in scheduling. Nearly one third of the student body is currently enrolled in at least one online course. Attendance and progress of these students are closely monitored by the associate dean.

5.13 Describe the system in place to evaluate, revise, and make changes to the curriculum.

Curriculum development and revisions are conducted under the guidance and oversight of national curriculum committees that are comprised of faculty members representing each ITT Tech district. The national chair for a school of study coordinates each respective curriculum committees' efforts. General education curriculum revisions are coordinated by the corporate director of curriculum development for general education. Mr. Bruce Fitz has recently been invited to represent the ITT Tech Central District on the National Curriculum Committee for general education. Ms. Bette Lutes-Konecny, IT school chair, has been working with Pearson Education publishers to develop curriculum materials, so is heavily involved in curriculum development. Campus faculty and school chairs are urged to participate in their course curricula development and revision through feedback to their specific district representative on the national committee via a faculty portal. Several campus faculty members and school chairs indicate that they do make frequent use of the faculty portal to recommend revisions to courses, including content, textbooks and other resources. Wichita ITT Tech instructors meet with their respective school chairs weekly, and all campus faculty meet monthly. These meetings provide ample opportunity for faculty and chairs to discuss any curriculum issues and determine recommendations to be forwarded according to the corporate process. Faculty must teach to the objectives in the curriculum, but have flexibility concerning instructional methodology. They are encouraged to enhance the curriculum by sharing their own field experiences and adding content during classroom instruction.

5.14 Does the faculty participate in this process?

☒ Yes ☐ No

5.15 - reviewed at AAC

5.16 If the institution awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?

☒ Yes ☐ No ☐ NA (institution does not award such credit)

If Yes, is there appropriate documentation of the assessments of knowledge, skills, or competencies required?

☒ Yes ☐ No

5.17 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?

☒ Yes ☐ No

5.18 Are the following appropriate to adequately support the number and nature of the general education courses? (If only nondegree programs are offered with no general education courses, skip to 5.19)

Facilities

☒ Yes ☐ No

Instructional equipment

☒ Yes ☐ No

Resources

☒ Yes ☐ No

Personnel

☒ Yes ☐ No

5.19 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?

☒ Yes ☐ No

5.20 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?

☒ Yes ☐ No

5.21 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?

☒ Yes ☐ No

5.22 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?

☒ Yes ☐ No

5.23 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?

☒ Yes ☐ No ☐ Not Applicable (no faculty members hold foreign credentials)

5.24 Is there documented evidence of a systematic program of in-service training at the campus?

☒ Yes ☐ No

Quarterly in-service programs are documented and include written agendas, meeting sign-in sheets, and minutes with print-outs of PowerPoint presentations.

5.25 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?

☒ Yes ☐ No

5.26 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?

☒ Yes ☐ No

5.27 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?

☒ Yes ☐ No

5.28 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the Accreditation Criteria?

☒ Yes ☐ No

5.29 - reviewed at AAC

5.30 - reviewed at AAC

5.31 - reviewed at AAC

5.32 - reviewed at AAC

5.33 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

5.34 - reviewed at AAC

5.35 - reviewed at AAC

5.36 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

GENERAL COMMENTS:

The team had the opportunity to talk with the majority of both adjunct and full-time faculty in a group session that served as the mandatory all-campus monthly faculty meeting. Minutes were not recorded, but instructors did sign-in to verify attendance. During open discussion, it is obvious that instructors truly care about their students and the quality of teaching on the campus. They also are passionate about their own disciplines. Many of the adjunct instructors hold down full-time jobs in their area of expertise. They described frequent opportunity to communicate across departments and within their own school program staff. It was obvious, however, that as a group, they do not totally understand the time element and required grading of homework assignments for evaluating credit hour allocation.

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

The campus consists of two floors with a combined space of 22,224 square feet. The facility contains working environments for finance, recruitment, career services and academic affairs; it also contains a student lounge, employee lounge, testing rooms, electronic labs, computer labs, and several conference rooms. Students have access to computers in the LRC throughout the day. Campus and laboratories are well lit and comfortable, and the facility is clean and environmentally pleasing. Labs are equipped with sufficient equipment that is kept in good working condition, and every attempt is made to provide equipment representing industry standards for entry-level positions. The facility has a capacity at any one time for 178 students and staff. The institution has not exceeded this size. Ample parking is available for students, staff, and visitors. The facility is in compliance with the Americans for Disability Act (ADA) as well as other federal, state, and local ordinances and regulations, including those relating to safety and health.

6.02 Does the campus utilize any additional space locations?

☒ Yes ☒ No

6.03 Does the campus utilize learning sites?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and learning-site locations) appropriate for the size of the student population and the programs offered?

☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and learning-site locations)?

(a) Equipment.

☒ Yes ☐ No

(b) Instructional tools.

☒ Yes ☐ No

(c) Machinery.

☒ Yes ☐ No

6.06 Is there evidence on file to show that all institutional facilities are in compliance with fire, safety, and sanitation regulations?

☒ Yes ☐ No ☐ Not Applicable

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?

The ITT Technical Institute in Wichita, KS, utilizes the 2012-2013 catalog volume 16, published September 27, 2012 and effective September 27, 2012 until September 27, 2013.

7.02 Does the self-study accurately portray the campus?

☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and provided to all enrolled students?

☒ Yes ☐ No

7.04 Does the catalog contain the following items?

(a) A table of contents and/or an index.

☒ Yes ☐ No

(b) An indication of the year or years for which the catalog is effective on the front page or cover page.

☒ Yes ☐ No

(c) The names and titles of the administrators.

☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.

☒ Yes ☐ No

(e) A statement of accreditation

☒ Yes ☐ No ☐ Not Applicable (initial applicant)

(f) A mission statement.

☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.

☒ Yes ☐ No

(h) An academic calendar.

☒ Yes ☐ No

(i) A full disclosure of the admission requirements.

☒ Yes ☐ No

(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.

☒ Yes ☐ No

(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.

☒ Yes ☐ No

(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.

☒ Yes ☐ No

(m) A definition of the unit of credit.

☒ Yes ☐ No ☐ Not Applicable (The institution does not award credit)

(n) A complete explanation of the standards of satisfactory academic progress.

☒ Yes ☐ No

(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.

☒ Yes ☐ No

(p) The transfer of credit policy.

☒ Yes ☐ No

(q) A statement of the tuition, fees, and any other charges.

☒ Yes ☐ No

(r) A complete and accurate listing of all scholarships offered.

☒ Yes ☐ No ☐ Not Applicable (no scholarships offered)

(s) The refund policy.

☒ Yes ☐ No

(t) A statement describing the student services offered.

☒ Yes ☐ No

(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the institution offer degree programs?

☒ Yes ☐ No

If Yes, does the catalog contain the following?

(a) An explanation of the course numbering system (for all levels).

☒ Yes ☐ No

(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).

☒ Yes ☐ No

(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).

☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).

☒ Yes ☐ No

7.06 Does the institution offer courses and/or programs via distance education?

☐ Yes ☒ No (Skip to Question 7.07.)

7.07 Does the catalog contain an addendum/supplement?

☐ Yes ☒ No (Skip to Question 7.08.)

7.08 Is the catalog available online?

☒ Yes ☐ No (Skip to Question 7.09.)

If Yes, does it match the hard copy version?

☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?

☐ Yes ☒ No (Skip to Question 7.10.)

7.10 Is all advertising and promotional literature, including the campus' Web site, truthful and dignified?

☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?

☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?

The campus advertises through its website, promotional materials such as flyers, program brochures, and direct mail. Media broadcasts are also utilized.

Are the advertisements under acceptable headings?

☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?

☒ Yes ☐ No (Skip to Question 7.14.)

If Yes, is there evidence that prior consent was obtained and that remuneration was not made for the consent or the use of the advertisement?

☒ Yes ☐ No

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No (Skip to Question 7.15.)

7.15 Does the campus avoid offering monetary incentives to attract students or for failure in job placement?

☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

GENERAL COMMENTS:

The campus catalog contains an incomplete statement in regards to the out-of -class assignments. The catalog does have a brief statement which discloses that there is homework in each course but nothing is reference to it being a requirement, part of course grading, etc.

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?

☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?

☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?

☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?

☒ Yes ☐ No

8.05 Reviewed at AAC

8.06 Reviewed at AAC

8.07 Reviewed at AAC

8.08 Reviewed at AAC

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?

The 2012 budget for the Learning Resource Center on the Wichita campus includes $1663 for publications and books, and its allocation for the Virtual Library is $5301. The total expenditures since January 1 include $60 for books, $1100 for publications, and $4417.50 for the ITT Tech Virtual Library.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.12 Reviewed at AAC

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?

☒ Yes ☐ No

8.14 Reviewed at AAC

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?

☒ Yes ☐ No ☐ Not Applicable (no interlibrary agreements)

There is a current interlibrary agreement with Wichita State University, but students do not feel the need to use it because their Virtual Library access provides more than enough for their research needs. It is the plan to maintain this interlibrary agreement, however, to give students the experience of using another research source.

8.16 Reviewed at AAC

8.17 Reviewed at AAC

8.18 Reviewed at AAC

8.19 Reviewed at AAC

8.21 Reviewed at AAC

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?

☒ Yes ☐ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?

☒ Yes ☐ No

GENERAL COMMENTS:

ITT Technical Institute provides the Virtual Library available 24/7 to all faculty, staff and students on all campuses. It contains a multitude of full-text online textbooks, full-text articles from thousands of periodicals and journals, and subject-specific encyclopedias and dictionaries. The physical collection includes books, CD's, DVD's, and periodicals. In addition, numerous books and resources related to general education and specific educational programs offered on this campus are housed in the faculty office area. The ITT Tech Wichita campus Learning Resource Center (LRC) is overseen by the academic dean, who has completed LRC Management Training. A full-time LRC assistant, Ms. Kara Cole, and a part-time LRC assistant, Ms. Elaine Banman, support students and faculty in the use of campus and online resources. The LRC is open Monday through Friday from 9 a.m. until 9 p.m. and on Saturdays from 9 a.m. to 6 p.m. In addition to the LRC assistants, the associate dean of general education and school chairs have completed LRC Service Provider Training, and they are available to staff the library when needed. The LRC assistants are highly regarded by faculty, staff and students, and they are substantially involved in tutoring efforts. An impressive annual report is prepared by campus LRC staff and submitted to the corporate librarian. It includes all qualitative and quantitative aspects of services provided.

9. PROGRAM EVALUATION

Associate's Degree in Electrical Engineering Technology (ELCT)

Associate's Degree in Computer and Electronics Engineering Technology (CEET)

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. John France is assigned to administer the above two programs as the chair of the School of Electronics. He holds a bachelor's degree in Computer Information Systems (with a dual major in Management Information Systems) from Newman University, Wichita, KS, and a master's degree in Business Administration and Management and Leadership from Webster University, St. Louis, MO. Mr. France has eleven years experience in the industry in Information Technology prior to joining ITT.

Mr. Alexandros Cavgalar is assigned by the dean of the school to be the subject matter expert (SME) for the School of Electronics. He holds a bachelor's degree and a master's degree both in Electrical Engineering from Wichita State University. He has twenty years experience in the industry holding different engineering positions at Lucent Technologies, IBM, and Commodore Computers. Mr. Cavgalar is qualified to be a SME for the School of Electronics.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

☒ Yes ☐ No

The program for the associate's degree in Computer and Electronics Engineering Technology (CEET) has student placement rate of 37.5% .

The program associate's degree in Electrical Engineering Technology (ELCT) is a new program and no data were included in the Campus Accountability Report (CAR).

9.07 List the community resources and how they are utilized to enrich the program(s).

The School of Electronics provides for the CEET and ELCT programs the following community resources:

- The campus has a program advisory committee (PAC) advising on how to enhance the interaction with the community and how can students benefit from the resources available in the community;
- Students in these programs participated in three presentations by guest speakers in the field of Electronics;
- Students in these programs participated in three field trips in the field of Electronics; and
- Students are encouraged to become members of the Electronics Technicians Association (ETA).

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No

For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:

(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☐ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

There were 7 calls made to employers for graduates in the CEET program.

How many calls to employers or graduates were successful?

There were 5 successful calls.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

There were 5 calls that confirmed the emplyment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.
As taken form the catalog page 51:

CREDIT HOUR
A credit hour is an artificial measurement of the amount of learning that can occur in a program course based on a specified amount of time spent on class activities and student preparation each week during the program course. The learning that actually occurs may vary depending on the instructor's delivery method and style, the student's background, demonstrated effort and capability, and the size and composition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directed independent study, a quarter credit hour represents: (a) at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation; (b} at least 20 clock hours of laboratory activities; or (c) at least 30 clock hours of externship or practicum or clinical component. A clock hour is 50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
Both the school chair and the instructors confirmed that out-of-class work is being evaluated. Documentations provided to the team confirmed this fact. Documents included graded assignments and copies of grade books.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Bachelor in Information Systems Security

Associates in Network Systems Administration

Associates in Network Systems - ITCNS (on teach out)

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Bette Lutes-Konecny is the chair of the School of Information Technology. Ms. Lutes-Konecny holds a master's degree in Technical Teacher Education from Pittsburg State University and a bachelor's degree in English from Wichita State University.

Ms. Lutes-Konecny has several industry certifications including the following: an IBM certified specialist system storage since September 2008; certified Cisco academy instructor since January 2001; and network + CompTIA since December 2010.

Ms. Lutes-Konecny is a member of the Association of Information Technology Professionals. She holds professional licenses from the State of Kansas Board of Education in office occupations-adult; English-grades 5-12; and journalism-grades 6-12. Ms. Lutes-Konecny has been in the field for more than 20 years.

Additionally, her community affiliations also include member of the Phi Kappa Phi Honor Society; American Legion Post 65 Auxiliary and Mensa.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The program has strong community support as witnessed by the members of the IT program advisory committee (PAC) that includes varied IT professionals from industry and government: director of IT at Fleeson, Gooing, Coulson & Kitch LLC; systems analyst at the City of Wichita; and district network administrator at the USD 260 Derby School District. PAC meetings are held twice a year. Field trips such as capstone focused visit to GraceMed and a visit to the Wichita Petroleum club to discuss annual technology reviews for the Association of Information Technology Professionals (AITP) Aircapital Chapter are also utilized. Guest speaker, Mr. Lance Williamson, Founder Digital Solutions LLC, spoke to IT students about building smart homes on July 19 2011. The program also has an active student chapter of the Association of Information Technology Professionals (AITP) Aircapital Chapter. This is at least the third year of the student chapters existence.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
***For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only*:**
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☒ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

There were 12 calls made to employers.

How many calls to employers or graduates were successful?

There were 7 successful calls.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

There were 6 calls that confirmed the employment of the graduates as reported on the 2011 CAR.

If No, insert "Section 3-1-303(a)" in parentheses and explain:

(Section 3-1-303(a)): The team was not able to verify the "In-Field" placement of graduates as recorded on the CAR. Ms. Jamie Levering's school employment records indicate that she was placed "In-Field." However, when Ms. Stephanie Marnell, HR Manager at Spherion was called to verify employment, she stated that Ms. Levering's job function was accounting service representative for accounting services, not IT. Ms. Levering's graduate employment information form's job description reads: "Jamie works in a call center environment dealing with clientele who are utilizing a tax and accounting software. She deals with a lot of billing and adjusting, taking and adjusting payments and general customer service. In addition-- Jamie uses a VOIP Phone system, tax software, internal software, PC's, fax machines, printers, etc." Therefore, the teams finding is that she was placed in a non-related job, as opposed to the "In-Field" category that was reported on the CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.

As taken from the Volume 16 catalog, page 51:

CREDIT HOUR
A credit hour is an artificial measurement of the amount of learning that can occur in a program course based on a specified amount of time spent on class activities and student preparation each week during the program course. The learning that actually occurs may vary depending on the instructor's delivery method and style, the student's background, demonstrated effort and capability, and the size and composition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directed independent study, a quarter credit hour represents: (a) at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation; (b} at least 20 clock hours of laboratory activities; or (c) at least 30 clock hours of externship or practicum or clinical component. A clock hour is
50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.
The team observed copies of grade book entries as evidence that out-of-class work is being graded and therefore evaluated.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Academic Associate Degree in Criminology and Forensic Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Sharon R. Laudick is the chair of the School of Criminal Justice which includes criminology and forensic technology. Ms. Laudick holds a Bachelor's degree in Correctional Administration and Sociology at Kansas State University, and her master's degree in family therapy from Friends University in Wichita, KS. Prior to becoming the program chair at the campus, Ms. Laudick was the program director of the adult and youth services at Douglas County Citizens Community on Alcoholism (DCCCA) Inc.,Wichita, KS, from 2002 to 2009. From 1989-1997, Ms. Laudick was a parole officer for the Wichita Parole Office and a correctional counselor for the Hutchinson Correctional Facility.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☐ Yes ☒ No

(Section 3-1-511): Ms. Laudick does not have experience or coursework in Forensic Technology. She does possess experience and education in Criminology.

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☐ No ☒ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

There are advisory boards held and a field trip to "CSI: The Experience" held earlier this year.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

As taken form the catalog page 51:

CREDIT HOUR

A credit hour is an artificial measurement of the amount of learning that can occur in a program course based on a specified amount of time spent on class activities and student preparation each week during the program course. The learning that actually occurs may vary depending on the instructor's delivery method and style, the student's background, demonstrated effort and capability, and the size and composition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directed independent study, a quarter credit hour represents: (a) at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation; (b} at least 20 clock hours of laboratory activities; or (c) at least 30 clock hours of externship or practicum or clinical component. A clock hour is50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

There were papers submitted for homework assignments that were graded.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Bachelor degree in Project Management and Administration (Project Management Option)

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. John H. France, Jr. serves as the chair of the School of Electronics Technology (ET) and the subject matter expert (SME) for the Project Management program. In his role as SME he serves as the technical expert on curriculum, managing program instructional staff, teaching, advising and monitoring student grades and attendance. Mr. France has a bachelor's degree in Management Information Systems and Computer Information Systems from Newman University in Wichita, KS, and a master's degree in business administration from Webster University in St. Louis, MO. After working 10 years in networking and engineering, In 2009 Mr. France began his academic career as the chair of the ET program at the Wichita campus.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☐ No ☒ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The Project Management program is enriched by a number of activities that galvanize the student body and provide them with opportunities to network with local business leaders and field experts. The team interviewed students and reviewed pictures, sign-in sheets, flyers, and email communication as documentation of the integration of community resources into the program. The institution utilizes a program advisory committee (PAC) which meets two times per year to discuss curriculum needs and opportunities for students. Faculty in the Project Management program are working to collaborate with the Wichita Chapter of the Project Management Institute (PMI), in effort to organize student professional experience (SPE) activities. PMI is the leading nonprofit professional association in the area of project management. PMI establishes project management standards, provides seminars, educational programs and professional certification that more and more organizations desire for their project leaders. This collaborative effort is designed to give students access to professionals in the field and experience managing projects for the chapter. Thus far, the project management subject matter expert has been successful in recruiting the president of PMI Wichita Chapter, Ms. Melanie King as PAC member.

In addition, the campus invites guest speakers to campus at least once during the fall and spring terms. The last event was held on February 4, 2012 when the campus invited Robin Lee Black the Vice-President of Operations for G2 Consulting, to speak with students regarding trends and contemporary issues related to project management in aviation, electronic technology, and general business.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.
As taken form the catalog page 51:

CREDIT HOUR
A credit hour is an artificial measurement of the amount of learning that can occur in a program course based on a specified amount of time spent on class activities and student preparation each week during the program course. The learning that actually occurs may vary depending on the instructor's delivery method and style, the student's background, demonstrated effort and capability, and the size and composition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directed independent study, a quarter credit hour represents: (a) at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation; (b} at least 20 clock hours of laboratory activities; or (c) at least 30 clock hours of externship or practicum or clinical component. A clock hour is
50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.
Samples of homework and grade books were supplied to the team.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

9. PROGRAM EVALUATION

Associate's degree in Computer Drafting and Design

Associate's degree in Drafting and Design Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Gary Bergner is the program chair for both the Computer Drafting and Design (CDD) and Drafting and Design Technology (DDT). Mr. Bergner holds a bachelor's degree in Graphic Design from Wichita State University. Prior employment includes work as a media developer at IMA of Kansas, Inc., as a production coordinator and graphic designer for Via Chrisi Regional Medical Center, and as a graphic designer for Pioneer Balloon Company. He also has experience teaching AutoCAD 2010 while employed at ITT-Wichita.

During the visit, documentation was created, signed and presented to indicate that adjunct instructor, Ms. Ann Rishell, was assigned as the subject expert for both the Computer Drafting and Design and Drafting and Design Technology programs. Ms. Ann Rishell has a bachelor's degree in Graphic Design from Wichita State University, graduate coursework in Design from Arizona State University, and graduate courses in Interior Design from Michigan State. Ms. Ann Rishell has a limited background in the software used at the campus, primarily from teaching assignments at the institutions where she did her graduate work.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

The chair of the program does not possess the appropriate academic or experiential qualifications for either the CDD or DDT programs. Mr. Bergner lists no course work completed or degrees conferred that are relevant to the two academic associate's degree programs: Computer Drafting and Design (CDD) and Drafting and Design Technology (DDT). Thus a subject matter expert (SME) was assigned. Ms. Ann Rishell, the SME, does possess the experiential qualifications for the responsibility of subject expert.

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-511): There is insufficient time for administration and advising of the CCD and DDT programs. The SME, Ms. Ann Rishell, is now registered as the instructor for 24.75 contact hours during the fall semester. This load results in 14.75 hours of theory and over 10 hours of lab supervision. The addition of 2.5 hours, allotments for work as subject specialist, with other instructors who are unqualified, is insufficient time for providing subject matter expertise for the programs. In addition, she has administrative and student advising duties.

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

The student retention rate for the CDD program was 85% in 2010, but fell to 58.6% in 2011. The institution has only seven students and supplied the statistics as part of the CEP, but is not required to supply a retention plan for the CDD program. The DDT program is a new program and does not have retention or placement data.

9.07 List the community resources and how they are utilized to enrich the program(s).

Field trips are utilized in both programs. Some field trips include White Elementary School to view construction underway, and Jefferson Elementary to observe building and construction methods. PAC meetings are also held twice a year.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

Please see the note under General Comments.

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☒ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No

For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:

(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

There have been no graduates for the CDD program in recent years and the DDT is a new program.

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.
As taken form the catalog page 51:

CREDIT HOUR
A credit hour is an artificial measurement of the amount of learning that can occur in a program course based on a specified amount of time spent on class activities and student preparation each week during the program course. The learning that actually occurs may vary depending on the instructor's delivery method and style, the student's background, demonstrated effort and capability, and the size and composition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directed independent study, a quarter credit hour represents: (a) at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation; (b} at least 20 clock hours of laboratory activities; or (c) at least 30 clock hours of externship or practicum or clinical component. A clock hour is
50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
The team was provided with homework samples as well as copies of gradebooks.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

GENERAL COMMENTS:

The catalog and the advertising materials accurately describe the two programs (CDD and DDT) but do not accurately describe the objectives of the two programs. Objectives should specifically layout the anticipated cognitive and psychomotor skill sets obtained by the graduates of these programs. If the programs are distinct, the objectives should reflect the differences between the two programs.

When the team first arrived, two instructors teaching in this program were not qualified. Mr. Gary Bergner was teaching classes in the CDD and DDT programs without identifiable academic credentials or vocational training to meet the criteria. Mr. Chris Coleman also taught classes in the CDD and DDT programs without identifiable academic credentials or vocational training to meet the criteria. While on the visit (without the teams approval), these courses were reassigned to Ms. Ann Rishell giving her a total of 24.75 teaching hours in addition to her newly assigned SME role and responsibilities.

9. PROGRAM EVALUATION

Associate's Degree in Visual Communications

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Gary Bergner is the chair of the School of Drafting and Design, and oversees the Visual Communications program. He has a bachelor's degree in Graphic Design from Wichita State University. Prior employment includes work as a media developer at IMA of Kansas, Inc., as a production coordinator and graphic designer for Via Chrisi Regional Medical Center, and as a graphic designer for Pioneer Balloon Company. He also has experience teaching Adobe Creative Suite 4, CorelDraw 12, Microsoft Office, QuarkXpress 6, and AutoCAD 2010.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

Community resources include field trips, guest speakers, and program advisory committee (PAC) meetings. Students in VC240 Visual Design for the Web took a field trip to ProKansas Miller Recycling Center to review corporate identity development and branding; VC230 Digital Prepress students took a field trip to Color Impressions to examine print preparation and production processes; and GE364 Art Appreciation students visited the Wichita Art Museum to practice art analysis techniques. Guest speakers include Gen Williams, quality control manager at Rand Graphics, who discussed prepress, printing processes, and print shop operations. Topics discussed during PAC meetings include program curriculum, industry standards, employment opportunities, facilities, equipment and software, library resources, student portfolios, project management and editing skills, and future market trends.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

Two calls to employers were attempted.

How many calls to employers or graduates were successful?

Two calls to employers were successful.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

Two calls where contact was made with employers confirmed the employment of the graduates as reported on the CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.

As taken from page 51 of the catalog:

CREDIT HOUR

A credit hour is an artificial measurement of the amount of learning that can occur in a program course based on a specified amount of time spent on class activities and student preparation each week during the program course. The learning that actually occurs may vary depending on the instructor's delivery method and style, the student's background, demonstrated effort and capability, and the size and composition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directed independent study, a quarter credit hour represents: (a) at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation; (b} at least 20 clock hours of laboratory activities; or (c) at least 30 clock hours of externship or practicum or clinical component. A clock hour is 50 minutes.

Online Courses: A quarter credit hour represents at last 10 clock hours of distance education instruction taught online over the Internet and at least 20 clock hours of outside preparation. A clock hour is 50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
Both the program chair and instructors verified that out-of-class work is being assigned and evaluated, and additional documentation of such work was provided to the team.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Associate's Degree in Criminal Justice

Associate's Degree in Paralegal

Associate's Degree in Paralegal Studies

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Sharon R. Laudick is the program chair of the School of Criminal Justice which includes Paralegal and Paralegal Studies. Ms. Laudick holds a bachelor's degree in Correction Administration and Sociology from Kansas State University, and a master's degree in Family Therapy from Friends University. Prior to becoming the program chair at the campus, Ms. Laudick was the program director of the adult and youth services at Douglas County Citizens Commission on Alcoholism (DCCCA), Inc.Wichita, Kansas,. from 2002 to 2009. From 1989-1997, Ms. Laudick was a parole officer for the Wichita Parole Office and a correctional counselor for the Hutchinson Correctional Facility.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

Ms. Laudick is assisted by Judge Julie Wright Connelly as the subject matter expert (SME) for the paralegal and paralegal studies programs. Judge Connelly has extensive experience in the legal field as an administrative judge, municipal judge, and environmental judge for the City of Wichita. Judge Connelly is currently in private practice and devotes time to meeting with students and assisting with externships.

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☐ Yes ☒ No

(Section 3-1-511): There is insufficient time for administration and advising of the Paralegal and Paralegal Studies programs. The subject matter expert, Judge Julie Connelly, is registered as the instructor for 13.5 credit hours during the fall semester. Judge Connelly allots 1.5 hours for work as subject specialist. In addition are administrative and student advising duties.

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

None of the program had more than 10 students at the time of the 2011 CAR and therefore are not required to have an improvement plan on file.

9.07 List the community resources and how they are utilized to enrich the program(s).

The Paralegal and Paralegal Studies students visited the Wichita Law Library and the Sedgwick Law Library. Students Visited the Office of the District Attorney Nola Foulston. In addition, paralegal students belong to the Kansas Association of Legal Assistants (KALA) and attend local meetings.

The Paralegal department has had numerous guest speakers attend classes and meet with students.

The Criminal Justice department has participated in field trips to local police departments.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the program or no student is far enough along in the program)

Externships are an elective in the Paralegal programs. Currently there are six students participating in an externship class and there are four students out on externships. Students are required to attend an in-school portion of the externship course.

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

As taken form the catalog page 51:

CREDIT HOUR

A credit hour is an artificial measurement of the amount of learning that can occur in a program course based on a specified amount of time spent on class activities and student preparation each week during the program course. The learning that actually occurs may vary depending on the instructor's delivery method and style, the student's background, demonstrated effort and capability, and the size and composition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directed independent study, a quarter credit hour represents: (a) at least 10 clock hours of classroom activities and at least 20 clock hours of outside preparation; (b} at least 20 clock hours of laboratory activities; or (c) at least 30 clock hours of externship or practicum or clinical component. A clock hour is50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)
If *Yes*, briefly describe the procedures.

The team was provided sample graded homework assignments.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☐ Yes ☐ No ☒ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Associate in Applied Science in Nursing

Breckenridge School of Nursing

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☐ Yes ☐ No

This question is not applicable to the Nursing program at this campus.

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Cynthia Houser is the chair of the Breckenridge School of Nursing at ITT Technical Institute, Wichita, Kansas. Ms. Houser received a bachelor's degree in Nursing from St. Mary of the Plains College and a master's degree in Nursing from Wichita State University. She holds a license to practice nursing in the State of Kansas from the Kansas State Board of Nursing that is current through October 2013.Ms.Houser also holds a certificate in case management that is current through 2013. Ms. Houser was employed at Via Christi as an inpatient case management manager. Ms. Houser was employed as an assistant professor at Newman University, and he also taught part time at Tabor College.

Ms. Houser is fully qualified to chair the nursing program.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

This question is not applicable for the nursing program.

9.07 List the community resources and how they are utilized to enrich the program(s).

The nursing program has a viable advisory board composed of faculty, healthcare professionals and industry partners. The clinical sites are adequate at this time for the students. The program chair is actively pursuing more clinical sites to include maternal child health. Field trips are utilized to enhance the lecture and lab courses. The Breckenridge School of Nursing, ITT Wichita, is active in the National Student Nurses Association (NSNA). The chapter members are currently working with the Red Cross on Disaster Preparedness. The students have held several fund raising events to earn money to attend the NSNA national convention next year.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

As taken form the catalog page 51:

CREDIT HOUR

A credit hour is an artificial measurement of the amount of learning that can occur in aprogram course based on a specified amount of time spent on class activities andstudent preparation each week during the program course. The learning that actuallyoccurs may vary depending on the instructor's delivery method and style, thestudent's background, demonstrated effort and capability, and the size andcomposition of the class, notwithstanding the amount of time spent on class activities and student preparation each week during the program course.

Residence Courses: In all courses, other than those taken through directedindependent study, a quarter credit hour represents: (a) at least 10 clock hours ofclassroom activities and at least 20 clock hours of outside preparation; (b} at least 20clock hours of laboratory activities; or (c) at least 30 clock hours of externship orpracticum or clinical component. A clock hour is50 minutes.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

The samples of homework provided to the team were evaluated and representative of the nursing core classes.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

<u>GENERAL COMMENTS:</u>

The team commends the faculty of the Breckenridge School of Nursing, Wichita campus on their excellent program. The faculty is caring, dedicated, and enthusiastic. The program chair, Ms. Cynthia Houser, is well suited for this position and is an excellent addition to the Nursing program. The students that were interviewed by the team were very satisfied with the curriculum, instructors, and instructional equipment. All of the students interviewed stated the faculty was very supportive and were always available for any academic assistance that the student may need.

SUMMARY

The institution is not in compliance with the *Accreditation Criteria* in the following areas:

	Citation # (in **bold**)	Summary Statement (followed by report page number)
1	**(Section 3-1-511)**	All program administrators are not qualified to administer the programs they are assigned. Nor do all administrators have sufficient time to administer the programs they are assigned. (pages 16,33,41,&48)
2	**(Section 3-1-513(a) and Glossary)**	Course syllabi do not include, as appropriate, out-of-class work assignments and the appropriate time allocation. (pages 27, 31, 35, 38, 42, 46, 50 & 54)
3	**(Section 3-1-303(a))**	The placement data on the CAR could not be verified. (page 31)

RECOMMENDATIONS

The evaluation team offers the following recommendations for the institution's consideration *(These recommendations are not included in the report seen by the Council)*:

Educational Activities:

Involve all faculty in an in-service session to fully explain the ACICS requirements for homework assignments that went into effect on September 1,2012.

Publications:

For many programs, the objectives in the catalog appear to be more of program descriptions rather than objectives. The team recommends that the objective be more clearly defined for all programs.

Information Technology:

The team recommends the investment in one additional Cisco rack to support classes of 25 students as appropriate.

It is recommended that hard drive space and RAM capacity be increased to adequately support VM and hands-on environments.

Criminology and Forensic Technology:

It is recommended by the team that the name of the CJ2699 class title be changed from Criminal Justice to Criminology & Forensic Technology Externship. After looking at the title of the degree of faculty member, Mr. Tom Lee, it was confusing to the team as to whether the degree was in Criminal Justice or Administration of Justice. In the event that the Criminology & Forensic Technology department grows rapidly, the team suggests that Ms. Laudick's schedule allows for more administrative time. The team feels that although community resources are sufficient, it is strongly encouraged that there be more activities documented. In regards to documentation of homework, the team feels that there could be more exhibits from all programs demonstrating graded homework.

From:	Ian Harazduk <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/653BDA8A64144114820BFCBF53B7514E -IHARAZDUK>
Sent:	10/30/2012 10:01:27 PM -0400
To:	Earline Simons <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/5fe02f7f69c24758875869be6d16e72d-ESimons>
Subject:	Visit Reports: 2nd Edits
Attachments:	18785.Branford Hall - Springfield NG.doc; 16037.ITT Tech-Austin NG.doc

Miss E,

Here are two reports I seconded edited. They should be ready to go out. They are attached here and on the M:/drive.

Ian Harazduk

Manager, Compliance

Accrediting Council for Independent Colleges and Schools

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NEW GRANT

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6630 Highway 290 East, Suite 150
Austin, TX 78723
ACICS ID Code: 00016037

MAIN
ITT TECHNICAL INSTITUTE
Indianapolis, IN 46268
ACICS ID Code: 00016040

Mr. W. Douglas Howard, Director (dhoward@itt-tech.edu)

Regulatory030@itt-tech.edu

October 9-10, 2012

Dr. Judee Timm	Chair	Monterey Peninsula College	Monterey, CA
Mr. Rafael Ramirez-Rivera	Student-Relations	Inter-American University of Puerto Rico	Gurabo, PR
Ms. Kathleen Embry	Educational Activities	International Academy of Merchandising and Design, Ltd.	Chicago, IL
Ms. Beverly Allen Harchick	Paralegal	Sole Practitioner-Attorney At Law	Pittsburgh, PA
Mr. Frank L. Torbert, Jr.	Project Management and Business	FLT Trading, Inc.	Imperial, PA
Mr. Juan Carlos Peralta	Electrical Engineering		Doral, FL
Mr. Michael Bleacher	IT Network and Security	Westwood College	Westminster, CO
Ms. Beth Huffman	Drafting and Design	Westwood College	Downers Grove, IL
Ms. Lindsey Withem	Senior Accreditation Coordinator	ACICS	Washington, DC

PROGRAMS OFFERED BY

ITT Technical Institute

Austin, Texas

CREDENTIAL EARNED (Certificate, Diploma, Academic Associate's, Bachelor's, Master's, or Doctoral)	**APPROVED PROGRAM TITLE**	**CLOCK HRS.**	**QTR. HRS.**	**ENROLL:** FT (full-time) / PT (part-time)	**AIR RETENTION & PLACEMENT**			
					2011		2010	
					Ret.	Pla.	Ret.	Pla.
Associates of Applied Science	Business Accounting Technology	1260.00	96	0/1	**55.56**	75	**56.1%**	81.82%
Associates of Applied Science	Computer Drafting and Design	1356	96	21/5	65.23	80.77	72.29	73.21
Associates of Applied Science	Computer & Electronics Engineering Technology	1344	96	14/8	63.38	82.61	72.73	72.22
Associates of Applied Science	IT - Computer Network Systems	1344	96	40/12	75.64	70	80.65	67.31
Associates of Applied Science	IT Multi-Media	1344	96	0/0	0	**0**	**50**	66.67
Associates of Applied Science	Visual Communication	1344	96	0/3	**51.85**	**0**	80.77	0
Associates of Applied Science	Paralegal Studies	1236	96	3/2	**53.01**	0.00	76.56	0
Associates of Applied Science	Software Development Technology	1344	96	0/0	85.71	0.00	72.73	0.00
Bachelor of Science	Construction Management	2508	180	0/0	100	80	91.3	0
Bachelor of Science	Electronics & Communications Engineering Technology	2520	180	0/1	80.65	100	77.78	0.00
Bachelor of Science	Information Systems Security	2508	180	5/3	85.45	93.33	83.78	0.00
Bachelor of Science	Project Management	2448	180	8/1	73.81	0.00	100	0.00
Associates of Applied Science	Business Management*	1163	90	24/4	92.31	0.00	N/A	N/A
Associates of Applied Science	Drafting & Design Technology*	1267	90	46/7	0.00	0.00	N/A	N/A
Associates of Applied Science	Electrical Engineering Technology*	1267	90	64/7	0.00	0.00	N/A	N/A
Associates of Applied Science	Graphic Communications & Design*	1267	90	0/0	0.00	0.00	N/A	N/A
Associates of Applied Science	Network Systems Administration*	1267	90	121/23	0.00	0.00	N/A	N/A

Associates of Applied Science	Paralegal*	1176	90	17/3	88.89	0.00	N/A	N/A
Associates of Applied Science	Mobile Communications Technology*	1267	90	0/0	0.00	0.00	N/A	N/A
Bachelor of Science	Business Management*	2274	180	0/0	0.00	0.00	N/A	N/A
Bachelor of Science	Electrical Engineering & Communication Technology*	2547	180	24/0	0.00	0.00	N/A	N/A
Bachelor of Science	Information Systems & Cybersecurity*	2594	180	27/2	0.00	0.00	N/A	N/A
Bachelor of Science	Project Management & Administration – Administration option*	2326	180	11/4	0.00	0.00	N/A	N/A
Bachelor of Science	Project Management & Administration – Information Technology option*	2456	180	0/0	0.00	0.00	N/A	N/A
Bachelor of Science	Project Management & Administration – Construction option*	2443	180	6/2	0.00	0.00	N/A	N/A
	TOTAL ENROLLMENT			433/88				

* Programs reviewed for the first time.

** The following programs do not have current enrollments:

- Associate of applied science, IT Multi-Media – has been taught out.
- Associate of applied science, Software Development Technology – has been taught out.
- Bachelor of science, Construction Management – has been taught out.
- Associate of applied science, Graphic Communications & Design – has not been offered yet due to low demand.
- Associate of applied science, Mobile Communications – has not been offered yet but will be in the future if demand warrants it.
- Bachelor of science, Business Management – has not been offered yet but will be offered in the future.

Note: The ITT Technical Institute associate of applied science degree is equivalent to the ACICS academic associate's degree and the bachelor of science degree is equivalent to the ACICS bachelor's degree.

INTRODUCTION

ITT Technical Institute - Austin campus is one in a network of 125 ITT Technical Institute co-educational, nondenominational, private, postsecondary educational institutions operated by ITT/ESI. It hosts a large, modern facility that has recently undergone renovations that have included WiFi access throughout the campus, new electronics, and upgraded offices and classrooms. The campus serves the Austin, Texas, metropolitan area which is experiencing a resurgence of employment opportunities in the private sector but severe cutbacks to public education. The public education cutbacks have given the campus an opportunity to access a qualified pool of instructors for their programs. The high employment rates have forced the campus to modify course scheduling to offer a primarily robust evening program for their student population since most students now work during the daytime hours. Currently, 85% of all courses offered are scheduled in the evening.

It was noted that this campus has experienced a reduction in population in recent years due to the opening of two new campuses nearby. The new Waco, Texas, campus has resulted in the loss of the Kileen, Texas, market which has a large military population. Another ITT campus has been opened in east San Antonio, Texas, which has taken the San Marcos, Texas, population from the Austin campus. The campus currently serves 433 full time and 88 part time students and offers more that 20 academic associate's and bachelor's degree programs in a variety of technical fields.

REPORT QUESTIONS

1. MISSION

1.01 Response submitted by Academic Administrative Center

1.02 Response submitted by Academic Administrative Center

1.03 Response submitted by Academic Administrative Center

1.04 Response submitted by Academic Administrative Center

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?

☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?

☒ Yes ☐ No

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?

☒ Yes ☐ No

1.08 Does the campus have its own CEP, separate from the institution's IEP?

☒ Yes ☐ No

1.09 Does the CEP describe the following?

The characteristics of the programs offered.

☒ Yes ☐ No

The characteristics of the student population.

☒ Yes ☐ No

The types of data that will be used for assessment.

☒ Yes ☐ No

Specific goals to improve the educational processes.

☒ Yes ☐ No

Expected outcomes of the plans.

☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?

Student retention.

☒Yes ☐ No

Student placement.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of graduate satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of employer satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Student learning outcomes.

☒ Yes ☐ No

1.11 Describe the student learning outcomes used by the campus in each program and how these outcomes are being assessed.

Student learning outcomes focus on the acquisition of technical skills, soft skills, and knowledge that the student must have obtained to progress to the next course level in a program, as well as, those competencies needed to prepare for gainful employment within the program of study. Outcomes are assessed by completion rates, placement rates, employer and graduate surveys, student grade point averages, and successful completions of program capstone experiences.

1.12 Are the following identified and described in the CEP?

The baseline data for each outcome.

☒ Yes ☐ No ☐ Not Applicable

The data used by the campus to assess each outcome.

☒ Yes ☐ No ☐ Not Applicable

How the data was collected.

☒ Yes ☐ No ☐ Not Applicable

An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.

☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability (previously referred to as AIR) Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?

☒ Yes ☐ No

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?

☒ Yes ☐ No

1.15 Describe the specific activities that the campus will undertake to meet these goals.

A variety of activities have been addressed within each academic program area to reach stated placement and retention goals which include: identifying at-risk students, contacting each student after each absence, directing students to support services such as tutoring that will enable successful completions, reviewing course surveys to make sure courses are relevant and faculty are successful, continuing a robust advisory committee, creating career game plans for recent graduates, steering capstone students to career services to insure access to recent job opportunities, and networking with potential employers through professional and community organizations.

1.16 Does the campus have documentation to show the following?

(a) That the IEP has been implemented.

☒ Yes ☐ No

(b) That specific activities listed in the plan have been completed.

☒ Yes ☐ No

(c) That periodic progress reports have been completed.

☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.

The director, Mr. Douglas Howard, is responsible for implementing and monitoring the CEP. He holds a bachelor's degree in Business Management from Wayland Baptist University. Mr. Howard joined ITT Technical Institute in 1995 as the director of recruiting for the San Antonio, Texas, campus where he worked for nine years. In 2004, he was promoted to campus director, and served in that capacity at the Richmond and Springfield, Virginia, campuses for three years prior to becoming the director of the Austin campus in September 2007. Mr. Howard brings 16 years of experience in leadership, human and financial management, business and marketing, operations and compliance leadership in the secondary for-profit educational sector. He has over 30 years of service with the U.S. Air Force where he was honorably discharged with the highest rank awarded to a non-commissioned officer.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?

☒ Yes ☐ No

2. ORGANIZATION

2.01 (a) Response submitted by Academic Administrative Center

2.01 (b) Response submitted by Academic Administrative Center

2.01 Is the following information regarding the campus appropriately stated in the catalog?

(c) Names of the administrators.

☒ Yes ☐ No

2.02 Does the campus:

(a) Adequately train its employees?

☒ Yes ☐ No

(b) Provide them with constant and proper supervision?

☒ Yes ☐ No

(c) Evaluate their work?

☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?

☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:

(a) Clearly understand their duties and responsibilities?

☒ Yes ☐ No

(b) Know the person to whom they report?

☒ Yes ☐ No

(c) Understand the standards by which the success of their work is measured?

☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?

☒ Yes ☐ No

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?

☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?

☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Response submitted by Academic Administrative Center

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?

☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?

☒ Yes ☐ No

3.03 Who is the on-site administrator, and what are this person's qualifications?

Mr. Douglas Howard is the on-site administrator for the ITT Technical Institute, Austin, campus. As previously stated, he holds a bachelor's degree in Business Management from Wayland Baptist University. Mr. Howard joined ITT Technical Institute in 1995 as the director of recruiting for the San Antonio, Texas, campus where he worked for nine years. In 2004, he was promoted to campus director, and served in that capacity at the Richmond and Springfield, Virginia, campuses for three years prior to becoming the director of the Austin campus in September 2007. Mr. Howard brings 16 years of experience in leadership, human and financial management, business and marketing, operations and compliance leadership in the secondary for-profit educational sector, and he has over 30 years of service with the U.S. Air Force where he was honorably discharged with the highest rank awarded to a non-commissioned officer.

3.04 Does the campus list degrees of staff members in the catalog?

☒ Yes ☐ No

If Yes, is appropriate evidence of the degrees on file?

☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?

(a) Response submitted by Academic Administrative Center

(b) Admissions.

☒ Yes ☐ No

(c) Response submitted by Academic Administrative Center

(d) Response submitted by Academic Administrative Center

(e) Guidance.

☒ Yes ☐ No

(f) Instructional resources.

☒ Yes ☐ No

(g) Supplies and equipment.

☒ Yes ☐ No

(h) The school plant.

☒ Yes ☐ No

(i) Faculty and staff.

☒ Yes ☐ No

(j) Student activities.

☒ Yes ☐ No

(k) Student personnel.

☒ Yes ☐ No

3.06 Response submitted by Academic Administrative Center

3.07 Does the campus maintain records for the following that support the admissions determination for ability-to-benefit students?

Not Applicable. The campus does not accept ability-to-benefit students.

3.11 Do student files contain evidence of graduation from high school or the equivalent?

☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?

☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?

☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?

☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?

☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?

☒ Yes ☐ No

4. RELATIONS WITH STUDENTS

4.01 How many student files were reviewed during the evaluation?

The team reviewed 26 student files during the evaluation.

4.02 How does the institution ensure that its student relations reflect high ethical standards?

ITT policies and procedures are explicitly stated in several documents available to students, administrators and the general public. Students and administrators interviewed expressed their satisfaction with the level of clarity of the institutional regulations and how they are implemented. All student files reviewed evidence compliance with the institutional, state and federal regulations.

4.03 Does the campus have appropriate admissions criteria?

☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?

☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?

☒ Yes ☐ No

4.06 Reviewed at AAC

4.07 Is the admissions policy publicly stated?

☒ Yes ☐ No

4.08 Is the admissions policy administered as written?

☒ Yes ☐ No

4.09 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?

Ms. Vanessa Hoenninger is the director of recruitment at the campus. She holds a bachelor's degree in Psychology from the University of the Incarnate Word in San Antonio, Texas and a master's degree in Education from Texas State University in San Marcos, Texas. Ms. Hoenninger has been with the institution since January 2012. She was promoted to director of recruitment on August 27, 2012. Prior to joining the institution she worked as a bilingual teacher and as a restaurant manager.

4.10 Describe the process for the recruitment of new students.

The central administration of ITT Technical Institute is responsible for implementing the marketing strategies for all the campuses in the system. Among the methods utilized to recruit prospective students are the following: internet, television and radio advertising, direct mail, representative-generated personally developed leads, and referrals. At the campus level, the recruitment of new students is concentrated in telephone communications and person-to-person orientations on-site. In addition, the campus has a community relations specialist who develops relationships with high school administrators, faculty, and other key influencers within the community to raise the awareness of the programs of study offered at this campus. Presentations are made at local high schools, job fairs, and other related events.

Are these recruiting practices ethical and compatible with the educational objectives of the institution?

☒ Yes ☐ No

4.11 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?

(a) Courses and programs.

☒ Yes ☐ No

(b) Services.

☒ Yes ☐ No

(c) Tuition.

☒ Yes ☐ No

(d) Terms.

☒ Yes ☐ No

(e) Operating policies.

☒ Yes ☐ No

4.12 Does the institution use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?

☐ Yes ☒ No

4.13 Does the state in which the campus operates require representatives to be licensed or registered?

☒ Yes ☐ No

If Yes, is evidence of licensure or registration on file?

☒ Yes ☐ No

The campus provided evidence of appropriately completing the renewal application for the certification of all admission representatives at the Austin campus. The Texas Workforce Commission has not issued the current certification document for the 21 representatives of the Austin Campus.

4.14 Are the titles of recruitment and enrollment personnel appropriate?

☒ Yes ☐ No

4.15 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?

☒ Yes ☐ No

4.16 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?

☒ Yes ☐ No

4.17 Reviewed at AAC

4.18 Is there evidence that the campus properly awards transfer of credit?

☒ Yes ☐ No ☐ Not Applicable

4.19 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another institution?

☒ Yes ☐ No

4.21 Is the standards of satisfactory academic progress policy published in the catalog?

☒ Yes ☐ No

If Yes, state the page number(s) where the standards of satisfactory academic progress policy is published?

The standards of satisfactory academic progress policy is published on pages 59-65 of the 2012-2013 catalog, volume 53.

4.22 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?

(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.

☒ Yes ☐ No

(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.

☒ Yes ☐ No

(c) Procedures for re-establishing satisfactory academic progress.

☒ Yes ☐ No

(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:

Withdrawals.

☒ Yes ☐ No

Incomplete grades.

☒ Yes ☐ No

Repeated courses.

☒ Yes ☐ No

Non-punitive grades.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

Non-credit or remedial courses.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

A probationary period.

☒ Yes ☐ No

An appeal process.

☒ Yes ☐ No

An extended-enrollment status.

☐ Yes ☐ No ☒ Not Applicable (institution does not offer)

The effect when a student changes programs.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one program of study

The effect when a student seeks to earn an additional credential.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one credential)

The implications of transfer credit.

☒ Yes ☐ No

4.23 Does the campus apply its SAP standards consistently to all students?

☒ Yes ☐ No

4.24 Are students who are not making satisfactory academic progress properly notified?

☒ Yes ☐ No ☐ Not Applicable (no students are in violation of SAP)

4.25 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?

☒ Yes ☐ No

4.26 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or its equivalent?

☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.27 Are students who are not making satisfactory academic progress at the end of the second year dismissed?

☒ Yes ☐ No ☐ Not Applicable (all programs are less than two years)

4.28 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?

☒ Yes ☐ No

4.29 Are students allowed to remain on financial aid during the probationary period?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

If Yes, is the student informed of this policy?

☒ Yes ☐ No

4.30 Are students whose appeals are granted due to mitigating circumstances placed on probation and considered to be making satisfactory academic progress?

☒ Yes ☐ No

4.31 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment and/or does not participate in financial aid)

4.32 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment)

4.33 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?

☐ Yes ☐ No ☒ Not Applicable (there is no such student)

4.34 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?

☒ Yes ☐ No

4.35 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?

Mr. John Janisch is the dean of academic affairs at the campus and is responsible for the administration of satisfactory academic progress. He holds a bachelor's degree in Business Administration from Winoma State University in Winoma, Minnesota and a master's degree in Public Administration from Troy State University in Troy, Alabama. Mr. Janisch has been with the institution since 2004 were he was the chair of the School of Electronics and a faculty member at the Minnesota campus. On January 16, 2012 he was appointed to his current position in Austin, Texas. Prior to joining the institution he worked for 30 years with the United States Navy.

4.36 Does the institution encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?

☒ Yes ☐ No

4.37 Reviewed at the institution level.

4.38 Does the institution fully disclose the terms, conditions, and application procedures regarding institutional scholarship and grant programs in its catalog?

☒ Yes ☐ No ☐ Not Applicable (institution offers loans only)

If No for any applicable item, insert the section number in parentheses and explain:

The campus offers three scholarships which are published on pages 95-96 and in an addendum of the 2012-2013 catalog, Volume 53. The scholarship identified in the addendum, Second Change Incentive, was not mentioned in the self-study report provided to the team.

4.39 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?

☒ Yes ☐ No

4.40 Do the financial records of students clearly show the following?

(a) Charges.

☒ Yes ☐ No

(b) Dates for the posting of tuition.

☒ Yes ☐ No

(c)Fees.

☒ Yes ☐ No

(d) Other charges.

☒ Yes ☐ No

(e) Payments.

☒ Yes ☐ No

(f) Dates of payment.

☒ Yes ☐ No

(g) The balance after each transaction.

☒ Yes ☐ No

4.41 Are tuition and fees clearly stated on the enrollment agreement or in the catalog?

☒ Yes ☐ No

If yes, have students confirmed receiving a copy of the catalog or enrollment agreement (if one is used)?

☒ Yes ☐ No ☐ Not Applicable

4.42 Is the effective date listed on announcements of changes in tuition and fees?

☒ Yes ☐ No ☐ Not Applicable (institution has not changed tuition or fees)

4.43 Is the institution's refund policy published in the campus catalog?

☒ Yes ☐ No

4.44 Is the refund policy fair, equitable, and applicable to all students?

☒ Yes ☐ No

4.45 Is the campus following its stated refund policy?

☒ Yes ☐ No

4.46 Does the campus offer financial aid?

☒ Yes ☐ No (Skip to Question 4.53.)

4.47 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?

Mr. Christopher Shannon McCool is the director of financial aid at the campus. He holds a bachelor's degree in Preaching and Evangelism from Central Bible College in Springfield, Missouri. Mr. McCool has been with the institution since April 2006 as a financial aid coordinator and in July 2010 he was promoted to his current position. Prior to joining the campus he worked with several financial services organizations in different professional roles.

4.48 Is the person who determines the amount of student awards not also responsible for disbursing those awards?

☒ Yes ☐ No

4.49 Are final student financial aid award determinations made by administrative individuals who are not responsible for recruitment?

☒ Yes ☐ No

4.50 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?

☒ Yes ☐ No

4.51 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).

Mr. McCool is a member of the Texas Association of Financial Aid Administrators (TAFAA). The campus provided evidence of workshops that Mr. McCool has participated in as well as the approval of all ITT mandatory e-courses taken during the period of 2009-2012. Mr. McCool also reads regulations of financial aid provided by several sources, such as the Student Financial Aid Handbook available online.

4.52 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?

☒ Yes ☐ No

4.53 Does the campus provide discounts for cash received in advance of the normal payment schedule?

☐ Yes ☒ No (Skip to Question 4.54.)

4.54 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.

The campus offers student orientation sessions for all new entries approximately three weeks prior to the start of classes. Representatives of all academic and administrative services participate actively and provide information to students. Tutoring services are provided to those students that request it. The campus does not currently employ a professional counselor; counseling is referred to outside professional services. The campus director, program chairs, and faculty members assist their student as requested in terms of academic guidance.

4.55 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?

☒ Yes ☐ No ☐ Not Applicable

4. 56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?

☐ Yes ☒ No

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The team observed that the campus policy regarding homework is contained in the "homework" section on page 53 of the catalog; however, there is no explanation regarding the credit and quarter hour conversions.

4.57 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?

Ms. Amber Travis Ballinas is the director of career services at the campus. She holds a bachelor's degree in Business Management from The University of Texas at Austin and a master's degree in International Business from the University of Saint Thomas in Houston, Texas. Ms. Travis Ballinas began as an adjunct faculty member at this campus in April 2009 and then was promoted to serve as the chair of the School of Business in March 2010. She began her current position in September 2012. Prior to joining the campus she worked in sales, management and employment recruitment with ADECCO.

4.58 Does the institution offer employment assistance to all students?

☒ Yes ☐ No ☐ Not Applicable (institution enrolls only international students on a student visa)

4.59 Does the campus use placement percentages or salary projections as part of its recruiting activities?

☐ Yes ☒ No

4.60 Is the beginning enrollment on the most current Campus Accountability Report (CAR, previously referred to as the AIR) the same as the ending enrollment reported on the previous year's CAR?

☒ Yes ☐ No

4.61 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?

☒ Yes ☐ No ☐ Not Applicable

4.62 Are students who receive financial aid counseled concerning their student loan repayment obligations?

☒ Yes ☐ No

4.63 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.

Student financial aid files reviewed evidenced that students are counseled prior to taking a loan and after completion of the program of study. Among the documents that students sign are the Federal Student Loan Entrance and Exit Counseling and the Federal Stafford Loan Test forms. Students agree to repay loans, notify the lender of changes regarding personal information, and read and understand the Master Promissory Note and information regarding the lender of guarantee.

4.64 Describe the extracurricular activities of the institution (if applicable).

The campus provided evidence that the following extracurricular activities are organized and offered to the student population: constitutional day, editable book festival, voter's registration, and student appreciation week and cookout. In addition, nine students are members of the National Technical Honor Society, the leading organization in the United States that recognizes outstanding student achievement in career and technical education.

GENERAL COMMENTS:

The team interviewed more than 100 students from the day and evening sessions. Students expressed their satisfaction with the academic and administrative services provided by the campus.

5. EDUCATIONAL ACTIVITIES

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?

☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?

Mr. John Janisch, dean of academic affairs, is assigned to oversee the educational activities at the campus. As previously stated, Mr. Janisch holds a bachelor's degree in Business Administration from Winona State University and a master's degree in Public Administration from Troy State University. He has been employed with ITT Technical Institute since November 2004, holding the positions of adjunct faculty member and School of Electronics Technology chair before being appointed dean of academic affairs in January 2012.

5.03 Does this person have appropriate academic or experiential qualifications?

☒ Yes ☐ No

5.04 Describe how the institution makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.

The institution allows for sufficient authority and oversight of the programs through specified processes in such areas as curriculum review, student success, and advising which also involves school chairs, faculty, and campus staff. Currently, the dean spends 42.5% of his time on administration, 37.5% on advising/counseling, and 20% on meetings.

5.05 Is the time devoted to the administration of the educational programs sufficient?

☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?

☒ Yes ☐ No

5.07 Reviewed at AAC

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?

☒ Yes ☐ No

5.09 Does the campus have any programs that carry specialized or programmatic accreditation?

☐ Yes ☒ No (Skip to question 5.10)

5.10 Are the educational programs consistent with the campus mission and the needs of its students?

☒ Yes ☐ No

5.11 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?

☒ Yes ☐ No

5.12 What provisions are made for individual differences among students?

The institution provides tutoring for students through the learning resource center (LRC). Tutoring is available on a variety of subjects and available at various hours on an appointment basis. The tutoring schedule for each term is posted in the LRC.

5.13 Describe the system in place to evaluate, revise, and make changes to the curriculum.

The system in place to evaluate, revise, and make changes to the curriculum occurs through curriculum committees, advisory committees, a formal procedure, through faculty in-service breakout sessions, and through informal communication. Faculty may be chosen to serve on a National Curriculum Committee. Program advisory committee (PAC) meetings are held for the review and discussion of curriculum adjustments and changes. Faculty submission of curricula changes can be made either through a formal procedure to the central administration, an informal recommendation through the school chair, and/or through open discussions at quarterly faculty breakout sessions.

5.14 Does the faculty participate in this process?

☒ Yes ☐ No

5.15 Reviewed at AAC

5.16 If the institution awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?

☒ Yes ☐ No ☐ NA (institution does not award such credit)

If Yes, is there appropriate documentation of the assessments of knowledge, skills, or competencies required?

☒ Yes ☐ No

In one case of the five files reviewed, Mr. Daniel Goodman was awarded credit (CR) for achieving proficiency on the GE184T Problem Solving proficiency exam. However, this exam could not be located on the faculty portal. Exams for the remaining four files reviewed were located.

5.17 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?

☒ Yes ☐ No

5.18 Are the following appropriate to adequately support the number and nature of the general education courses? (If only nondegree programs are offered with no general education courses, skip to 5.19)

Facilities

☒ Yes ☐ No

Instructional equipment

☒ Yes ☐ No

Resources

☒ Yes ☐ No

Personnel

☒ Yes ☐ No

5.19 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?

☒ Yes ☐ No

5.20 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?

☒ Yes ☐ No

5.21 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-531(d): There is no evidence that the campus complies with applicable copyright laws in the use of instructional materials. The team could not confirm compliance with application licensing laws in relation to the following software packages: Pelles C Compiler and Omni Peek. According to the current campus software listing, Autodesk AutoCad 2012 and 3D Studio Max 2012 are imaged in the classrooms, yet a listing of software keys identify Autodesk AutoCad 2008 and 2010 and 3D Studio Max 2008 and 2010.

5.22 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?

☒ Yes ☐ No

5.23 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?

☐ Yes ☒ No ☐ Not Applicable (no faculty members hold foreign credentials)

If No, insert the section number in parentheses, list faculty names, degrees, and awarding institutions and explain:

(Section 3-1-541): Not all transcripts from credentials earned outside the United States have been evaluated by a member of AICE or NACES. Transcripts from foreign institutions have not been evaluated for the following faculty members:

- Arijit Chandra, BSEE in Electrical Engineering, India Institute of Technology, Kharagpur, India;
- Khaled Kamel, Master of Mathematics, Waterloo University, Waterloo, Onatrio;
- Eugene Nikolaevski, MS Mathematics, Statistics, Physics, Rostov State University, Moscow, Russia;
- Divya Tuteja, bachelor's degree, Guru Gobind Singh Indraprastha University, Delhi.

NOTE: An evaluation request was submitted for Khaled Kamel on October 10, 2012 after a request was made by the visiting team.

5.24 Is there documented evidence of a systematic program of in-service training at the campus?

☒ Yes ☐ No

If Yes, how is this documented?

Evidence of quarterly in-service training is documented via agenda and sign-in sheets.

5.25 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?

☐ Yes ☒ No

If No for missing documentation of implementation, insert the section number in parentheses, list faculty names, and explain:

(Section 3-1-543): There is not documented evidence of the implementation of faculty development plans. Faculty development plans have been developed for all faculty members, yet implementation and documentation are not on file to support activities completed on the plans. The following faculty members have identified activities that were not documented:

- Mr. Daniel Crisp, membership in the American Civil Liberties Union (April 30, 2012), attendance at the Geek Speak conference (August 30, 2012), and readings from The Atlantic (February 15, 2012).
- Ms. Regina Franklin - membership in AMS (September 30, 2012), readings from the White Paper Review IMA (July 1, 2012), and attendance at the Math Colloquium at UT (February 18, 2012).
- Mr. Nicholas Harris and Ms. Khaled Kamel - memberships in Instituted of Electrical and Electronic Engineers (IEEE).

5.26 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?

☒ Yes ☐ No

5.27 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?

☒ Yes ☐ No

5.28 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the Accreditation Criteria?

☒ Yes ☐ No

5.31 Reviewed at AAC

5.32 Reviewed at AAC

5.33 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

5.34 Reviewed at AAC

5.35 Reviewed at AAC

5.36 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

<u>GENERAL COMMENTS:</u>

Faculty members seem to understand the process for curriculum evaluation and know the process they need to take to submit recommendations. Faculty do not understand what faculty governance means; yet, according to the description in the faculty handbook, they are included as part of the process. Overall, faculty members appeared pleased with the campus-level administration feeling that the director, dean, school chairs all have their best interest and the best interest of the students in mind.

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

The institution is located approximately three miles from downtown Austin, Texas, and consists of 38,300 square feet. The facility contains eight laboratories, thirteen theory rooms, a student lounge/internet cafe, LRC, faculty work area, employee break room, and administrative offices. The campus is easy to navigate and laid out with a logical flow. Academic staff offices are located down the main hallway, allowing for easy accessibility by students. The parking lot is situated close to the building entrance and appears large enough to accommodate students parking needs.

6.02 Does the campus utilize any additional space locations?

☐ Yes ☒ No

6.03 Does the campus utilize learning sites?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and learning-site locations) appropriate for the size of the student population and the programs offered?

☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and learning-site locations)?

(a) Equipment.

☒ Yes ☐ No

(b) Instructional tools.

☒ Yes ☐ No

(c) Machinery.

☒ Yes ☐ No

6.06 Is there evidence on file to show that all institutional facilities are in compliance with fire, safety, and sanitation regulations?

☒ Yes ☐ No ☐ Not Applicable

GENERAL COMMENTS:

The campus underwent a remodel from fall 2010 through spring 2011 resulting in an updated LRC space, a new student lounge/internet cafe, and projectors in all theory rooms and laboratories.

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?

A catalog dated 2012-2013 Volume 53 with a publication date of September 26, 2012 was used during the evaluation visit.

7.02 Does the self-study accurately portray the campus?

☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and provided to all enrolled students?

☒ Yes ☐ No

If No, insert the section number in parentheses and explain:

The catalog is administered to students in an electronic version. If a hard copy is requested, the campus will print a copy for students.

7.04 Does the catalog contain the following items?

(a) A table of contents and/or an index.

☒ Yes ☐ No

(b) An indication of the year or years for which the catalog is effective on the front page or cover page.

☒ Yes ☐ No

(c) The names and titles of the administrators.

☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.

☒ Yes ☐ No

(e) A statement of accreditation

☒ Yes ☐ No ☐ Not Applicable (initial applicant)

(f) A mission statement.

☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.

☒ Yes ☐ No

(h) An academic calendar.

☒ Yes ☐ No

(i) A full disclosure of the admission requirements.

☒ Yes ☐ No

(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.

☒ Yes ☐ No

(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.

☒ Yes ☐ No

(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.

☒ Yes ☐ No

(m) A definition of the unit of credit.

☒ Yes ☐ No ☐ Not Applicable (The institution does not award credit)

(n) A complete explanation of the standards of satisfactory academic progress.

☒ Yes ☐ No

(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.

☒ Yes ☐ No

(p) The transfer of credit policy.

☒ Yes ☐ No

(q) A statement of the tuition, fees, and any other charges.

☒ Yes ☐ No

(r) A complete and accurate listing of all scholarships offered.

☒ Yes ☐ No ☐ Not Applicable (no scholarships offered)

(s) The refund policy.

☒ Yes ☐ No

(t) A statement describing the student services offered.

☒ Yes ☐ No

(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

The campus has one scholarship listed in the catalog that is found in an addendum placed in the body of the catalog that pre-dates the publication date of the catalog.

7.05 Does the institution offer degree programs?

☒ Yes ☐ No

If Yes, does the catalog contain the following?

(a) An explanation of the course numbering system (for all levels).

☒ Yes ☐ No

(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).

☒ Yes ☐ No

(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).

☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).

☒ Yes ☐ No

7.06 Does the institution offer courses and/or programs via distance education?

☐ Yes ☒ No (Skip to Question 7.07.)

7.07 Does the catalog contain an addendum/supplement?

☐ Yes ☒ No (Skip to Question 7.08.)

7.08 Is the catalog available online?

☒ Yes ☐ No (Skip to Question 7.09.)

If Yes, does it match the hard copy version?

☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?

☐ Yes ☒ No (Skip to Question 7.10.)

7.10 Is all advertising and promotional literature, including the campus' Web site, truthful and dignified?

☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?

☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?

The campus uses direct mail, print documents, their website, and television commercials to advertise. Many of the advertisements are specific to the programs offered at the campus.

Are the advertisements under acceptable headings?

☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?

☒ Yes ☐ No (Skip to Question 7.14.)

If Yes, is there evidence that prior consent was obtained and that remuneration was not made for the consent or the use of the advertisement?

☒ Yes ☐ No

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No (Skip to Question 7.15.)

7.15 Does the campus avoid offering monetary incentives to attract students or for failure in job placement?

☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?

☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?

☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?

☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?

☒ Yes ☐ No

8.05 Reviewed at AAC

8.06 Reviewed at AAC

8.07 Reviewed at AAC

8.08 Reviewed at AAC

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?

Per the budget, to date $148.00 has been spent on library resources with an additional $675.00 allocated to be spent in November. A review of purchase orders revealed that an additional $1,500.00 has been spent toward the purchase of updated certification testing manuals, renewal of periodical subscriptions and updates of software manuals.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.12 Reviewed at AAC

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?

☒ Yes ☐ No

8.14 Reviewed at AAC

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?

☐ Yes ☐ No ☒ Not Applicable (no interlibrary agreements)

8.16 Reviewed at AAC

8.17 Reviewed at AAC

8.18 Reviewed at AAC

8.19 Reviewed at AAC

8.21 Reviewed at AAC

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?

☒ Yes ☐ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?

☒ Yes ☐ No

GENERAL COMMENTS:

The Virtual Library offers an extensive collection of subscription databases along with research guides for each subject area and general education courses. Students are pleased with the available resources from both the on-campus LRC and the Virtual Library.

9. PROGRAM EVALUATION

Bachelor's degree in Project Management

Bachelor's degree in Project Management and Administration

Bachelor's degree in Project Management and Administration (Construction Option)

Academic associate's degree in Business Management

Academic associate's degree in Accounting

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. John Janisch, the dean of academic affairs, serves as the current administrator of the Project Management and Business programs. As previously stated, he holds a bachelor's degree in Business Administration from Winoma State University and a master's degree in Public Administration from Troy State University. Mr. Janisch has been with the institution since 2004 were he was the chair of the School of Electronics and a faculty member at the Minnesota campus. On January 16, 2012 he was appointed to the current position in Austin, Texas. Prior to joining the institution he worked for 30 years with the United States Navy.

Mr. Janisch is assisted by Mr. Kenneth Cohen who was recently promoted to subject matter expert on September 17, 2012 and has been a part-time adjunct professor since being hired in June 2011. Mr. Cohen holds a master's degree in Business Administration from Baruch College and a bachelor's degree in Marketing from Pace University. He teaches three courses each term and is primarily responsible for teaching the Capstone Project course. Approximately 85% of his time is spent teaching and the remaining 15% on administrative duties. Mr. Cohen is retired and has many years of training and project management experience with Honeywell International, McGraw Hill, and American International Group.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

If No insert section numbers 2-1-809, 3-1-512 and 3-1-111 in parentheses and explain:

The academic associate's degree program in Accounting has a retention rate of 55.6% on the 2011 CAR. The program currently has only one student who should graduate after the current quarter. This program is being taught out.

9.07 List the community resources and how they are utilized to enrich the program(s).

Students have participated in field trips to Media Riders, Inc., APAC Texas, Inc., and H.E.B. Super Market. For the second year in a row the capstone project involved several meetings with the Boys and Girls Club of America. Guest speakers have included individuals from Time Warner Cable, McElroy Translation Services and Villas at Commanders Point.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team do not specifically identify what activities are in-class or out-of-class activities and there is no minimum time associated with work assignments.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

Three calls were made for the academic associate's degree program in Accounting.

Two calls were made for the bachelor's degree program in Project Management.

How many calls to employers or graduates were successful?

Two calls were successful for the Accounting program.

Two calls were successful for the Project Management program.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All successful calls confirmed employment as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education’s definition of a credit hour?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education’s definition for credit hour programs that includes conversion ratios. The team observed that the campus policy regarding homework is contained in the "homework" section on page 53 of the catalog; however, there is no explanation regarding the credit and quarter hour conversions.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team do not specifically identify what activities are in-class or out-of-class activities and there is no minimum time associated with work assignments.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

GENERAL COMMENTS:

The recently appointed subject matter expert and the 3 part-time faculty members are sufficient to handle the 61 students in the five programs. The accounting program is being taught out so that the faculty can focus on the Business Management and Project Management programs. The team learned that the students appreciated the small class sizes and thought that most of the instructors were very experienced.

9. PROGRAM EVALUATION

Academic associate's degree in Paralegal

Academic associate's degree in Paralegal Studies

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Melanie Carstarphen, chair, School of Criminal Justice since June 2012, holds a juris doctorate degree from South Texas College of Law in Houston, Texas, and a bachelor's degree in English from Dallas Baptist College, Dallas, Texas. She has practiced law for 22 years, has taught for 9 years, and has served in administrative positions in proprietary schools for more than 4 years. She worked as a paralegal before attending law school and has been published in the "Texas Bar Journal".

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-511): The amount of time devoted to the administration of the programs is not commensurate with the size and scope of the program. Ms. Melanie Carstarphen, program chair, is teaching four courses this term in addition to her duties as administrator of the programs. According to the instructors who were interviewed, the institution's policy is that program chairs do not teach more than two courses per term. Even though the combined enrollment of the programs is only 25 students, the administrative duties of the chair, as outlined in her job description, are complex and multi-faceted such that teaching four courses in addition to the administrative duties is an excessive job load.

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

Students have taken field trips to a law library, the Texas Supreme Court, and the Texas Court of Criminal Appeals. All of the instructors in the program either currently work in law or law-related offices in the community or did so until recently. A program advisory committee (PAC) meets twice per year. Students have participated in activities for the local paralegal association. Although the campus does not offer externship opportunities, the program chair organized an "Adopt a Paralegal Night" as a way to match local employers with graduating students. Adopted students spent a day working in the office of the employer. Some students were adopted by multiple employers.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of the syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No *(Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If No, insert the section number in parentheses and explain:

(Section 2-2-503): There is no evidence that out-of-class work or the equivalency is being evaluated in all courses. Although each syllabus contains an evaluation criteria table, none of the tables contain "homework" or "out-of-class work" categories.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If No, insert the section number in parentheses and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of the syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

Teaching loads are reasonable, with the exception of the teaching load of the program chair as discussed in question 9.05 above.

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

GENERAL COMMENTS:

The seven students who were interviewed expressed satisfaction with the programs. The team was impressed with the Adopt-A- Paralegal program instituted by the program chair and adopted by the instructors. Instructors who were interviewed stated that the campus administrators will "bend over backwards" to support and assist instructors.

9. PROGRAM EVALUATION

Academic associate's degree in Informaiton Technology - Computer Network Systems

Bachelor's degree in Information Systems and Cybersecurity

Bachelor's degree in Information Systems Security

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Michael Atkinson is chair of the School of Information Technology. He reports to the dean of academic affairs, Mr. John Janisch. Mr. Atkinson holds a bachelor's degree in Music Education from Howard Payne University in Brownwood, Texas, and a master's degree in Information Systems from Tarleton State University in Stephenville, Texas. In addition, Mr. Atkinson has received numerous industry standard certifications in Computer Networking including CompTIA A+. Mr. Atkinson has been employed by ITT Technical Institute since February 2000 and in his chair position since 2008.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-511): The administration of the academic program is not assigned to individuals whose academic or experiential qualifications are related to the program of study. Although Mr. Michael Atkinson has experience in the field of Computer Network Systems, he has no experience or academic training in the area of Information Systems Security or Cybersecurity. His only work experience for the past 13 years has been as an instructor in computer networking courses. Prior to that, he worked in the computer networking industry, but his ACICS data sheet only mentions networking and mentions no experience with information security. The team found no evidence of qualifications, industry-standard certification, or academic coursework in information security, a highly specialized field of study and work.

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☐ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

There was a field trip and a program advisory committee (PAC) meeting during the reporting period. The advisory council meeting was attended by members of the community who serve in business positions which benefit the student population in the areas of industry needs, assessment, and employment.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team do not specifically identify what activities are in-class or out-of-class activities and there is no minimum time associated with work assignments.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☒ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

Twenty-six calls were made for the academic associate's degree program in Information Technology-Computer Network Systems.

Seven calls were made for the bachelor's degree program in Information Systems Security.

There are currently no graduates in the bachelor's degree program in the Information Systems and Cybersecurity.

How many calls to employers or graduates were successful?

For the Information Technology - Computer Network Systems program, 14 calls were successful.

For the Information Systems Security program, three calls were successful.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

For the Information Technology - Computer Network Systems program, no calls could confirm employment of graduates as reported on the CAR.

For the Information Systems Security program, three calls confirmed employment as reported on the CAR.

If No, insert "Section 3-1-303(a)" in parentheses and explain:

(Section 3-1-303 (a)): The team could not verify the 2011 CAR. The ITT Technical Institute campus catalog informs students in the associate's degree program in Information Technology - Computer Network Systems that the program prepares "graduates to perform tasks associated with installing, upgrading, and maintaining computer network systems in typical LAN/WAN environments." A large majority of graduates are identified as working in this field when they are either working in a related field or working in a field that requires none of the education they have received in this program. Some examples include student Ms. Jessica Bush who reports that she "uses" security cameras "to monitor visitor and staff working at the capital." She is also a user of Microsoft applications, but her main function is security. While she reports being happy with her job and is familiar with the systems she is using, she does not troubleshoot the network beyond the user level and reports that she would put in a trouble ticket for support staff if a problem developed. Student Mr. Silvino Gamez Jr. is reported to be working in field by the campus and the team verified he is employed by a temporary placement agency which placed him in a warehouse "Picking, packing, assembling hard drive orders." This function has no relation to computer networking and does not require any education as provided by the program. Students Mr. Darius Bijou and Mr. Richard Jason are employed as 'image techs' by a temp agency called Keystaff. Keystaff reports they "use Dell's ximage" to image hard drives. The job description sent by Keystaff representative Ms. Amanda Osuna shows no college training or experience required for this position. Student, Mr. James Garcia, is employed by temporary agency Nexxlinx, which placed him with EA Games, a producer of video games. Nexxlinx reported to the team that Mr. Garcia's function is to answer support calls from gamers who call in for help on various game system issues. Also placed with Nexxlinx is Mr. Zechariah Shepard, who reportedly works as an 'IT sales' staffer selling software. This is not related to networking though he is reported as working in-field as a graduate of the program. Student, Ms. Michelle Tello, is working for Insurance Auto Auctions and was classified as placed in-field. The campus reports her title as customer service rep, but the team discovered her title to be title clerk with duties related to researching titles on vehicles using a computer -- nothing to do with computer networking. Of the 14 successful calls the team made, all of which reported students working in-field, none of them were verified in-field. Several were working in a related field, and several were out of field.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education’s definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education’s definition for credit hour programs that includes conversion ratios. The team observed that the campus policy regarding homework is contained in the "homework" section on page 53 of the catalog; however, there is no explanation regarding the credit and quarter hour conversions.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team do not specifically identify what activities are in-class or out-of-class activities and there is no minimum time associated with work assignments.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

GENERAL COMMENTS:

The team commends the innovative programs and obvious dedication of the career services staff. The career services office stocks neckties and has local business contacts which donate business suits and other clothing for underprivileged students so they will be able to present a professional appearance for their first job interview. The team finds this to be unique and quite a valuable resource to the students.

The team finds that the IT faculty are very well-liked by the students. Both day and night students recognized full-time and adjunct faculty by name and commended Mr. Michael Atkinson, Mr. Bruce Roberts, and Mr. Cornelius Chopin for their willingness to stay after class for one-on-one tutoring and their strong subject knowledge in the area of networking.

9. PROGRAM EVALUATION

Academic associate's degree in Computer and Electronics Engineering Technology

Academic associate's degree in Electrical Engineering Technology

Bachelor's degree in Electrical Engineering and Communications Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Dr. Svetlana E. Bradley has been the chair for the School of Electronics Technology since March 19, 2012. Dr. Bradley holds a bachelor's and master's degree in Electrical Engineering and a doctoral degree in Computer Aided Design Systems from the Voronezh State Technical University. Dr. Bradley has been working for ITT Technical Institute since November 2006. He served as an associate professor at Voronezh State Technical University from 1989 - 1998 teaching software programing for computer aided design.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

Mr. Eric Nail, vice president at Odyssey Technical Solutions, visited the ET1220-Digital Fundamentals class on February 2012 and the ET145-AC Electronics class on February 22, 2012 to offer a presentation on career success for the electronics technician. A visit is scheduled for the NT110-Computer Structure and Logic class for October 15, 2012 to Fry's Electronics to price components for PC systems. A PAC meeting took place on April 2, 2012 to assist in program improvement. Additionally, several faculty members have current experience in the field of study that they bring to the classroom.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team do not specifically identify what activities are in-class or out-of-class activities and there is no minimum time associated with work assignments.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

Fourteen calls to employers and graduates were attempted as follows: Six calls in the Computer and Electronic Engineering program, six calls in the Electrical Engineering program, and two calls in the Electrical Engineering and Communications Technology program.

How many calls to employers or graduates were successful?

Ten calls were successful as follows: three in Computer and Electronics Engineering Technology, four in Electrical Engineering Technology, and three in the Electrical Engineering and Communications Technology program.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All ten calls confirmed the employment of the graduates in all three programs as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The team observed that the campus policy regarding homework is contained in the "homework" section on page 53 of the catalog; however, there is no explanation regarding the credit and quarter hour conversions.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team do not specifically identify what activities are in-class or out-of-class activities and there is no minimum time associated with work assignments.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☐ Yes ☒ No

If No, insert the section number in parentheses, list the faculty and course, and explain:

(Section 3-5-302): Not all instructors have qualifications that meet Council standards. Mr. Edward Wassell is an adjunct faculty member in the School of Electronic Technology teaching ET315, Electronic Communications Systems II for the September 2012 term. Mr. Wassell holds a bachelor's degree in Occupational Education from Texas State University and a master's degree in Education with a Major in Adult Education and a Minor in Business from the University Of The Incarnate Word. No evidence of professional experience or any professional certification was available that could qualify this faculty member to teach for the School of Electronics Technology.

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Academic associate's degree in Drafting and Design Technology

Academic associate's degree in Computer Drafting and Design

Academic associate's degree in Visual Communications

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Roderick Whitlock is the program chair for the School of Drafting and Design. Mr. Roderick Whitlock has earned a master's degree in Business Administration with a major in Finance from the University of Southwestern Louisiana, a bachelor's degree in Industrial Technology from the University of Southwestern Louisiana, and an associate's degree in Mechanical Engineering Technology from Asheville Technical College. Additionally, Mr. Whitlock is a certified mechanical and architectural drafter through the American Design and Drafting Association (ADDA). He has been teaching in the fields of design and drafting since 1990 and has been on staff with ITT Technical Institute since November 2003.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☐ Yes ☒ No

In the Visual Communications program, retention was reportedly 51.8% in the 2011 campus accountability report (CAR) which is below the Council's applicable standard. Because there are only three students currently enrolled in the program, the campus is not required to develop a program level retention improvement plan in the CEP.

9.07 List the community resources and how they are utilized to enrich the program(s).

Students in the school of Drafting and Design had a guest speaker visit to discuss visualization, two dimensional renderings of software tools, and wacom hardware products. Additionally, there is a program advisory committee (PAC) that meets annually. All the adjunct faculty members in the Drafting and Design program are employed in a related field, thus, contributing to community resources through their related experiences.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that out-of-class work was required and out-of-class work assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☒ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

Seventeen calls were attempted to employers and graduates in the Computer Design and Drafting program.

How many calls to employers or graduates were successful?

Eleven calls to employers and graduates were successful.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

Ten calls were able to confirm employment of the graduates, with one call verifying the graduate had never worked at the specified employer.

If No, insert "Section 3-1-303(a)" in parentheses and explain:

(Section 3-1-303(a)): The team could not verify the 2011 CAR. Mr. Edwin Carranza is listed as working for Topchoice Land Design in Austin, Texas. The team spoke with the human resources director at Topchoice Land Design. She searched her database from 2006 through 2012 and no record of his employment was able to be found.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The team observed that the campus policy regarding homework is contained in the "homework" section on page 53 of the catalog; however, there is no explanation regarding the credit and quarter hour conversions.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team do not specifically identify what activities are in-class or out-of-class activities and there is no minimum time associated with work assignments.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

GENERAL COMMENTS:

While interviewing ten students in the School of Drafting and Design, the students noted that they are satisfied with both their classes and their instructors. Several comments were made about the program chair and instructors regarding the high level of dedication and helpfulness. Students are impressed with the instructors' willingness to help and hands on approach. The level of satisfaction students' possess in their core classes is very favorable.

It was mentioned that program chairs will soon be required to teach four classes per quarter. While the program chair is currently in compliance with his current teaching load of two classes, it is noted that if a load of four classes is required in the future, the program chair's teaching load will be excessive in light of his administrative duties.

In speaking with the drafting and design faculty members, they were incredibly satisfied with the program chair's dedication to them as faculty members and as instructors. Faculty members feel supported by his leadership, and showed great admiration for his dedication and professional experience.

SUMMARY

The institution is not in compliance with the *Accreditation Criteria* in the following areas:

Number	**Citation**	Summary Statement
1	**2-2-503**	The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios (pages 15, 26, 29, 35, 39, 43).
2	**3-1-303(a)**	The team could not verify the 2011 CAR (pages 35, 43).
3	**3-1-511**	Not all program administrators have the education or experiential qualifications and adequate time and resources to administer their academic programs (pages 28, 32).
4	**3-1-513(a) and Glossary**	Course syllabi do not identify out-of-class work assignments that support the learning objectives for the course or the minimum amount of time a student is expected to spend on completion of out-of-class work assignments (pages 26, 27, 29, 30, 34, 35, 38, 39, 42, 43).
5	**3-1-531(d)**	There is no evidence that the campus complies with applicable copyright laws in the use of instructional materials (page 17).
6	**3-1-543**	There is not documented evidence of the implementation of faculty development plans (page 18).
7	**3-1-541**	Not all transcripts from credentials earned outside the United States have been evaluated by a member of AICE or NACES (page 17).
8	**3-5-302**	Not all instructors have qualifications that meet Council standards (page 40).

RECOMMENDATIONS

The evaluation team offers the following recommendations for the institution's consideration *(These recommendations are not included in the report seen by the Council)*:

- The summary and analysis of data collected in the CEP are not broken down by program, nor is the number of responses given from which the summaries are derived. Specifically, on pages 20, 22, and 33 in the CEP, data are presented as overall percentages without reference to the number of respondents or what program the responses come from. Without this information the validity and reliability from which to make strategic decisions cannot be determined at the program level.

- The grievance policy is located in the "Communications" section on page 8 of the employee handbook under the subheading "Open Door Policy." It is recommended that this policy be more transparent and accessible by changing the subheading title to "Grievance Policy" and include this policy in both the employee handbook as well as the faculty handbook.

- A review of the faculty handbook contents should be addressed to ensure that all faculty members clearly understand the policies and procedures in place.

From: Ian Harazduk <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/653BDA8A64144114820BFCBF53B7514E-IHARAZDUK>
Sent: 10/26/2012 1:41:02 PM -0400
To: jjcaton@aol.com
Subject: Visit Reports: 2nd Edits
Attachments: 00012815 NG.doc.doc; ___ITT Technical Institute, Kansas City, MO (2).doc.doc; 00109005 IG First Edit.doc.doc; Dorsey School of Business HVAC Systems Technician Program Report 1st edi....doc; 00108695ALVFirstEdit.doc.doc

Joyce,

Here are 5 more reports. Please get these to me by Tuesday COB. Thank you.

Ian Harazduk

Manager, Compliance

Accrediting Council for Independent Colleges and Schools

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Washington, D.C. 20002

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REEVALUATION REPORT

ITT Technical Institute

9159 East 41st Terrace

Kansas City, MO 64133

ACICS ID Code: 00021681

Dr. Dave Roustio, Campus Director (DRoustio@itt-tech.edu)

INSTITUTIONAL E-MAIL (Regulatory029@itttech.edu)

MAIN

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Indianapolis, IN 46268

ACICS ID Code: 00016040

INSTITUTIONAL E-MAIL (Regulatory011@itt-tech.edu)

October 11-12, 2012

Mrs. Jan M. Gordon	Chair	Spencerian College	Louisville, KY
Ms. Maura K. Wilson	Student Relations Specialist	Flagler College, Retired	Albany, OR
Mr. Glen E. Miller	Educational Activities	Southwestern College	Cincinnati, OH
Mr. Keith W. Reed	Project/Business Management Specialist	Lincoln College of Technology	Maineville, OH
Mr. William P. Fox	Criminal Justice Specialist	Retired	Lake City, PA
Ms. Kimberly Mears	Paralegal Specialist	University Medical Center	Las Vegas, NV
Mr. Harold B. Grimes	Construction Specialist	Redstone College	Federal Heights, CO
Dr. Norbert Joseph Thomas	Graphic / Visual Communications / Software Development Specialist	Winona State University	Clear Lake, IA

Dr. David Pak	Network Administrative Specialist	Ivy Christian College	Ashburn, VA
Mr. Timothy A. Peterson	Electronics Specialist	Brown College, Retired	Minneapolis, MN
Mr. Robert Mitchell	Computer Drafting / Drafting and Design Specialist	Sullivan College of Technology & Design	Louisville, KY
Ms. Lisa Bynoe	ACICS Staff Representative	Associate Professor of Business	Charlotte, NC

PROGRAMS OFFERED BY

ITT Technical Institute 00021681

Kansas City, MO

CREDENTIAL EARNED (Certificate, Diploma, Occupational Associate's, Academic Associate's, Bachelor's, Master's, or Doctoral)	APPROVED PROGRAM TITLE	CLOCK HRS.	QTR. HRS.	ENROLL: FT (full-time) / PT (part-time)	AIR RETENTION & PLACEMENT			
					2011		2010	
					Ret.	Pla.	Ret.	Pla.
Academic Associate's	Business Management	1020	90	10/4	N/A	N/A	N/A	N/A
Bachelor's	**Business Management	1860	180	N/A	N/A	N/A	N/A	N/A
Bachelor's	Project Management Administration	1940	180	5/0	N/A	N/A	N/A	N/A
Bachelor's	Project Management Administration-Construction	1940	180	6/0	N/A	N/A	N/A	N/A
Bachelor's	Project Management Administration-Information Technology	1940	180	1/0	N/A	N/A	N/A	N/A
Academic Associate's	Criminology and Forensic Technology	981	90	29/7	N/A	N/A	N/A	N/A
Academic Associate's	Criminal Justice	1020	96	18/9	68.0%	84.6%	**54.97%**	100%
Academic Associate's	**Paralegal	981	90	N/A	N/A	N/A	N/A	N/A
Academic Associate's	Paralegal Studies	1030	96	2/1	**51.4%**	N/A	75%	N/A
Bachelor's	Criminal Justice	1880	180	18/9	79.6%	**58.8%**	84.29%	76.47%
Academic Associate's	Computer Drafting and Design	1140	96	19/1	70.3%	69.0%	71.65%	81.25%
Academic Associate's	Drafting and Design Technology	1058	90	16/7	N/A	N/A	N/A	N/A
Academic Associate's	Graphic Communications and Design	1058	90	28/8	N/A	N/A	N/A	N/A
Academic Associate's	Visual Communications	1120	96	12/3	64.1%	N/A	77.78%	N/A
Bachelor's	Construction Management	2090	180	0/1	84.6%	**50%**	64.29%	N/A
Academic Associate's	Computer and Electronics Engineering Technology	1120	96	16/8	62%	91.7%	70.7%	95.5%
Academic Associate's	Electrical Engineering Technology	1058	90	49/7	N/A	N/A	N/A	N/A

Bachelor's	Electrical and Communications Engineering and Technology	2100	180	12/2	93.8%	**44.4%**	88%	100%
Bachelor's	Electrical Engineering and Communications Technology	2149	180	6/2	N/A	N/A	N/A	N/A
Academic Associate's	Information Technology-Computer Network Systems	1120	96	28/11	80.4%	80.2%	77.3%	81%
Academic Associate's	Network Systems Administration	1058	90	64/19	N/A	N/A	N/A	N/A
Academic Associate's	**Software Development Technology	1120	96	0/0	61%	0%	90.3%	N/A
Bachelor's	Information Systems and Cybersecurity	2164	180	37/5	N/A	N/A	N/A	N/A
Bachelor's	Information Systems Security	2080	180	31/3	81.7%	90.5%	86.5%	100%
Bachelor's	**Software Applications Development	2090	180	0/0	N/A	N/A	N/A	N/A
Bachelor's	**Project Management	2040	180	0/0	84.6%	**33.3%**	90.5%	N/A
	TOTAL ENROLLMENT			491				

Notes: Type in bold any retention rate below 60.0% and any placement rate below 65.0%. Delete either *Sem.* or *Qtr.* in the column 3 heading. Add or delete rows as needed.

* Program reviewed for the first time.

** For any program with no enrollment, either identify below the expected date of enrollment or explain the institution's plans regarding the program. Do not evaluate programs with no enrollment.

*** For any program (s) with specialized accreditation, please indicate the specialized agency, and the grant expiration date(s).

**Programs with No Enrollment:

Bachelor's of science degree in Business Management and associate's degree in Paralegal Studies have not been offered at this location as of this date. Associate's degree in Software Development Technology is being taught out. There are no current enrollments as of the start of the current quarter. The institution will access interest in re-entries and consider surrendering the program. Bachelor's of science degree in Software Applications Development has been surrendered.

Please use this page to give an overall narrative of the institution and to explain any extenuating circumstances.

The ITT Technical Institute in Kansas City, MO is part of a nationwide system of colleges. The school currently offers academic associate degree programs and bachelor degree programs in several areas of study: project/ business management, criminal justice, computer drafting and design, computer and electronic engineering, paralegal, electronic engineering, graphic communications, computer network systems, visual communications, construction management, and information systems. ITT Technical Institute is owned and operated by ITT Educational Services, Inc. (ITT/ESI), a private college system focused on technology-oriented programs of study. ITT/ESI operates more than 125 ITT Technical Institutes in 37 states, which provide career-focused degree programs to more than 80,000 students. Headquartered in Carmel, Indiana, ITT/ESI has been actively involved in the higher education community in the United States since 1969. ITT Technical Institute Kansas City, MO opened in 2004 and moved to its current location in 2006. The school maintains approval to operate from the Missouri Department of Higher Education. The current demographics of the campus include a 20 percent female population and a 80 percent male population with 34 percent comprised of Caucasian or white, non-Hispanic, 14 percent of the population African-American or black, non-Hispanic, 4 percent Hispanic, Asian or pacific islander and 48 percent undisclosed. The campus has a current population of 491 students with the largest program being the associate's of applied science in Network Systems with 83 students. The majority of the students attend during evening classes.

1. MISSION

1.01 Response submitted by Academic Administrative Center

1.02 Response submitted by Academic Administrative Center

1.03 Response submitted by Academic Administrative Center

1.04 Response submitted by Academic Administrative Center

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?

☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?

☒ Yes ☐ No

INSTITUTIONAL EFFECTIVENESS

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?

☒ Yes ☐ No

1.08 Does the campus have its own CEP, separate from the institution's IEP?

☒ Yes ☐ No

1.09 Does the CEP describe the following?

The characteristics of the programs offered.

☒ Yes ☐ No

The characteristics of the student population.

☒ Yes ☐ No

The types of data that will be used for assessment.

☒ Yes ☐ No

Specific goals to improve the educational processes.

☒ Yes ☐ No

Expected outcomes of the plans.

☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?

Student retention.

☒Yes ☐ No

Student placement.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of graduate satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of employer satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Student learning outcomes.

☒ Yes ☐ No

1.11 Describe the student learning outcomes used by the campus in each program and how these outcomes are being assessed.

Academic benchmarks have been established within each program to ascertain that students comprehend the concepts and understand the practical functions to be performed.

Capstone course grades and outcomes assessment (from capstone rubrics) are indicators of program success or failure. Review of capstone courses is considered essential as part of assessing student learning outcomes. It is the objective of each capstone course that program expertise be clearly evidenced. Many of the ITT Technical Institute programs utilize a capstone course to solidify the student's overall learning process and to determine the level of the student's understanding of the program objectives. Beginning in 2009, the dean began tracking class average grades for capstone courses. This will develop a history of data to be used for analyzing student learning outcomes in future CEPs. Assessment of student learning extends beyond grades, and those measures are included in the campus' overall assessment of a program's success or its deficiencies. Additional tools for assessment include student surveys, faculty feedback, advisory committee feedback, student success, and student engagement. Student engagement is measured by student attendance and the ability to complete program courses. Employers are another resource in measuring the graduate's knowledge and determining the level of learning outcomes. In order to monitor the success level of training efforts, the institute surveys employers to obtain their opinion and input in determining success.

1.12 Are the following identified and described in the CEP?

The baseline data for each outcome.

☒ Yes ☐ No ☐ Not Applicable

The data used by the campus to assess each outcome.

☒ Yes ☐ No ☐ Not Applicable

How the data was collected.

☒ Yes ☐ No ☐ Not Applicable

An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.

☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability (previously referred to as AIR) Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?

☒ Yes ☐ No

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?

☒ Yes ☐ No

1.15 Describe the specific activities that the campus will undertake to meet these goals.

The following activities are being implemented to improve placement:
* Career services will identify more opportunities in the areas with lower placement by thoroughly leveraging existing contacts and finding new contacts;
* Career services will continue to monitor the employment status of graduating students;
* Career services will work with employed graduates to establish relationships with employer;.
* A career services specialist is assigned to contact and work with graduates weekly and will provide frequent updates on job openings.

The following activities are being implemented to improve retention:
* Students needing additional one-on-one attention will have increased tutoring opportunities with expanded office hours and open lab times;
* Recruitment representatives will be notified when students do not attend class and will call the student to encourage them to return to class;
* Students receiving grades of D or F will be contacted weekly by their instructor;

* School academic chairs will conduct one-on-one follow-up advising with quarter one students after the term begins;
* School chairs will assist with teaching initial classes in an attempt to improve student success.

1.16 Does the campus have documentation to show the following?

(a) That the IEP has been implemented.

☒ Yes ☐ No

(b) That specific activities listed in the plan have been completed.

☒ Yes ☐ No

(c) That periodic progress reports have been completed.

☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.

The CEP is developed, reviewed, analyzed, maintained, and monitored by a campus steering team. The CEP team consists of the director, dean, associate dean, director of finance, director of recruitment, director of career services, registrar, school chairs and faculty representatives from each school of study. The functional directors work within their departmental teams to perform the actions included in the CEP. The campus director, Mr. David Roustio, has the ultimate responsibility to ensure the implementation of the CEP, and the director has been selected to assume the responsibility of coordinating, organizing, and preparing the summary report of the plan. Mr. Roustio has been the campus director since 2009 and holds a master's of science degree from Webster University.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?

☒ Yes ☐ No

2. ORGANIZATION

2.01 (a) Response submitted by Academic Administrative Center

2.01 (b) Response submitted by Academic Administrative Center

2.01 Is the following information regarding the campus appropriately stated in the catalog?

(c) Names of the administrators.

☒ Yes ☐ No

2.02 Does the campus:

(a) Adequately train its employees?

☒ Yes ☐ No

(b) Provide them with constant and proper supervision?

☒ Yes ☐ No

(c) Evaluate their work?

☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?

☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:

(a) Clearly understand their duties and responsibilities?

☒ Yes ☐ No

(b) Know the person to whom they report?

☒ Yes ☐ No

(c) Understand the standards by which the success of their work is measured?

☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?

☒ Yes ☐ No

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?

☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?

☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Response submitted by Academic Administrative Center

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?

☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?

☒ Yes ☐ No

3.03 Who is the on-site administrator, and what are this person's qualifications?

The director, Mr. Dave Roustio, is the on-site administrator for the ITT Technical Institute, Kansas City, campus. Mr. Roustio joined ITT Technical Institute on April 15, 2009, in his current role of college director. Mr. Roustio brings 20 years of corporate leadership, human resources, financial management, business operations, and compliance leadership. Mr. Roustio is a graduate of Webster University. He served for 17 years with the May Company and Macy's Department Stores in a variety of corporate training, human resources, and operations roles.

3.04 Does the campus list degrees of staff members in the catalog?

☒ Yes ☐ No

If Yes, is appropriate evidence of the degrees on file?

☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?

(a) Response submitted by Academic Administrative Center

(b) Admissions.

☒ Yes ☐ No

(c) Response submitted by Academic Administrative Center

(d) Response submitted by Academic Administrative Center

(e) Guidance.

☒ Yes ☐ No

(f) Instructional resources.

☒ Yes ☐ No

(g) Supplies and equipment.

☒ Yes ☐ No

(h) The school plant.

☒ Yes ☐ No

(i) Faculty and staff.

☒ Yes ☐ No

(j) Student activities.

☒ Yes ☐ No

(k) Student personnel.

☒ Yes ☐ No

3.06 Response submitted by Academic Administrative Center.
ITT Institute, Kansas City, does not accept ability-to-benefit students; therefore questions 3.07 through 3.10 are not applicable.

3.07 Does the campus maintain records for the following that support the admissions determination for ability-to-benefit students?

(a) Validated test scores.

☐ Yes ☐ No

(b) Initial and periodic academic advising.

☐ Yes ☐ No

(c) Initial and periodic career advising.

☐ Yes ☐ No

3.08 Is there evidence of documentation that supports the relationship between test cut-off scores and successful academic or employment outcomes for ability-to-benefit students?

☐ Yes ☐ No

3.09 Does the campus maintain longitudinal data that compares the test cut-off scores utilized for acceptance with the eventual success of ability-to-benefit students?

☐ Yes ☐ No ☐ Not Applicable (campus has not admitted ATB students long enough to have developed such data)

3.10 Describe the data used for ability-to-benefit student determination and how it is analyzed.

3.11 Do student files contain evidence of graduation from high school or the equivalent?

☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?

☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?

☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?

☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?

☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?

☒ Yes ☐ No

4. RELATIONS WITH STUDENTS

4.01 How many student files were reviewed during the evaluation?

40 files were reviewed during the evaluation.

The team requested 50 student files from the institution during the morning of the first day. After repeated requests, the team was brought the first set of files (graduates) at approximately 4 p.m. The remainder of the files were not brought to the team room until close to the end of the first day of the visit. A staff member had to then be asked to come to the team room and organize the multiple files so that one student's multiple files were stacked together (i.e. admissions file, financial aid file, placement file).

4.02 How does the institution ensure that its student relations reflect high ethical standards?

The institution ensures that its student relations reflect high ethical standards by utilizing policies and procedures that help guide its daily operations, including admissions and student relations. These policies and procedures are consistent with the mission and purpose of the institution and are available to all students and prospective students, both electronically and through other appropriate publications.

4.03 Does the campus have appropriate admissions criteria?

☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?

☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?

☒ Yes ☐ No

4.06 Reviewed at Academic Administrative Center.

4.07 Is the admissions policy publicly stated?

☒ Yes ☐ No

4.08 Is the admissions policy administered as written?

☒ Yes ☐ No

4.09 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?

Ms. Barbie Bell is the director of recruitment at the ITT Kansas City campus. Ms. Bell holds a bachelor's degree in Marketing from Central Missouri State University. She has served in this capacity since February, 2011 and served as a representative/manager of recruitment for ITT from 2006 to 2011. Prior to beginning employment with ITT, she served as a marketing coordinator and a medical office specialist for two years.

4.10 Describe the process for the recruitment of new students.

The admissions department receives its prospective student leads from the ITT corporate office's advertising, directly from inquiries on the campus's website, and referrals from other students. An appointment is set with a prospective student to discuss ITT and its programs. The admissions interview is an established electronic format which ensures that all admissions personnel are trained on and deliver the same presentation to prospective students. Following the interview, the prospective student takes a tour of the facility, and if interested, completes an application and enrollment agreement. An appointment is set with financial aid to determine whether the student is eligible for any Title IV funding.

Are these recruiting practices ethical and compatible with the educational objectives of the institution?

☒ Yes ☐ No

4.11 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?

(a) Courses and programs.

☒ Yes ☐ No

(b) Services.

☒ Yes ☐ No

(c) Tuition.

☒ Yes ☐ No

(d) Terms.

☒ Yes ☐ No

(e) Operating policies.

☒ Yes ☐ No

4.12 Does the institution use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?

☐ Yes ☒ No

4.13 Does the state in which the campus operates require representatives to be licensed or registered?

☐ Yes ☒ No

4.14 Are the titles of recruitment and enrollment personnel appropriate?

☒ Yes ☐ No

4.15 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?

☒ Yes ☐ No

4.16 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?

☒ Yes ☐ No

4.17 Reviewed at Academic Administrative Center.

4.18 Is there evidence that the campus properly awards transfer of credit?

☒ Yes ☐ No ☐ Not Applicable

4.19 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another institution?

☒ Yes ☐ No

4.21 Is the standards of satisfactory academic progress policy published in the catalog?

☒ Yes ☐ No

If Yes, state the page number(s) where the standards of satisfactory academic progress policy is published?

The standards of satisfactory academic progress (SAP) appear on pages 70-74 of the October 1, 2012 catalog. Additionally, the team was provided with an updated SAP policy statement with an effective date of 7/25/2012.

4.22 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?

(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.

☒ Yes ☐ No

(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.

☒ Yes ☐ No

(c) Procedures for re-establishing satisfactory academic progress.

☒ Yes ☐ No

(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:

Withdrawals.

☒ Yes ☐ No

Incomplete grades.

☒ Yes ☐ No

Repeated courses.

☒ Yes ☐ No

Non-punitive grades.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

Non-credit or remedial courses.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

A probationary period.

☒ Yes ☐ No

An appeal process.

☒ Yes ☐ No

An extended-enrollment status.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

The effect when a student changes programs.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one program of study

The effect when a student seeks to earn an additional credential.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one credential)

The implications of transfer credit.

☒ Yes ☐ No

4.23 Does the campus apply its SAP standards consistently to all students?

☒ Yes ☐ No

4.24 Are students who are not making satisfactory academic progress properly notified?

☒ Yes ☐ No ☐ Not Applicable (no students are in violation of SAP)

4.25 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?

☒ Yes ☐ No

4.26 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or its equivalent?

☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.27 Are students who are not making satisfactory academic progress at the end of the second year dismissed?

☒ Yes ☐ No ☐ Not Applicable (all programs are less than two years)

4.28 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?

☒ Yes ☐ No

4.29 Are students allowed to remain on financial aid during the probationary period?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

If Yes, is the student informed of this policy?

☒ Yes ☐ No

4.30 Are students whose appeals are granted due to mitigating circumstances placed on probation and considered to be making satisfactory academic progress?

☒ Yes ☐ No

4.31 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment and/or does not participate in financial aid)

4.32 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment)

4.33 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?

☐ Yes ☐ No ☒ Not Applicable (there is no such student)

4.34 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?

☒ Yes ☐ No

4.35 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?

Ms. Joy Vann-Hamilton joined the Kansas City campus as dean on September 24, 2012. As dean, she is responsible for monitoring students' satisfactory academic progress. Ms.Vann-Hamilton holds a master's degree in Business Administration (MBA) from Notre Dame, a bachelor's degree in Psychology from Wichita State University, an associate's degree in General Studies from Fort Scott Community College, and is pursuing a doctorate degree in Curriculum and Instruction from Andrews University.

Ms. Vann-Hamilton has served other institutions as a college dean for four years, a vice president of program operations for one year, an assistant provost and director of faculty learning for five years, and a director for minority engineering programs for ten years. She has also served as an educational consultant for one year.

4.36 Does the institution encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?

☒ Yes ☐ No

4.37 Reviewed at the institution level.

4.38 Does the institution fully disclose the terms, conditions, and application procedures regarding institutional scholarship and grant programs in its catalog?

☒ Yes ☐ No ☐ Not Applicable (institution offers loans only)

4.39 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?

☒ Yes ☐ No

4.40 Do the financial records of students clearly show the following?

(a) Charges.

☒ Yes ☐ No

(b) Dates for the posting of tuition.

☒ Yes ☐ No

(c)Fees.

☒ Yes ☐ No

(d) Other charges.

☒ Yes ☐ No

(e) Payments.

☒ Yes ☐ No

(f) Dates of payment.

☒ Yes ☐ No

(g) The balance after each transaction.

☒ Yes ☐ No

4.41 Are tuition and fees clearly stated on the enrollment agreement or in the catalog?

☒ Yes ☐ No

If Yes, have students confirmed receiving a copy of the catalog or enrollment agreement (if one is used)?

☒ Yes ☐ No ☐ Not Applicable

4.42 Is the effective date listed on announcements of changes in tuition and fees?

☒ Yes ☐ No ☐ Not Applicable (institution has not changed tuition or fees)

4.43 Is the institution's refund policy published in the campus catalog?

☒ Yes ☐ No

4.44 Is the refund policy fair, equitable, and applicable to all students?

☒ Yes ☐ No

4.45 Is the campus following its stated refund policy?

☒ Yes ☐ No

4.46 Does the campus offer financial aid?

☒ Yes ☐ No (Skip to Question 4.53.)

4.47 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?

Ms. Anita Phillips is the director of finance. She has held this position since May 2008. Prior to this position, she served as financial aid administrator at this campus for four years. Prior to joining ITT, she had two years experience as business manager/registrar and as assistant director (eight years) with other educational institutions.

Ms. Phillips holds a diploma in Office Education from Manhattan Area Vo Tech.

4.48 Is the person who determines the amount of student awards not also responsible for disbursing those awards?

☒ Yes ☐ No

4.49 Are final student financial aid award determinations made by administrative individuals who are not responsible for recruitment?

☒ Yes ☐ No

4.50 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?

☒ Yes ☐ No

If No, insert the section number in parentheses and explain:

While the team was on-site, they were provided with evidence that Ms. Phillips had renewed her membership in the National Association of Student Financial Aid Administrators (NASFAA).

4.51 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).

The director of finance stays current with regulation and policy changes through internal electronic training modules from ITT. She has participated in six ESI training sessions in 2012 including topics such as "FAA Access to CPS Online," "ISIR Management" and "Financial Aid Compliance Training." She also participated in two webinars offered by Great Lakes Training on "Professional Judgment Perplexities" and "Dependency Status Dilemmas."

4.52 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?

☒ Yes ☐ No

4.53 Does the campus provide discounts for cash received in advance of the normal payment schedule?

☐ Yes ☒ No (Skip to Question 4.54.)

4.54 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.

Student services offered by the campus include tutoring (faculty members are paid for their tutoring services), student orientation and academic advisement.

4.55 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?

☒ Yes ☐ No ☐ Not Applicable

4. 56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?

☒ Yes ☐ No

4.57 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?

Mr. Ron Kroeger is the director of career services. Mr. Kroeger holds a bachelor's degree in Management Human Resources from Park University. Mr. Kroeger has served as director of career services since November, 2009. Prior to joining ITT, he spent six years in the employment staffing industry working for three different staffing agencies.

4.58 Does the institution offer employment assistance to all students?

☒ Yes ☐ No ☐ Not Applicable (institution enrolls only international students on a student visa)

4.59 Does the campus use placement percentages or salary projections as part of its recruiting activities?

☐ Yes ☒ No

4.60 Is the beginning enrollment on the most current Campus Accountability Report (CAR, previously referred to as the AIR) the same as the ending enrollment reported on the previous year's CAR?

☒ Yes ☐ No

4.61 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?

☒ Yes ☐ No ☐ Not Applicable

4.62 Are students who receive financial aid counseled concerning their student loan repayment obligations?

☒ Yes ☐ No

4.63 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.

The institution has a standardized process of providing student loan counseling. Students are required to complete an entrance and exit interview, as well as loan counseling forms when re-packaging. Enrolling students are required to view a video during the financial aid application process.

4.64 Describe the extracurricular activities of the institution (if applicable).

The students reported that extracurricular activities have included barbecues, clothing drives for local charities, volunteer opportunities at an orphanage, three student societies and one student fraternity.

GENERAL COMMENTS:

The team found the wording of the SAP policy and procedures to be ambiguous and very broadly written. The team believes that it is written in a way that has the potential to be confusing to students and to the school personnel who are charged with following the policy; in particular with regard to the ability of a student to appeal a SAP dismissal at the end of the second year.

While the team did review several student appeals for SAP, they contained vague language with regard to the mitigating circumstances and the steps the student will take to improve upon their performance.

5. EDUCATIONAL ACTIVITIES

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?

☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?

Ms. Joy Vann-Hamilton, dean, is assigned to oversee the educational activities at the ITT, Kansas City campus. She holds a master's degree in Business Administration from University of Notre Dame and a bachelor's degree in Psychology from Wichita State University. She became dean on September 24, 2012. Prior experience includes principal consultant with Cum Laude Educational Consultants, academic regional dean at Vatterott College, principal investigator with NSF Project, Go The Distance Multimedia vice-president, program operations with Kauffman Scholars, Inc. and assistant provost, University of Notre Dame.

5.03 Does this person have appropriate academic or experiential qualifications?

☒ Yes ☐ No

5.04 Describe how the institution makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.

The team has found provisions for program administrators and educational chairs to have sufficient authority and responsibility for the development and administration of the programs. While the ITT system has handbooks, programs, and protocols for making changes in corporate syllabi and administrative procedures, each campus is allowed the academic freedom to evaluate the needs of their own students and facility. The Kansas City, MO campus of ITT has faculty on the corporate curriculum committee which allows for integral enhancements. An informal network is also in place where faculty, both full time and part-time, can visit with their program chair and advise for enhancements and improvements.

5.05 Is the time devoted to the administration of the educational programs sufficient?

☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?

☒ Yes ☐ No

5.07 Reviewed at Academic Administrative Center.

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?

☒ Yes ☐ No

5.09 Does the campus have any programs that carry specialized or programmatic accreditation?

☐ Yes ☒ No (Skip to question 5.10)

5.10 Are the educational programs consistent with the campus mission and the needs of its students?

☒ Yes ☐ No

5.11 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?

☒ Yes ☐ No

5.12 What provisions are made for individual differences among students?

The campus supports students with identified learning difficulties through peer and faculty tutoring. In addition, the resource center personnel provide additional academic support. This office is staffed by appropriately qualified individuals. In addition, department chairpersons provide tutoring on a regular basis through individual appointments but also through posted hours.

5.13 Describe the system in place to evaluate, revise, and make changes to the curriculum.

ITT has a very detailed curriculum structure that provides for a streamlined process for curriculum revision, evaluation, and administration. Faculty members from all disciplines at the campus are encouraged to participate in this process. Some faculty participants have been selected to serve on corporate-wide curriculum committees. They can offer suggestions to the appropriate personnel within the organizational structure (usually the program chair). The curriculum system has a detailed policy on the process for curriculum change in the faculty handbook. This policy provides consistency by having prescribed syllabi and outcomes and provides enough academic freedom to allow faculty to enhance the curriculum.

5.14 Does the faculty participate in this process?

☒ Yes ☐ No

5.15 Reviewed at Academic Administrative Center.

5.16 If the institution awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?

☐ Yes ☐ No ☒ NA (institution does not award such credit)

5.17 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?

☒ Yes ☐ No

5.18 Are the following appropriate to adequately support the number and nature of the general education courses? (If only nondegree programs are offered with no general education courses, skip to 5.19)

Facilities

☒ Yes ☐ No

Instructional equipment

☒ Yes ☐ No

Resources

☒ Yes ☐ No

Personnel

☒ Yes ☐ No

5.19 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?

☒ Yes ☐ No

5.20 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?

☒ Yes ☐ No

5.21 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?

☒ Yes ☐ No

5.22 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?

☒ Yes ☐ No

5.23 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?

☒ Yes ☐ No ☐ Not Applicable (no faculty members hold foreign credentials)

5.24 Is there documented evidence of a systematic program of in-service training at the campus?

☒ Yes ☐ No

If Yes, how is this documented?

The campus has a binder listing in-service training, with a sign-in log to document instructor/staff participation.

5.25 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?

☒ Yes ☐ No

5.26 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?

☒ Yes ☐ No

5.27 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATES'S, AND BACHELOR'S DEGREES ONLY

5.28 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the Accreditation Criteria?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

5.31 Reviewed at Academic Administrate Center.

5.32 Reviewed at Academic Administrate Center.

5.33 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

BACHELOR'S DEGREES ONLY

5.34 Reviewed at Academic Administrate Center.

5.35 Reviewed at Academic Administrate Center.

5.36 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

The campus consists of 23,000 square feet, which contain theory classrooms, laboratories, administrative offices, library, and bookstore. The facility has a capacity for 653 students and staff. The institution has not exceeded this size. Ample parking is available for students, staff, and visitors. The facility is in compliance with the ADA as well as other federal, state, and local ordinances and regulations, including those relating to safety and health. The facility contains working environments for finance, recruitment, career services and academic affairs; a student lounge, an employee lounge, testing rooms, and conference rooms are also available. The main student areas are comprised of electronics labs, computer labs, theory classrooms, and the learning resource center.

6.02 Does the campus utilize any additional space locations?

☐ Yes ☒ No

6.03 Does the campus utilize campus additions?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and campus additions) appropriate for the size of the student population and the programs offered?

☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and campus additions)?

(a) Equipment

☒ Yes ☐ No

(b) Instructional tools

☒ Yes ☐ No

(c) Machinery

☒ Yes ☐ No

6.06 Is there evidence on file to show that all campus facilities are in compliance with fire, safety, and sanitation regulations?

☒ Yes ☐ No ☐ Not Applicable

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?

The team reviewed the ITT Kansas City, MO 2012-2013 catalog, Volume 22, published October 1, 2012.

7.02 Does the self-study accurately portray the campus?

☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and provided to all enrolled students?

☒ Yes ☐ No

7.04 Does the catalog contain the following items?

(a) A table of contents and/or an index.

☒ Yes ☐ No

(b) An indication of the year or years for which the catalog is effective on the front page or cover page.

☒ Yes ☐ No

(c) The names and titles of the administrators.

☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.

☒ Yes ☐ No

(e) A statement of accreditation

☒ Yes ☐ No ☐ Not Applicable (initial applicant)

(f) A mission statement.

☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.

☒ Yes ☐ No

(h) An academic calendar.

☒ Yes ☐ No

(i) A full disclosure of the admission requirements.

☒ Yes ☐ No

(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.

☒ Yes ☐ No

(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.

☒ Yes ☐ No

(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.

☒ Yes ☐ No

(m) A definition of the unit of credit.

☒ Yes ☐ No ☐ Not Applicable (The institution does not award credit)

(n) A complete explanation of the standards of satisfactory academic progress.

☒ Yes ☐ No

(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.

☒ Yes ☐ No

(p) The transfer of credit policy.

☒ Yes ☐ No

(q) A statement of the tuition, fees, and any other charges.

☒ Yes ☐ No

(r) A complete and accurate listing of all scholarships offered.

☒ Yes ☐ No ☐ Not Applicable (no scholarships offered)

(s) The refund policy.

☒ Yes ☐ No

(t) A statement describing the student services offered.

☒ Yes ☐ No

(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the institution offer degree programs?

☒ Yes ☐ No

If Yes, does the catalog contain the following?

(a) An explanation of the course numbering system (for all levels).

☒ Yes ☐ No

(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).

☒ Yes ☐ No

(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).

☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).

☒ Yes ☐ No

7.06 Does the institution offer courses and/or programs via distance education?

☐ Yes ☒ No (Skip to Question 7.07.)

7.07 Does the catalog contain an addendum/supplement?

☐ Yes ☒ No (Skip to Question 7.08.)

7.08 Is the catalog available online?

☒ Yes ☐ No (Skip to Question 7.09.)

If Yes, does it match the hard copy version?

☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?

☐ Yes ☒ No (Skip to Question 7.10.)

7.10 Is all advertising and promotional literature, including the campus' Web site, truthful and dignified?

☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?

☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?

The campus uses several modes of advertisement including newspaper publications, television, Yellow Pages, high school recruitment and online mediums.

Are the advertisements under acceptable headings?

☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?

☒ Yes ☐ No (Skip to Question 7.14.)

If Yes, is there evidence that prior consent was obtained and that remuneration was not made for the consent or the use of the advertisement?

☒ Yes ☐ No

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No (Skip to Question 7.15.)

7.15 Does the campus avoid offering monetary incentives to attract students or for failure in job placement?

☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?

☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?

☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?

☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?

☒ Yes ☐ No

8.05 Reviewed at Academic Administrative Center.

8.06 Reviewed at Academic Administrative Center.

<u>OCCUPATIONAL ASSOCIATES, ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S DEGREES ONLY</u>

8.07 Reviewed at Academic Administrative Center.

8.08 Reviewed at Academic Administrative Center.

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?

The budget for the ITT, Kansas City campus is $2400.00 for the current year. The library has spent, $1614.71 or 67% of allocated budget, on books for criminal justice, electronic kits for the library, supplies for electronic kits, and publications/subscriptions.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?

☒ Yes ☐ No

<u>ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S DEGREES ONLY</u>

8.12 Reviewed at Academic Administrative Center.

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?

☒ Yes ☐ No

8.14 Reviewed at Academic Administrative Center.

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?

☐ Yes ☐ No ☒ Not Applicable (no interlibrary agreements)

8.16 Reviewed at Academic Administrative Center.

8.17 Reviewed at Academic Administrative Center.

8.18 Reviewed at Academic Administrative Center.

ACADEMIC ASSOCIATE'S AND BACHELOR'S DEGREES ONLY

8.19 Reviewed at Academic Administrative Center.

8.21 Reviewed at Academic Administrative Center.

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?

☒ Yes ☒ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?

☒ Yes ☐ No

GENERAL COMMENTS:

The team found the learning resource center to be well organized, well-staffed with library assistants who are very helpful to students, instructors, and staff.

9. PROGRAM EVALUATION

Academic associate's degree in Computer and Electronics Engineering Technology

Academic associate's degree in Electrical Engineering Technology

Bachelor's of science degree in Electronics and Communications Engineering Technology

Bachelor's of science degree in Electrical Engineering and Communications Technology

ALL PROGRAMS

9.01 See response from Academic Administrative Center

(a) See response from Academic Administrative Center

(b) See response from Academic Administrative Center

(c) See response from Academic Administrative Center

(d) See response from Academic Administrative Center

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. David Baird is the chair assigned to administer the academic program for Electronics Technology for both the associate's and bachelor's degree programs. Mr. Baird holds a bachelor's degree in Electronics Technology from Devry Institute in Kansas City, Missouri and a master's degree in Music Composition from the University of Missouri in Kansas City, Missouri. Mr. Baird also has over 20 years of experience in industry directly related to the electronics field. Mr. Baird is also an active member of the Institute of Electrical and Electronics Engineers (IEEE).

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The team found in reviewing the community resource binder and interviewing the chair for the Electronics program that community resources were being utilized to enrich the Electronics program. The team found evidence of guest speakers such as Matt Simmons, a technical services coordinator with Rhythm Engineering and also a graduate of the program, and Wesley Berry, an electrical engineer with Johnson Controls, were utilized. The documentation shows that there was very good representation of students at each event. There was also evidence of two field trips that directly related to the studies in electronics.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at Academic Administrative Center.

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at Academic Administrative Center.

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at Academic Administrative Center.

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out -of-class work assignments that support the learning objectives for most courses.
(Section 3-1-513 and Glossary): There is not a description in the syllabus of the minimum amount of time the student is expected to spend on completion of the work assignments. Although the campus provided samples of some graded homework assignments, the syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The following number of calls were made to employers for the following programs:
Academic associate's degree in Computer and Electronics Engineering Technology - 8
Bachelor's degree in Electronics and Communications Engineering Technology - 6

How many calls to employers or graduates were successful?

The following number of calls, by program, were successful:
Academic associate's degree in Computer and Electronics Engineering Technology - 4
Bachelor's degree in Electronics and Communication Engineering Technology - 3

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All of the calls where contact was made confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.
In the "credit hour" section on page 62 of the campus' 2012-2013 catalog, volume 22, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:
(Section 2-2-503(a)): The team did not find adequate evidence that out-of-class work or the equivalency is being evaluated in all courses. Discussion with the faculty and the students in the Electronics program indicated as little as two hours of out-of-class work was assigned per 4 credit hours to 4.5 credit hours of classroom instruction. Students in the Electronics program verified that they were given homework in most classes and it was graded; however it was only two to three hours per class.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at Academic Administrative Center.

<u>NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY</u>

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

<u>OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY</u>

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at Academic Administrative Center

If No, insert the section number in parentheses and explain:

The team found in interviewing the chair that the Electronics program is in the process of hiring an additional faculty person to fill the position left vacant from an adjunct instructor that retired at the end of the last quarter. This has created an temporary extra load on the chair to cover an additional class; however, there was not found evidence that this interfered with the chair performing his normal duties.

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at Academic Administrative Center.

9.39 Reviewed at Academic Administrative Center.

9.40 Reviewed at Academic Administrative Center.

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at Academic Administrative Center.

BACHELOR'S DEGREES ONLY

9.43 Reviewed at Academic Administrative Center.

9.44 Reviewed at Academic Administrative Center.

9.45 Reviewed at Academic Administrative Center.

9.46 Reviewed at Academic Administrative Center.

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at Academic Administrative Center.

9. PROGRAM EVALUATION

Academic associate's degree in Computer Network Systems

Academic associate's degree in in Network Systems Administration

Bachelor's of science degree in Information Systems and Cybersecurity

Bachelor's of science degree in Information Systems Security

ALL PROGRAMS

9.01 Reviewed at Academic Administrative Center.

(a) Reviewed at Academic Administrative Center.

(b) Reviewed at Academic Administrative Center.

(c) Reviewed at Academic Administrative Center.

(d) Reviewed at Academic Administrative Center.

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ray Childers is the assigned program chair of computer network systems, network systems administration, information systems and cybersecurity, and information systems security. He has a bachelor's degree in Computer Science from Northeastern Missouri State University and a master's degree in Business Administration from University of South Carolina. He is a computer network system professional with over 20 years of experience in information technology. He has substantial knowledge of PC hardware, Cisco router and switch configuration, WAN support and Ethernet. Mr. Childers efficiently utilizes a computer system and related software including Microsoft Office, analysis of protocols, and internet proficiencies.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The faculty members, and administrative staff interviewed stated that community resources used to enrich the computer network system network systems administration, information systems and cybersecurity and information systems security program included guest speakers, field trips to appropriate industrial/commercial sites, and advisory board members from the community. Furthermore, the student council provides extracurricular activities on campus. The team reviewed documentation of minutes for the last student field trips, both of which took place in 2011 and 2012.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at Academic Administrative Center.

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the progra or no student is far enough along in the program)

9.12 Reviewed at Academic Administrative Center.

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at Academic Administrative Center.

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No
If *No,* insert the section number in parentheses, list the courses, and explain:
Section 3-1-513(a) and Glossary: Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for the several courses.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The following number of calls was made to employers for the following programs:
Academic associate's degree in Computer Network Systems - 60
Academic associate's degree in Network Systems Administration - N/A
Bachelor 's degree in Information Systems and Cybersecurity - N/A
Bachelor's degree in Information Systems Security - 19

How many calls to employers or graduates were successful?

The following number of calls, by program, was successful:
Academic associate's degree in Computer Network Systems - 44
Academic associate's degree in Network Systems Administration - N/A
Bachelor's degree in Information Systems and Cybersecurity - N/A
Bachelor's degree in Information Systems Security - 15

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All of the calls where contact was made confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.
The campus uses the federal conversion formulas to convert clock hours to credit hours. The team was provided documentation to verify this information. In the "credit hour" section page 61 of the campus'2012-2013 catalog, volume 22, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at Academic Administrative Center.

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.33 Reviewed at Academic Administrative Center.

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at Academic Administrative Center.

9.39 Reviewed at Academic Administrative Center.

9.40 Reviewed at Academic Administrative Center.

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at Academic Administrative Center.

BACHELOR'S DEGREES ONLY

9.43 Reviewed at Academic Administrative Center.

9.44 Reviewed at Academic Administrative Center.

9.45 Reviewed at Academic Administrative Center.

9.46 Reviewed at Academic Administrative Center.

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at Academic Administrative Center.

9. PROGRAM EVALUATION

Academic associate's degree in Visual Communications

Academic associate's degree in Graphic Communications and Design

ALL PROGRAMS

9.01 See response from Academic Administrative Center

(a) See response from Academic Administrative Center

(b) See response from Academic Administrative Center

(c) See response from Academic Administrative Cabinet

(d) See response from Academic Administrative Cabinet

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Rafil Dabbagh serves as the chair for the School of Drafting and Design. Mr. Dabbagh holds a bachelor's of science degree in Chemical Engineering from Bagdhad University and a diploma in Computer-Aided Design from Vatterott College. Outside of education, Mr. Dabbagh has held steel detailer and senior detailer jobs with Steel Structure Construction. Mr. Aaron Garrison serves as the program chair and subject matter expert for visual communications and graphic communications and design. Mr. Garrison holds an associate's of science degree in Graphic Design from Johnson County Community College and a bachelor's of science degree in Media Arts from the Art Institute of Pittsburgh.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The design program areas at ITT Technical Institute Kansas City use community resources to augment classroom study. Visual Communications and Graphic Communications and Design students went on several field trips including Kingston Printing, Nelson Atkins Art Gallery, and Trinity Animation. Additionally, Mr. John Cropper, journalist, appeared as a guest speaker in class.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at Academic Administrative Center.

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at Academic Administrative Center.

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at Academic Administrative Center.

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.
In the "credit hour" section on page 61 of the campus' 2012-2013 catalog, volume 22, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.
(Section 2-2-503): There is no evidence that out-of-class work or the equivalency is being evaluated in all courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at Academic Administrative Center.

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at Academic Administrative Center.

9.39 Reviewed at Academic Administrative Center.

9.40 Reviewed at Academic Administrative Center.

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at Academic Administrative Center.

GENERAL COMMENTS:

Mr. Dabbagh, chair of the School of Drafting and Design is wonderful. He shows great enthusiasm for his job and cares about student success. He is very willing to open up and converse about the college, his experiences, and his background. The same can be said for the instructors in the program. Interviews with faculty were very positive and the interviewees were very interested in the success of the students.

Faculty members in the Visual Communications and Graphic Communications and Design programs need to be reassured that it is okay to supplement the ITT approved curriculum with real-world projects in the classroom.

Students requested daycare options on campus and laptops/software to use off campus. Commutes to campus made working on homework outside of class difficult.

9. PROGRAM EVALUATION

Academic associate's degree in Drafting and Design Technology

Academic associate's degree in Computer Drafting and Design

ALL PROGRAMS

9.01 See response from Academic Administrative Center

(a) See response from Academic Administrative Center

(b) See response from Academic Administrative Center

(c) See response from Academic Administrative Cabinet

(d) See response from Academic Administrative Cabinet

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Rafil Dabbagh is assigned to administer the Design Drafting program. Mr. Dabbagh has a bachelor's of science degree in Chemical Engineering from the University of Baghdad. The Foreign Academic Credentials Service and a National Association of Credential Evaluation Services (NACES) member verified his transcripts to the equivalent to a bachelor's degree with a major in Chemical Engineering.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

Community resources are adequately used to enrich the drafting and design and computer aided drafting and design programs at the Kansas City campus. The team determined Mr. Larry Schmit of Riewit Engineering, was a guest speaker on September 26, 2012, to discuss AutoCAD 3D modeling 2012 version. The team also determined Mr. Michael Vodehnal took his capstone class on a field trip on September 16, 2012, to a railroad site for site surveying.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at Academic Administrative Center.

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at Academic Administrative Center.

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at Academic Administrative Center.

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
Section 3-1-513(a): Course syllabi do not include, as appropriate, out of class work assignments that support the learning objectives for most courses.
Although the campus provided sample of some graded homework assignments, the majority of syllabi provided to the team indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The following number of calls was made to employers for the following programs:
Academic associate's degree in Drafting and Design Technology - 10
Academic associate's degree in Computer Drafting and Design - 10

How many calls to employers or graduates were successful?

The following number of calls, by program, were successful:
Academic associate's degree in Drafting and Design Technology - 0
Academic associate's degree in Computer Drafting and Design - 9

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All of the calls where contact was made confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.
In the "credit hour" section on page 61 of the campus' 2012-2013 catalog, volume 22, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:
(Section 2-2-503) The team did not find adequate evidence that out-of-class work or the equivalency is being evaluated in all courses. Discussion with instructors indicated as little as two hours and no more than seven hours of out-of-class work were assigned per four credit hours of classroom or direct faculty instruction. Students in the Drafting and Design program estimated an average of four hours a week of out-of-class work. Eight to nine hours of out-of-class work would be required by the criteria or evaluation.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at Academic Administrative Center.

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

GENERAL COMMENTS:

The Drafting and Design program permits the student to learn several different design computer programs, AutoCadd, Revit and Inventor are a few examples. This will allow the student to have more career opportunities in several industries.

9. PROGRAM EVALUATION

Bachelor's of science degree in Construction Management

ALL PROGRAMS

9.01 See response from Academic Administrative Center.

(a) See response from Academic Administrative Center.

(b) See response from Academic Administrative Center.

(c) See response from Academic Administrative Center.

(d) See response from Academic Administrative Center.

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Rafil Dabbagh is the chairperson of the school of Drafting and Design and the Construction Management program. His bachelor's of science degree is from the University of Baghdad (Iraq) and has been approved by the Foreign Academic Credentials Services (NACES) as equivalent to a bachelor's degree earned at a regionally accredited college in the United States. He has six years relevant industry experience. He has been an adjunct instructor at ITT Technical Institute, Kansas City since 2007. He has held the chairperson position since 2011.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

The team found evidence that the effective use of community resources are utilized to enrich the program. The program has had five guest speakers and one field trip and there is also a program advisory committee that meets twice per year. The PAC serves to encourage involvement in providing guest speakers.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at Academic Administrative Center.

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at Academic Administrative Center.

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at Academic Administrative Center.

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?
There were two calls made to employers and graduates.

How many calls to employers or graduates were successful?
There was one successful call to employers and graduates.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
The successful contact confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes¸* briefly describe the documentation of evaluation viewed on site.
Visitation with instructors and students verified evaluation of homework and provided examples of current work that is to be handed back to students.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at Academic Administrative Center.

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at Academic Administrative Center.

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

BACHELOR'S DEGREES ONLY

9.43 Reviewed at Academic Administrative Center.

9.44 Reviewed at Academic Administrative Center.

9.45 Reviewed at Academic Administrative Center.

9.46 Reviewed at Academic Administrative Center.

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at Academic Administrative Center.

GENERAL COMMENTS:

The program leadership is very positive and very cooperative in helping with materials needed for this visit.

9. PROGRAM EVALUATION

Academic associate's degree in Paralegal Studies

ALL PROGRAMS

9.01 See response from AAC

(a) See response from Academic Administrative Center.

(b) See response from Academic Administrative Center.

(c) See response from Academic Administrative Center.

(d) See response from Academic Administrative Center.

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Julia Viles is assigned to administer the Paralegal Program. Ms. Viles has a master's degree of Management from University of Phoenix (Kansas City, Missouri) and a bachelor's of arts degree in Criminal Justice and Criminology from University of Missouri Kansas City (Kansas City, Missouri) . Ms. Viles is supported by Ms. Wendy Staton, the paralegal lead instructor/subject matter specialist. Ms. Staton has a master's of arts degree in Legal Analysis and a certificate in Paralegal Studies from Webster University (Kansas City, Missouri) and a bachelor's in science degree in Criminal Justice from University of Central Missouri (Warrensburg, Missouri).

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

If No insert section numbers 2-1-809, 3-1-512 and 3-1-111 in parentheses and explain:

To meet the retention goal of 65%, the institution is focusing on activities that will assist in increasing its graduation rate.

9.07 List the community resources and how they are utilized to enrich the program(s).

The paralegal program has an active advisory board that consists of attorneys and paralegals in the community. The students have gone on field trips to the law library, and law offices. Several local attorneys have come in as guest speakers.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at Academic Administrative Center.

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at Academic Administrative Center.

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at Academic Administrative Center.

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No
If *No,* insert the section number in parentheses, list the courses, and explain:
Section 3-1-513(a) Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?
None – there have been no graduates.

How many calls to employers or graduates were successful?
None – there have been no graduates.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
None – there have been no graduates.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "credit hour" section on page 62 of the campus 2012-2013 catalog, volume 22, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 2-2-503a) There is no evidence that out-of-class work or the equivalency is being evaluated in all courses. Instructors and students confirmed they were doing out-of-class work that was equivalent to two to three hours per week.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Renewed at Academic Administrative Center.

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at Academic Administrative Center.

9.39 Reviewed at Academic Administrative Center.

9.40 Reviewed at Academic Administrative Center.

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at Academic Administrative Center.

9. PROGRAM EVALUATION

Academic associate's degree in Business Management
Bachelor's of science degree in Project Management
Bachelor's of science degree in Project Management and Administration

Bachelor's of science degree in Project Management and Administration, Construction Option
Bachelor's of science degree in Project Management and Administration, Information Technology Option

ALL PROGRAMS

9.01 See response from Academic Administrative Center.

(a) See response from Academic Administrative Center.

(b) See response from Academic Administrative Center.

(c) See response from Academic Administrative Center.

(d) See response from Academic Administrative Center.

If No for this campus, does the Campus Effectiveness Plan (CEP) include an improvement plan for this program with data, analysis and activities to meet or exceed Council requirements?

☒ Yes ☐ No

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Julia Viles is assigned to administer the academic programs of academic associate's degree of Business Management, bachelor's of science degree in Project Management, bachelor's of science degree in Project Management and Administration, bachelor's of science degree in Project Management and Administration with a concentration in Construction Option, and bachelor's of science degree in Project Management and Administration with an Information Technology Option. Ms. Viles received her bachelor's of arts degree in Criminal Justice from the University of Missouri, a bachelor's of art degree in Sociology from the University of Missouri, and a master's degree in Management from the University of Phoenix. Project Management has three separate concentrations. Ms. Viles receives subject matter and curriculum-related support for the Construction Option and Information Technology Option from the chairs of those departments. Ms. Viles has recently started attending classes to earn her master's in science degree in Information Assurance and Security from Capella University. Ms. Viles is a dedicated manager with over nine years experience in retail and education. Prior to joining ITT Technical Institute, Ms. Viles worked for Community America Credit Union conducting investigations related to retail crimes.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☒ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

The team found, after review of the community resources binder and after speaking with the Business Program chairperson, that the Business and Project Management programs are currently not utilizing community resources. The team was shown one technology related resource, but found the resourced insufficient for business and project management students. The team found a greater need for program specific speakers, field trips, outside resources, and other related resources to this program. The program has been in existence for nine months without appropriate resources.

9.08 Are these resources sufficient?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-512(c))
The team found that resources of the community are not being utilized to enrich these programs.

9.09 Reviewed at Academic Administrative Center.

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at Academic Administrative Center.

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

If No, insert the section number in parentheses and explain:

While the school uses independent studies on occasion, the programs evaluated in this section are not currently utilizing independent studies.

9.14 Reviewed at Academic Administrative Center.

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For campuses participating in Title IV that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☐ Yes ☒ No
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?
The following number of calls was made to employers for the following programs:
Academic associate's degree in Business Management – 0
Bachelor's of science degree in Project Management – 2
Bachelor's of science degree in Project Management and Administration – 0
Bachelor's of science degree in Project Management and Administration, Construction Option – 1
Bachelor's of science degree in Project Management and Administration – Information Technology Option - 0

How many calls to employers or graduates were successful?
The following number or calls, by program, was successful:
Academic associate's degree in Business Management – 0
Bachelor's of science degree in Project Management – 2
Bachelor's of science degree in Project Management and Administration – 0
Bachelor's of science degree in Project Management and Administration, Construction Option – 1
Bachelor's of science degree in Project Management and Administration, Information Technology Option - 0

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
All of the calls where contact was made confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.
In the "credit hour" section on page 61 of the campus' 2012-2013 catalog, volume 22, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses, list the courses, and explain:
(Section 2-2-503a) All business and project management courses are covered in this paragraph. Instructors and students did verify that outside work is being performed and graded, but the team has found that the work is inadequate to complete the hours mandated by the Department of Education of two hours outside work for each credit hour of classroom time.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.33 Reviewed at AAC

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at Academic Administrative Center.

9.39 Reviewed at Academic Administrative Center.

9.40 Reviewed at Academic Administrative Center.

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at Academic Administrative Center.

BACHELOR'S DEGREES ONLY

9.43 Reviewed at Academic Administrative Center.

9.44 Reviewed at Academic Administrative Center.

9.45 Reviewed at Academic Administrative Center.

9.46 Reviewed at Academic Administrative Center.

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at Academic Administrative Center.

SUMMARY for ITT Technical Institute, Kansas City

Visit Dates: 11-12 Oct 12

The team has found ***4*** *areas of non compliance*

The institution is not in compliance with the *Accreditation Criteria* in the following areas:

Citation # (in **bold**)	Summary Statement (followed by report page number)
Section: 3-1-513 (a) and glossary)	The syllabi does not contain language specific to out-of –work assignments that support the learning objectives for several courses.
Section: 3-1-513 and glossary	There is not a description in the syllabus of the minimum amount of time a student is expected to spend on completion of the work assignments for several courses.
Section 2-2-503(a)	There is no evidence that out of class work or the equivalency is being evaluated in all courses.
(Section 3-1-512(c))	There are insufficient community resources to support two programs.

From:	Ian Harazduk <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/653BDA8A64144114820BFCBF53B7514E -IHARAZDUK>
Sent:	11/2/2012 1:43:23 AM -0400
To:	Earline Simons <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/5fe02f7f69c24758875869be6d16e72d-ESimons>
Subject:	Visit Reports: Readt to Go
Attachments:	16079 ITT Tech-Tampa NG.doc; 22447-BGI-Seattle NG.doc; 16059.ITT Tech-Cordova NG.doc

Miss E,

Here are a few more reports ready to go out. They are attached here and on the M:/drive

Ian Harazduk

Manager, Compliance

Accrediting Council for Independent Colleges and Schools

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Washington, D.C. 20002

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REEVALUATION REPORT

ITT Technical Institute
7260 Goodlett Farms Parkway
Cordova, TN 38016
ACICS ID Code: 00016050

MAIN
ITT Technical Institute
Indianapolis, IN
ACICS ID Code: 00016040

Mr. David Cunningham, campus director (DCunningham@itt-tech.edu)

regulatory048@itt-tech.edu

October 10 - 11, 2012

Ms. Elizabeth M. Guinan	Chair	Retired, former President of The Art Institute of Charlotte	Charlotte, NC
Dr. Judith Bernstein	Student-Relations Specialist	Higher Education Advisor	Denver, CO
Mr. Dennis E. Wenger	Educational Activities Specialist and Business/Project Management Specialist	Business Program Director, Kaplan College	Hagerstown, MD
Dr. Gine Thomas - Cotter	Digital Entertainment/Game Design/Graphic Design Specialist	Retired, Vice President of Academic Affairs, Education Management	Phoenix, AZ
Mr. David T. Hoehn	Software Applications/Development & Data Communications Specialist	Former Instructor, Brown College	Saint Peter, MN
Ms. Betty Herard	Computer Network Systems/Information Security/Network System Specialist	Global Learning Strategies	Birmingham, AL
Mr. Charles E. Saunders	Engineering/Construction Management Specialist	Former Program Director, Virginia College	Owens Cross Roads, AL
Mr. Doug Guare	Drafting/Visual Communications	Assistant Director of Education, TESST College	Stevensville, MD
Dr. Victoria Wise	Criminal Justice/Paralegal	Retired, former instructor and department chair	Attica, Ohio
Ms. Torri Hayslett	ACICS Coordinator	ACICS Staff Representative	Washington, DC

PROGRAMS OFFERED BY

ITT TECHNICAL INSTITUTE

CORDOVA, TN

CREDENTIAL EARNED	APPROVED PROGRAM TITLE	QTR. HRS.	Enroll: Full-time/Part-time	AIR/CAR RETENTION & PLACEMENT			
				2011		2010	
				Retention	Placement	Retention	Placement
Academic Associate's	Computer Drafting and Design – **Teach out**	96	12/4	63.2%	**60%**	70.4%	**42.3%**
Academic Associate's	Computer and Electronics Engineering Technology – **Teach Out**	96	40/6	64.3%	83.3%	66.8%	75.8%
Academic Associate's	Criminal Justice – **Teach Out**	96	45/2	**59.9 %**	**54.5 %**	64.9%	**47.6%**
Academic Associate's	Information Technology – Computer Network Systems – **Teach Out**	96	47/10	68.2%	73%	72%	71.7%
Academic Associate's	Information Technology – Multimedia – **Discontinued**	96	**0/0**	**37.5 %**	100%	92.6%	**26.7%**
Academic Associate's	Information Technology – Software Applications and Programming – **Discontinued**	96	**0/0**	65%	90.9%	66.7%	100%
Academic Associate's	Paralegal Studies – **Teach Out**	96	8/1	60.6%	**0%**	90.9%	**0%**
Academic Associate's	Software Development Technology – **Teach Out**	96	6/1	76.5% %	**0%**	100%	**0%**
Academic Associate's	Visual Communication – **Teach Out**	96	23/0	65.8%	**28.6 %**	74.2%	**0%**
Bachelor's	Business Administration – **Discontinued**	180	**0/0**	92.9%	100%	90.5%	75%
Bachelor's	Business Accounting	180	**0/0**	100%	100%	100%	**0%**

	Technology – **Discontinued**						

Bachelor's	Criminal Justice – **Teach Out**	180	7/0	66.7%	**56.3 %**	71.3%	**61.1%**
Bachelor's	Construction Management – **Teach Out**	180	10/0	100%	80%	71.4%	**0%**
Bachelor's	Data Communication Systems Technology – **Teach Out**	180	1/0	76.5%	100%	77.3%	76.9%
Bachelor's	Digital Entertainment and Game Design – **Discontinued**	180	**0/0**	66.7%	**33.3 %**	94.4%	**30%**
Bachelor's	Electronics and Communications Engineering Technology – **Teach Out**	180	12/0	90.7%	83.3%	100%	100%
Bachelor's	Information Systems Security – **Teach Out**	180	16/2	87.7%	86.7%	87.7%	100%
Bachelor's	Project Management – **Discontinued**	180	**0/0**	**0%**	**0%**	**0%**	**0%**
Bachelor's	Software Applications Development – **Discontinued**	180	**0/0**	**0%**	**0%**	**0%**	**0%**
Academic Associate's	Network Systems Administration*	90	75/30	**0%**	**0%**	**0%**	**0%**
Bachelor's	Information Systems and Cybersecurity*	180	15/0	**0%**	**0%**	**0%**	**0%**
Bachelor's	Electrical Engineering and Communications Technology*	180	11/1	**0%**	**0%**	**0%**	**0%**
Academic Associate's	Electrical Engineering Technology*	90	71/11	**0%**	**0%**	**0%**	**0%**
Academic Associate's	Drafting and Design Technology*	90	11/0	**0%**	**0%**	**0%**	**0%**
Academic Associate's	Graphic Communications and Design	90	22/9	**0%**	**0%**	**0%**	**0%**
Bachelor's	Project	180	9/0	**0%**	**0%**	**0%**	**0%**

	Management and Administration*						
Bachelor's	Project Management and Administration – Construction Option**	180	0/0	**0%**	**0%**	**0%**	**0%**
Bachelor's	Project Management and Administration – Information Technology Option**	180	0/0	**0%**	**0%**	**0%**	**0%**
Bachelor's	Business Management**	180	0/0	**0%**	**0%**	**0%**	**0%**
Academic Associate's	Business Management*	90	8/6	**0%**	**0%**	**0%**	**0%**
Academic Associate's	Criminology and Forensic Technology*	90	15/4	**0%**	**0%**	**0%**	**0%**
Academic Associate's	Paralegal*	90	18/12	**0%**	**0%**	**0%**	**0%**

TOTAL ENROLLMENT: 581

Notes: Typed in bold are any retention rates below 60.0% and any placement rates below 65.0%.

* Programs reviewed for the first time.

** Programs have a possible start date of December 2012 and currently have no students enrolled.

INTRODUCTION

ITT Technical Institute in Cordova, Tennessee opened in February 1994 in Memphis and in April 2005 moved to its present location. The campus occupies a free-standing building with ample parking and is easily accessible to major highways. Cordova is a suburb northeast of Memphis. The Memphis metropolitan area, with a population of approximately 1,500,000, is major transportation and shipping hub as well as a center for medical facilities and related businesses. The unemployment rate in the Memphis area is approximately 9%.

The student body is predominately male, non-traditional postsecondary age, with the majority attending evening school. All students are high school graduates or equivalent and many work full time while attending ITT Technical Institute. In addition, as indicated above, 19 of the 32 programs listed are discontinued or in teach-out.

Through interviews with faculty, staff and students, the team found some concerns relating to the turn-over of the management staff. The current director joined ITT Technical Institute, Cordova in March 2011 after a long history with another career college. He was hired after a succession of several directors over a few years. The current dean was hired in August 2012 so he is still learning and adapting to his new position. Other members of the management team have been with ITT for two or more years.

The team was welcomed by the campus director and key staff members. The team room was well organized with ample working space and all required team room documents readily available. The staff cooperatively answered all questions and provided additional information as requested.

REPORT QUESTIONS

CAMPUS

1. MISSION

1.01 Response submitted by Academic Administrative Center

1.02 Response submitted by Academic Administrative Center

1.03 Response submitted by Academic Administrative Center

1.04 Response submitted by Academic Administrative Center

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?

☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?

☒ Yes ☐ No

INSTITUTIONAL EFFECTIVENESS

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?

☒ Yes ☐ No

1.08 Does the campus have its own CEP, separate from the institution's IEP?

☒ Yes ☐ No

1.09 Does the CEP describe the following?

The characteristics of the programs offered.

☒ Yes ☐ No

The characteristics of the student population.

☒ Yes ☐ No

The types of data that will be used for assessment.

☒ Yes ☐ No

Specific goals to improve the educational processes.

☒ Yes ☐ No

Expected outcomes of the plans.

☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?

Student retention.

☒Yes ☐ No

Student placement.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of graduate satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of employer satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Student learning outcomes.

☒ Yes ☐ No

1.11 Describe the student learning outcomes used by the campus in each program and how these outcomes are being assessed.

ITT Technical Institute, Cordova uses the following to measure and assess student learning outcomes:

Capstone Courses: All programs include a required capstone course to solidify the student's overall learning process and to determine the level of the students' understanding of the program objectives. Beginning in 2009, the dean began tracking class average grades for capstone courses to develop a history of data that is used to analyze student learning outcomes. Faculty review proficiency levels achieved by graduates with respect to specific outcomes and makes changes as needed.
Student Engagement: Student engagement is measured by student attendance and the ability to complete program courses.
Student Success: Student success is the measurement of the number of passing students divided by the number of student attempts (a student attempt is counted when a student sits for a section).
Employer Surveys: Employers are a source in measuring the graduate's knowledge and determining the level of learning outcomes. In order to monitor the success level of training efforts, the corporate office surveys employers to obtain their opinion and input in determining success.
In the current campus effectiveness plan (CEP), the campus presents charts designed to track capstone assessment data, grades, student engagement, student success, and employer survey opinions. Learning outcome goals for each program are also included on the charts.

1.12 Are the following identified and described in the CEP?

The baseline data for each outcome.

☒ Yes ☐ No ☐ Not Applicable

The data used by the campus to assess each outcome.

☒ Yes ☐ No ☐ Not Applicable

How the data was collected.

☒ Yes ☐ No ☐ Not Applicable

An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.

☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability (previously referred to as AIR) Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?

☒ Yes ☐ No

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?

☒ Yes ☐ No

1.15 Describe the specific activities that the campus will undertake to meet these goals.

Retention Goal: 73%. Specific activities to achieve the retention goal include:

- Review student attendance, course evaluations, and annual campus student satisfaction surveys to identify possible retention issues. Resolve issues as found.
- Review instructor engagement rate report and success rates to assist chairs in assigning instructors to classes with the most successful match.
- Assure weekly contact of all students identified as at-risk with assigned school chairs.
- Promote a sense of community among students through academically focused student activities.

- Emphasize effective teaching by providing instructor training, a thorough orientation, and increase observation by department chairs and online instruction through the ITT/ESI e-college.
- Provide academic tutoring as needed and encourage attendance.

Placement Goal: 75% - Specific activities that are in place to achieve the placement goal includes the following:

- Create individual career game plans for each pre-graduate to ensure maximum success.
- Identify and develop relationships with employers to increase the number who employ the campus graduates.
- Increase community awareness through membership in regional business organizations, professional organizations and employer visits to the campus.
- Train students in effective job preparation skills including resume writing, interviewing and negotiating salaries.
- Encourage students to visit career services daily.

1.16 Does the campus have documentation to show the following?

(a) That the IEP has been implemented.

☒ Yes ☐ No

(b) That specific activities listed in the plan have been completed.

☒ Yes ☐ No

(c) That periodic progress reports have been completed.

☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.

The CEP is developed, reviewed, analyzed, maintained, and monitored by a campus committee including the director, functional managers, registrar, and school chairs. The committee uses the mission statement as the guiding vision of the CEP and the development and implementation of the CEP is a collective effort. Mr. David Cunningham, campus director, has ultimate responsibility for the CEP.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?

☒ Yes ☐ No

GENERAL COMMENTS:

In addition to the required CEP elements, retention, placement, graduate satisfaction, employer satisfaction, and student learning outcomes, ITT Technical Institute also includes curriculum and student enrollments in the data collection, analysis, and review for campus improvement. The CEP is well written with excellent analysis making it a valuable document providing a guide for campus effectiveness and improvement. Documentation of quarterly CEP review meetings was also provided.

2. ORGANIZATION

2.01 (a) Response submitted by Academic Administrative Center

2.01 (b) Response submitted by Academic Administrative Center

2.01 Is the following information regarding the campus appropriately stated in the catalog?

(c) Names of the administrators.

☒ Yes ☐ No

2.02 Does the campus:

(a) Adequately train its employees?

☒ Yes ☐ No

(b) Provide them with constant and proper supervision?

☒ Yes ☐ No

(c) Evaluate their work?

☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?

☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:

(a) Clearly understand their duties and responsibilities?

☒ Yes ☐ No

(b) Know the person to whom they report?

☒ Yes ☐ No

(c) Understand the standards by which the success of their work is measured?

☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?

☒ Yes ☐ No

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?

☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?

☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Response submitted by Academic Administrative Center

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?

☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?

☒ Yes ☐ No

3.03 Who is the on-site administrator, and what are this person's qualifications?

Mr. David Cunningham, campus director since March 2011, is well qualified with a bachelor's degree in Psychology, numerous workshops, and 11 years of career college experience as an instructor, program chair, and campus president prior to joining ITT Technical Institute. Mr. Cunningham began his career in the US Army where he received a technical education in electronics from the Army Security Agency. He first taught at the Military Intelligence School and then following his army duty he taught computer engineering courses for Digital Equipment Corporation. He is well qualified for his position as campus director at ITT Technical Institute.

3.04 Does the campus list degrees of staff members in the catalog?

☒ Yes ☐ No

If Yes, is appropriate evidence of the degrees on file?

☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?

(a) Response submitted by Academic Administrative Center

(b) Admissions.

☒ Yes ☐ No

(c) Response submitted by Academic Administrative Center

(d) Response submitted by Academic Administrative Center

(e) Guidance.

☒ Yes ☐ No

(f) Instructional resources.

☒ Yes ☐ No

(g) Supplies and equipment.

☒ Yes ☐ No

(h) The school plant.

☒ Yes ☐ No

(i) Faculty and staff.

☒ Yes ☐ No

(j) Student activities.

☒ Yes ☐ No

(k) Student personnel.

☒ Yes ☐ No

3.06 Response submitted by Academic Administrative Center

3.11 Do student files contain evidence of graduation from high school or the equivalent?

☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?

☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?

☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?

☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?

☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?

☒ Yes ☐ No

4. RELATIONS WITH STUDENTS

4.01 How many student files were reviewed during the evaluation?

84 student files were reviewed during the evaluation.

4.02 How does the institution ensure that its student relations reflect high ethical standards?

The admissions policy adheres to the institution's mission through the application and testing process that seeks to ensure accepted students possess the ability to prepare for career opportunities in their chosen field.

4.03 Does the campus have appropriate admissions criteria?

☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?

☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?

☒ Yes ☐ No

4.06 reviewed at AAC

4.07 Is the admissions policy publicly stated?

☒ Yes ☐ No

4.08 Is the admissions policy administered as written?

☒ Yes ☐ No

4.09 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?

Mr. Lawrence Hawkins is the director of student recruitment. Mr. Hawkins has extensive experience in the student recruitment field, beginning in 2001 as the recruiter in charge, and in 2004 as the recruitment district trainer for the U.S. Navy. In 2005, Mr. Hawkins joined ITT Technical Institutes as an enrollment representative and was promoted to the manager of recruitment. In 2006, he was promoted to the director of recruitment at his initial campus. Mr. Hawkins has attended recruitment training in 2010, 2011, and 2012 at ITT corporate headquarters in Indianapolis, Indiana.

4.10 Describe the process for the recruitment of new students.

Students interested in attending the campus, contact the admissions office and schedule an appointment with an admissions representative for a guided interview. Students are marketed through a number of methods, including internet, television and radio ads, direct mailing, and referrals. Students must be at least 16 years of age. The admission representative and the potential students discuss the programs offered at the campus and the student's interests. Once a student has shown an interest in attending the campus they must show proof of a high school diploma or a GED, or a recognized home school transcript. Students are then given the Wonderlic Entrance exam, or they must have a score of 17 on the ACT or 400 on each portion of the SAT that is not older than five years. All new students are scheduled for a budget and support meeting with the financial aid planning office.

Are these recruiting practices ethical and compatible with the educational objectives of the institution?

☒ Yes ☐ No

4.11 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?

(a) Courses and programs.

☒ Yes ☐ No

(b) Services.

☒ Yes ☐ No

(c) Tuition.

☒ Yes ☐ No

(d) Terms.

☒ Yes ☐ No

(e) Operating policies.

☒ Yes ☐ No

4.12 Does the institution use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?

☐ Yes ☒ No

4.13 Does the state in which the campus operates require representatives to be licensed or registered?

☒ Yes ☐ No

If Yes, is evidence of licensure or registration on file?

☒ Yes ☐ No

Only outside representatives are required to have licensure. Currently, the only outside representative on campus is the community resources representative.

4.14 Are the titles of recruitment and enrollment personnel appropriate?

☒ Yes ☐ No

4.15 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?

☒ Yes ☐ No

4.16 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?

☒ Yes ☐ No

4.17 reviewed at AAC

4.18 Is there evidence that the campus properly awards transfer of credit?

☒ Yes ☐ No ☐ Not Applicable

4.19 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another institution?

☒ Yes ☐ No

FOR ALL PROGRAMS

4.21 Is the standards of satisfactory academic progress policy published in the catalog?

☒ Yes ☐ No

If Yes, state the page number(s) where the standards of satisfactory academic progress policy is published?

The standards of satisfactory academic progress policy is published on pages 70-74 of the current ITT Technical Institute, Cordova catalog.

4.22 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?

(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.

☒ Yes ☐ No

(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.

☒ Yes ☐ No

(c) Procedures for re-establishing satisfactory academic progress.

☒ Yes ☐ No

(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:

Withdrawals.

☒ Yes ☐ No

Incomplete grades.

☒ Yes ☐ No

Repeated courses.

☒ Yes ☐ No

Non-punitive grades.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

Non-credit or remedial courses.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

A probationary period.

☒ Yes ☐ No

An appeal process.

☒ Yes ☐ No

An extended-enrollment status.

☒ Yes ☐ No ☐ Not Applicable (institution does not offer)

The effect when a student changes programs.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one program of study

The effect when a student seeks to earn an additional credential.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one credential)

The implications of transfer credit.

☒ Yes ☐ No

4.23 Does the campus apply its SAP standards consistently to all students?

☒ Yes ☐ No

4.24 Are students who are not making satisfactory academic progress properly notified?

☒ Yes ☐ No ☐ Not Applicable (no students are in violation of SAP)

The corporate office forwards a SAP logic report to the dean at the end of every term. The report consists of all students whether or not they are in the 3rd or 6th terms, which generally are the points that SAP is evaluated. By notifying students at the end of each term, it enables the dean and the program chairs to have an opportunity to meet with students that can become potential SAP issues.

4.25 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?

☒ Yes ☐ No

4.26 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or its equivalent?

☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.27 Are students who are not making satisfactory academic progress at the end of the second year dismissed?

☒ Yes ☐ No ☐ Not Applicable (all programs are less than two years)

4.28 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?

☒ Yes ☐ No

4.29 Are students allowed to remain on financial aid during the probationary period?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

If Yes, is the student informed of this policy?

☒ Yes ☐ No

4.30 Are students whose appeals are granted due to mitigating circumstances placed on probation and considered to be making satisfactory academic progress?

☒ Yes ☐ No

4.31 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment and/or does not participate in financial aid)

4.32 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment)

4.33 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?

☐ Yes ☐ No ☒ Not Applicable (there is no such student)

4.34 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?

☒ Yes ☐ No

4.35 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?

Mr. Kevin Shaw is the academic dean. Mr. Shaw holds a bachelor's degree in Communications from University of Alabama and a master's degree in Theatre Directing from the University of Memphis. Prior to his position at the campus in 2012, Mr. Shaw was the director of education at Vatterott College, a professor at Christian Brothers University, and the senior donor coordinator at the Mid-South Tissue Bank. Mr. Shaw has attended numerous ITT workshops.

4.36 Does the institution encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?

☒ Yes ☐ No

4.37 reviewed at the institution level

4.38 Does the institution fully disclose the terms, conditions, and application procedures regarding institutional scholarship and grant programs in its catalog?

☒ Yes ☐ No ☐ Not Applicable (institution offers loans only)

4.39 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?

☒ Yes ☐ No

4.40 Do the financial records of students clearly show the following?

(a) Charges.

☒ Yes ☐ No

(b) Dates for the posting of tuition.

☒ Yes ☐ No

(c)Fees.

☒ Yes ☐ No

(d) Other charges.

☒ Yes ☐ No

(e) Payments.

☒ Yes ☐ No

(f) Dates of payment.

☒ Yes ☐ No

(g) The balance after each transaction.

☒ Yes ☐ No

4.41 Are tuition and fees clearly stated on the enrollment agreement or in the catalog?

☒ Yes ☐ No

If Yes, have students confirmed receiving a copy of the catalog or enrollment agreement (if one is used)?

☒ Yes ☐ No ☐ Not Applicable

4.42 Is the effective date listed on announcements of changes in tuition and fees?

☒ Yes ☐ No ☐ Not Applicable (institution has not changed tuition or fees)

4.43 Is the institution's refund policy published in the campus catalog?

☒ Yes ☐ No

4.44 Is the refund policy fair, equitable, and applicable to all students?

☒ Yes ☐ No

4.45 Is the campus following its stated refund policy?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-433): The campus does not have a fair and equitable refund policy that is applicable to all students and that is published in the campus' catalog. In November 2010, the campus received a direct unsubsidized loan in the amount of $1,162.00 for Mr. Raymone Hollis. A team review of the drop files disclosed that the direct unsubsidized loan amount of $1,162.00 was never returned.

Another student Mr. Thomas Kinyatta's last date of attendance was October 25, 2010 and the campus was still receiving direct unsubsidized loan until March 2011. Although the money was returned, the student cancellation was not processed in a timely manner.

At the time these incidents occurred, the campus employed a different financial aid director. The current director did not begin until January 2012.

4.46 Does the campus offer financial aid?

☒ Yes ☐ No (Skip to Question 4.53.)

4.47 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?

Ms. Cindy Tauer is the director of financial aid. Ms. Tauer has extensive experience in the financial aid field. Between 2001 and 2006 Ms. Tauer worked as a financial aid administrator for various schools and has been the director of financial aid since 2012 for this campus. Ms. Tauer has attended multiple training programs through the Veteran's Administration and the Florida Association of Secondary Schools. She is a member of the Tennessee Association of Student Financial Aid Administrators (TASFAA).

4.48 Is the person who determines the amount of student awards not also responsible for disbursing those awards?

☒ Yes ☐ No

4.49 Are final student financial aid award determinations made by administrative individuals who are not responsible for recruitment?

☒ Yes ☐ No

4.50 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?

☒ Yes ☐ No

4.51 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).

The financial aid office stays current primarily through corporate training that includes new guidelines and regulations and is held monthly. In addition, the director of financial aid is a member of TASFAA and attends conferences held by the organization.

4.52 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?

☒ Yes ☐ No

4.53 Does the campus provide discounts for cash received in advance of the normal payment schedule?

☐ Yes ☒ No (Skip to Question 4.54.)

4.54 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.

The campus holds student orientations for each group of starting students. Students and their families meet the dean, department managers, and functional managers during orientation. Sessions include a review of campus policies and expectations, attendance policy, the student handbook, and general questions. Students are then divided into their programs of study to discuss the expectations of the program chairs.

In addition, students meet with the financial aid staff as needed to ensure that financial aid paperwork and related requirements have been met, or are being completed.

Tutoring is offered and faculty are compensated for the additional time.

4.55 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?

☒ Yes ☐ No ☐ Not Applicable

4. 56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

4.57 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?

Ms. Carla Connington is the director of career services. Ms. Connington has experience in the business world working as an account manager, advertising sales manager, insurance agent, and debt counselor before joining the campus as the director of career services in October 2010. Ms. Connington has attended numerous ITT e-campus training courses that have included: Introduction to Career Services, Student Employment Assistance, Employer Relations and Verification, and Business Conduct and Ethics for Business Managers.

4.58 Does the institution offer employment assistance to all students?

☒ Yes ☐ No ☐ Not Applicable (institution enrolls only international students on a student visa)

4.59 Does the campus use placement percentages or salary projections as part of its recruiting activities?

☐ Yes ☒ No

4.60 Is the beginning enrollment on the most current Campus Accountability Report (CAR, previously referred to as the AIR) the same as the ending enrollment reported on the previous year's CAR?

☒ Yes ☐ No

4.61 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?

☒ Yes ☐ No ☐ Not Applicable

4.62 Are students who receive financial aid counseled concerning their student loan repayment obligations?

☒ Yes ☐ No

4.63 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.

This process begins as the student initiates the enrollment process where he/she is required to complete a loan entrance interview prior to completing the financial aid packaging process. This information is reinforced the third week of the student's first quarter of class, where they are required to view a video and complete a test to support completion of this process. Further, each student borrower is provided with a copy of his/her Cost Summary and Payment Addendum to the Enrollment Agreement (CSPA) which outlines the specific obligations for the academic year. During each subsequent year, a new CSPA is provided and a financial coordinator reviews any changes with the student.

The loan exit process commences once a student is no longer in attendance. The IRIS database system self-populates communications to inactive students based upon their last date of attendance. This process is managed at the corporate office who utilizes a third party servicer. When possible, campuses will meet in person with inactive students.

4.64 Describe the extracurricular activities of the institution (if applicable).

Students participate in blood drives, Red Cross CPR classes, student council, workshops, honor awards and student clubs.

5. EDUCATIONAL ACTIVITIES

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?

☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?

Mr. Kevin Shaw is assigned to oversee the educational activities as the dean of the Cordova, Tennessee campus of ITT Technology Institute. He began his employment at the campus in August 2012. Mr. Shaw holds a master's degree in Fine Arts from The University of Memphis and a bachelor's degree from The University of Alabama. Prior to joining ITT Technical Institute, Mr. Shaw has previous work experience as a director of education, a professor, and a senior donor coordinator.

5.03 Does this person have appropriate academic or experiential qualifications?

☒ Yes ☐ No

5.04 Describe how the institution makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.

The dean and program directors have been given sufficient authority and responsibility for the development and administration of the programs. The dean and program directors have input into the curriculum and teaching materials by recommending changes to the corporate curriculum committee.

5.05 Is the time devoted to the administration of the educational programs sufficient?

☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?

☒ Yes ☐ No

5.07- reviewed at AAC

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?

☒ Yes ☐ No

5.09 Does the campus have any programs that carry specialized or programmatic accreditation?

☐ Yes ☒ No (Skip to question 5.10)

5.10 Are the educational programs consistent with the campus mission and the needs of its students?

☒ Yes ☐ No

5.11 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?

☒ Yes ☐ No

5.12 What provisions are made for individual differences among students?

When students indicate that they have disabilities the campus makes reasonable accommodations to address the disabilities. Tutoring by instructors is provided as needed.

5.13 Describe the system in place to evaluate, revise, and make changes to the curriculum.

Several factors are considered when the campus evaluates the curriculum. The campus uses a program advisory committee for recommendations about the curriculum. Student surveys and student grades in courses offered are also considered. When the campus decides that the curriculum needs to be revised, a recommendation is made to the corporate chief academic officer with justification for the change.

5.14 Does the faculty participate in this process?

☒ Yes ☐ No

5.15 - reviewed at AAC

5.16 If the institution awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?

☒ Yes ☐ No ☐ NA (institution does not award such credit)

If Yes, is there appropriate documentation of the assessments of knowledge, skills, or competencies required?

☒ Yes ☐ No

5.17 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?

☒ Yes ☐ No

5.18 Are the following appropriate to adequately support the number and nature of the general education courses? (If only nondegree programs are offered with no general education courses, skip to 5.19)

Facilities

☒ Yes ☐ No

Instructional equipment

☒ Yes ☐ No

Resources

☒ Yes ☐ No

Personnel

☒ Yes ☐ No

5.19 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?

☒ Yes ☐ No

5.20 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?

☒ Yes ☐ No

5.21 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?

☒ Yes ☐ No

5.22 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?

☒ Yes ☐ No

5.23 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?

☐ Yes ☐ No ☒ Not Applicable (no faculty members hold foreign credentials)

5.24 Is there documented evidence of a systematic program of in-service training at the campus?

☒ Yes ☐ No

If Yes, how is this documented?

In-service training is documented in the faculty files by attendance sheets and an agenda indicating the topics covered.

5.25 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?

☒ Yes ☐ No

5.26 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?

☒ Yes ☐ No

5.27 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?

☒ Yes ☐ No

<u>OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATES'S, AND BACHELOR'S DEGREES ONLY</u>

5.28 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the Accreditation Criteria?

☒ Yes ☐ No

<u>OCCUPATIONAL ASSOCIATE'S DEGREES ONLY</u>

5.29 - reviewed at AAC

5.30 - reviewed at AAC

<u>ACADEMIC ASSOCIATE'S DEGREES ONLY</u>

5.31 - reviewed at AAC

5.32 - reviewed at AAC

5.33 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

<u>BACHELOR'S DEGREES ONLY</u>

5.34 - reviewed at AAC

5.35 - reviewed at AAC

5.36 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

The ITT Technical Institute in Cordova, Tennessee, is a single story brick and glass facility, accessible to Interstate 40. The building that houses the campus has approximately 30,757 square feet of space containing classrooms, labs, a student lounge, a learning resource center, and administrative offices. Sufficient parking is located in front of the building. There are designated parking spaces, ramped entrances, and restroom facilities for disabled students.

6.02 Does the campus utilize any additional space locations?

☐ Yes ☒ No

6.03 Does the campus utilize learning sites?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and learning-site locations) appropriate for the size of the student population and the programs offered?

☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and learning-site locations)?

(a) Equipment.

☒ Yes ☐ No

(b) Instructional tools.

☒ Yes ☐ No

(c) Machinery.

☒ Yes ☐ No

6.06 Is there evidence on file to show that all institutional facilities are in compliance with fire, safety, and sanitation regulations?

☒ Yes ☐ No ☐ Not Applicable

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?

The catalog used during the evaluation visit is the ITT Technical Institute, Cordova, Tennessee, 2012 - 2013 Catalog, Volume 57, with a published date of October 11, 2012, and an effective date of October 11, 2012 - October 11, 2013.

7.02 Does the self-study accurately portray the campus?

☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and provided to all enrolled students?

☒ Yes ☐ No

7.04 Does the catalog contain the following items?

(a) A table of contents and/or an index.

☒ Yes ☐ No

(b) An indication of the year or years for which the catalog is effective on the front page or cover page.

☒ Yes ☐ No

(c) The names and titles of the administrators.

☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.

☒ Yes ☐ No

(e) A statement of accreditation

☒ Yes ☐ No ☐ Not Applicable (initial applicant)

(f) A mission statement.

☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.

☒ Yes ☐ No

(h) An academic calendar.

☒ Yes ☐ No

(i) A full disclosure of the admission requirements.

☒ Yes ☐ No

(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.

☒ Yes ☐ No

(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.

☒ Yes ☐ No

(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.

☒ Yes ☐ No

(m) A definition of the unit of credit.

☒ Yes ☐ No ☐ Not Applicable (The institution does not award credit)

(n) A complete explanation of the standards of satisfactory academic progress.

☒ Yes ☐ No

(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.

☒ Yes ☐ No

(p) The transfer of credit policy.

☒ Yes ☐ No

(q) A statement of the tuition, fees, and any other charges.

☒ Yes ☐ No

(r) A complete and accurate listing of all scholarships offered.

☒ Yes ☐ No ☐ Not Applicable (no scholarships offered)

(s) The refund policy.

☒ Yes ☐ No

(t) A statement describing the student services offered.

☒ Yes ☐ No

(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the institution offer degree programs?

☒ Yes ☐ No

If Yes, does the catalog contain the following?

(a) An explanation of the course numbering system (for all levels).

☒ Yes ☐ No

(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).

☒ Yes ☐ No

(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).

☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).

☒ Yes ☐ No

7.06 Does the institution offer courses and/or programs via distance education?

☐ Yes ☒ No (Skip to Question 7.07.)

7.07 Does the catalog contain an addendum/supplement?

☐ Yes ☒ No (Skip to Question 7.08.)

7.08 Is the catalog available online?

☒ Yes ☐ No (Skip to Question 7.09.)

If Yes, does it match the hard copy version?

☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?

☐ Yes ☒ No (Skip to Question 7.10.)

7.10 Is all advertising and promotional literature, including the campus' Web site, truthful and dignified?

☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?

☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?

The campus advertises online at http://www.itt-tech.edu/campus/school.cfm?lloc_num=48, through commercials, direct mailers, flyers, and by word of mouth.

Are the advertisements under acceptable headings?

☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?

☒ Yes ☐ No (Skip to Question 7.14.)

If Yes, is there evidence that prior consent was obtained and that remuneration was not made for the consent or the use of the advertisement?

☒ Yes ☐ No

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No (Skip to Question 7.15.)

7.15 Does the campus avoid offering monetary incentives to attract students or for failure in job placement?

☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?

☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?

☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?

☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?

☒ Yes ☐ No

8.05 Reviewed at AAC

8.06 Reviewed at AAC

OCCUPATIONAL ASSOCIATES, ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S DEGREES ONLY

8.07 Reviewed at AAC

8.08 Reviewed at AAC

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?

The library assistant stated that during her two year tenure with the campus she has not had a budget. Any time she wants to make a purchase, she must go to the director to get permission. The last item for which she received permission to purchase was a set of magazine subscriptions that cost $156.84 when she ordered them on July 15, 2011. The director later clarified to the team that the virtual library has a corporate-wide layered total budget for 2012 of $981,050. The share for the Cordova campus is $9,465. Additionally, the local library has an annual non-salary budget of $13,435 of which $608.66 has already been spent on books and periodicals as well as $5000 on equipment leaving a balance of $7876.32 for the remainder of the year.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S DEGREES ONLY

8.12 Reviewed at AAC

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?

☒ Yes ☐ No

8.14 Reviewed at AAC

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?

☐ Yes ☐ No ☒ Not Applicable (no interlibrary agreements)

8.16 Reviewed at AAC

8.17 Reviewed at AAC

8.18 Reviewed at AAC

ACADEMIC ASSOCIATE'S AND BACHELOR'S DEGREES ONLY

8.19 Reviewed at AAC

8.21 Reviewed at AAC

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?

☒ Yes ☐ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?

☒ Yes ☐ No

9. PROGRAM EVALUATION

Bachelor's Degree in Construction Management

Academic Associate's Degree in Computer Drafting and Design

Academic Associate's Degree in Drafting and Design Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Charity Hill has been the chair since October 2009. She holds a master's degree in Mathematics from the University of North Alabama. She holds a bachelor's degree in Civil Engineering from Cagayan Capitol College from the country of The Philippines. She is certified as a Mechanical Drafter from American Design Drafting Association (ADDA). She was employed as an Adjunct Instructor from November 2006 through October 2009. She was employed at R. & N. Systems Design, LLC as a Production Engineer in Germantown, Tennessee from September 2006 through October 2009.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

There are no graduates in Design and Drafting Technology program at this time.

9.07 List the community resources and how they are utilized to enrich the program(s).

The department has utilized a number of community resources to enrich the program. The campus held a field trip on August 15, 2012. The students visited Shelby Farms of Woodland Discovery Park of Memphis, Tennessee. The students were allowed to utilize 3Ds Max to model a section of the park. On August 2, 2012 Mr. Mac Ghassemi, civil engineer for Ghassemi & Associates, gave a presentation on sustainable site layout and site analysis. The campus held an advisory board meeting on May 18, 2012.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required, and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The following numbers of calls were made to employers for the following programs:

Bachelor's degree in Construction Management - 1.

Academic associate's degree in Computer Drafting and Design - 10.

There were no graduates in the Drafting and Design Technology program.

How many calls to employers or graduates were successful?

The following numbers of calls, by program, were successful:

Bachelor's degree in Construction Management - 1.

Academic associate's degree in Computer Drafting and Design - 10.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All of the calls where contact was made confirmed the employers of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): There is no evidence that out-of-class work or the equivalency is being evaluated in all courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

<u>NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY</u>

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

<u>OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY</u>

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

If No, insert the section number in parentheses and explain:

The academic associates program for Computer Drafting and Design is scheduled for teach out by June 2014. The current students in this program will be provided the courses to complete the program.

9.42 Reviewed at AAC

BACHELOR'S DEGREES ONLY

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

The bachelor's degree program for Construction Management is schedule for teach out on December 2013. All courses will continue to be provided to the current students for program completion.

9.48 Reviewed at AAC

GENERAL COMMENTS:

The staff of the Construction Management, Computer Drafting and Design, and Drafting and Design Technology programs was very professional and helpful. The students responded in a positive manner when asked about the campus.

9. PROGRAM EVALUATION

Academic Associate's Degree in Computer Network Systems

Academic Associate's Degree Associate's in Network Systems Administration

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Harold Hill has been assigned to administer the Computer Network Systems and Network Systems Administration programs. Mr. Hill holds a bachelor's degree in Graphic Design from Howard University in Washington, DC, a master's degree in Management Information Systems and a master's in Business Administration from the University of Maryland, Adelphi, Maryland. Mr. Hill's experiential qualifications include employment in information technology management at several companies including Service Master and RCN Corporation. Mr. Hill has been in the position of school chair for the school of Information Technology since January 2009.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

These programs utilize a program advisory committee (PAC) that provides recommendations and feedback from local industry experts regarding program curriculum. PAC meetings are held twice per year. The team found that the last PAC meeting was held on May 18, 2012, and was attended by representatives of several local companies. Additionally, documentation shows that field trips regularly occur. Documentation provided shows that students in these programs attended field trips to participate in Computer Networking Systems related meetings. Field trips were made to AutoZone Corporate on July 12, 2012 and Memphis Botanical Gardens to discuss Cisco Jabber Technology for video streaming. In addition, students were taken on field trips to view server rooms, metro ethernet, firewalls, voice-over-internet-protocol (voip) and vmware infrastructure at the Conrad Pearson Clinic on February, 1, 2012 and February 6, 2012.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

Academic associate's degree in Computer Network Systems – 17.

There were no graduates in the Network System Administration program.

How many calls to employers or graduates were successful?

Academic associate's degree in Computer Network Systems – 11.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

Academic associate's degree in Computer Network Systems – 11.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If Yes, briefly describe the documentation of evaluation viewed on site.

The team observed graded homework samples as evidence that out-of-class work is being evaluated.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☐ Yes ☒ No

If No, insert the section number in parentheses, list the faculty and courses, and explain:

(Section 3-4-303): Teaching loads are not reasonable as it relates to the size of classes.

The team observed core course IT113, Section E1-W Structured Cabling. The total number of students enrolled in the class is 34. There were 24 students in attendance during the team's observation. Students were still arriving to class 15 minutes after class started when the team ended its observation. The NT1210, Section E1-R Introduction to Networking core course has 40 students enrolled in the class. This class was not held during the team visit and was therefore, not observed.

Faculty in the school of Information Technology stated that in some cases core courses are being scheduled with large student numbers. In one case, an SQL course taught earlier in the year had as many as 45 students. These instructors feel that even with instructional aides these numbers prevent them from providing students with optimum direct instructional contact.

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

BACHELOR'S DEGREES ONLY

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

9. PROGRAM EVALUATION

Bachelor's Degree in Project Management and Administration

Academic Associate's Degree in Business Management

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Elizabeth McCray, subject matter expert, is assigned to administer the associate's degree program in Business Management at the Cordova, Tennessee campus of ITT Technical Institute. Ms. McCray holds a master's degree in Business Administration from Virginia Commonwealth University and a bachelor's degree in Industrial Engineering from Georgia Institute of Technology. Prior to her employment at ITT Technical Institute in 2004, Ms. McCray worked for HR Block, Shelby County Schools, and United Technology Carriers.

Mr. Harold Hill is assigned to administer the bachelor's degree program in Project Management and Administration as the Information Technology program chair. As previously stated, Mr. Hill holds a master's degree in Business Administration and a master's degree in Management Information Systems from the University of Maryland. Additionally, he has completed graduate courses in Telecommunication Management from George Washington University and holds a bachelor's degree in Fine Arts in Graphic Design from Howard University. Prior to his employment at ITT in 2009, Mr. Hill worked for ServiceMaster Co. and NET-Tel, Inc.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

Students in the Business Management program participated in several field trips. For example, they visited the local Perkins restaurant to learn about franchise opportunities and the costs involved in becoming a franchisee. Another field trip involved a visit to the Germantown library where students learned about the importance of cultural awareness in business.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required, and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If No, insert the section number in parentheses and explain:

(Section 2-2-503): There is no evidence that out-of-class work or the equivalency is being evaluated in all courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

BACHELOR'S DEGREES ONLY

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☐ Yes ☐ No ☒ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

9. PROGRAM EVALUATION

Bachelor's Degree in Information Systems Security

Bachelor's Degree in Information Systems and Cybersecurity

Bachelor's Degree in Data Communications Systems Technology

Bachelor's Degree in Software Development Technology

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Harold Hill has been assigned to administer the academic programs. As previously stated, Mr. Hill holds a bachelor's in Graphic Design from Howard University of Washington, D.C., a master's in Management Information Systems and a master's in Business Administration from the University of Maryland, Adelphi, Maryland. Mr. Hill's experiential qualifications include employment in information technology management at several companies including Service Master and RCN Corporation. Mr. Hill has been in the position of school chair for the school of information technology since 2009.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The programs utilize a program advisory committee (PAC) that provides recommendations and feedback from local industry experts regarding program curriculum. PAC meetings are held twice per year. The team found that the last PAC meeting occurred on May 18, 2012, and was attended by representatives of several local companies. Additionally, documentation shows that field trips regularly occur. Documentation provided shows that students in these programs attended field trips to participate in Information Systems Security Association (ISSA) meetings on July 12, 2012 and July 23, 2012. ISSA is a professional organization that promotes the information security profession. In addition students were taken on field trips to view server rooms, metro Ethernet, firewalls, voice-over-internet-protocol (VoIP) and VMware infrastructure at the Conrad Pearson Clinic on February 1, 2012 and February 6, 2012.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required nor the number of hours needed to complete each assignment.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

There were six attempted calls to employers and graduates of the bachelor's degree in Data Communications Systems Technology program.

There were five attempted calls to employers and graduates of the bachelor's degree in Information Systems Security program.

How many calls to employers or graduates were successful?

Of the six attempted calls to employers and graduates in the bachelor's degree in Data Communications Systems Technology program, four were successful.

Of the five attempted calls to employers and graduates in the bachelor's degree in Information Systems Security program, three were successful.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All of the successful calls made to employers and graduates in the bachelor's degree in Data Communications Systems Technology and bachelor's degree in Information Systems Security programs confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.

Samples of graded out-of-class work for various classes in the school of Information Technology were provided.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

BACHELOR'S DEGREES ONLY

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

GENERAL COMMENTS:

In reviewing student evaluations of faculty and in interviews with students, the team found a strong, positive sentiment regarding current faculty. Students were pleased with the professionalism of the faculty, their expertise, and their ability to bring real world experiences into the classroom.

In interviews, instructors stated that the lab known on campus as the "mega lab," provided challenges for instructors and students. Instructors stated that frequently multiple classes are using the room concurrently, and consequently, the level of noise and activity is distracting to both students and teachers. Although faculty understands that the lab is not intended for lectures, they stated that sometimes during lab instruction they need to elaborate on a process or concept in order for students to learn and be successful with lab activities. In separate interviews, students concurred with this sentiment.

Students and faculty were critical of the break schedule in use at the campus. The current break schedule has classes in session for 100 consecutive minutes before a 20 minute break. Instructors feel this time period is too long for students and faculty to constructively engage in learning activities even when instructors follow best practices by dividing the time period into multiple learning activities. Faculty suggested earlier breaks would facilitate a better learning environment.

Faculty in the school of Information Technology stated that in some cases core courses were being scheduled with large student numbers. In one case, an SQL course taught earlier in the year had as many as 45 students. These instructors felt that even with instructional aids these numbers prevent them from being able to provide students with optimum direct instructional contact.

9. PROGRAM EVALUATION

Academic Associate's Degree in Paralegal

Academic Associate's Degree in Paralegal Studies

Academic Associate's Degree in Criminal Justice

Academic Associate' Degree in Criminology and Forensic Technology

Bachelor's Degree in Criminal Justice

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

The chair for the school of Criminal Justice is Mr. Aaron Chism. Mr. Chism holds a bachelor's degree in Professional Studies and a master's degree in Liberal Studies from the University of Memphis. Mr. Chism worked as a narcotics investigator for the Tennessee Bureau of Investigation for 10 years and as a state trooper for 18 years. Mr. Chism is assisted by a Paralegal subject matter expert, Ms. Rubbie King. She holds a bachelor's degree in Paralegal Studies from the University of Memphis and a master's degree in Human Resources from Strayer University. Ms. King has taught for the campus for two years and worked as a paralegal for over ten years.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

The students in these programs have participated in field trips to the criminal justice center, victims of crime center, correction center, Sherriff's "academy", and seminars on crime investigation and drug trafficking. Guest speakers have included a drug investigator, court pretrial services, a police captime, a youth counselor from corrections, and a paralegal. Instructors are working professionals. The campus has an active advisory board for these programs. The campus has invited key local public officers to campus for program presentations.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required, and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The following calls were attempted:
Bachelor's degree in Criminal Justice - 3.
Academic associate's degree in Criminal Justice - 3.

How many calls to employers or graduates were successful?

The following calls were successful:
Bachelor's degree in Criminal Justice - 3.
Academic associate's degree in Criminal Justice - 3.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

The following calls confirmed employment:
Bachelor's degree in Criminal Justice - 3.
Academic associate's degree in Criminal Justice - 3.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 2-2-503): There is no evidence that out-of-class work or the equivalency is being evaluated in all courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

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9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

BACHELOR'S DEGREES ONLY

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

GENERAL COMMENTS:

The campus is teaching out students who enrolled in the academic associate's degree programs in Criminal Justice and Paralegal with courses totaling four credit hours, since the new programs have courses with four and a half credit hours. The teach-out students are being enrolled in online courses for their remaining courses to allow them to discuss course content with other students. While these students would prefer on-ground classes, their remaining classes are available for them to complete in a timely manner. In addition, the campus is providing these students with on-ground instructors for assistance, tutoring, and coaching.

9. PROGRAM EVALUATION

Academic Associate's Degree in Visual Communications

Academic Associate's Degree in Graphic Communications and Design

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Charity D. Hill is the chair of the school of Drafting and Design. As previously stated, Ms. Hill has certificates in teachers' education from Cagayan Capitol College in the Philippines (verified by World Education Services, Inc. in 2001), a bachelor's degree in civil engineering from Central Mindanao University in the Philippines (verified by World Education Services, Inc., in 2009), and a master's degree in education from the University of North Alabama in Florence. She also has a number of certificates from various organizations in the Philippines attesting to her expertise as an instructor and engineer. Ms. Hill has been chair of the school since October 2009.

Ms. Carolyn Partee is the lead instructor for the Visual Communications and Graphic Communications and Design programs. Ms. Partee holds both a bachelor's degree in English-Corporate Communications and Management and a master's degree in Business Administration from Christian Brothers University in Memphis, Tennessee. She is a member of the National Association of Photoshop Professionals (NAPP) and a certified mechanical drafter as determined by the American Design Drafting Association (ADDA). Ms. Partee had worked as a production freelancer for various local television stations, as a graphics operator for live Memphis Tiger basketball games, and as a producer/director for television newscasts, commercials, promos, and special segments of locally produced programs.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

Students in the Visual Communications and Graphic Communications and Design programs benefitted from attendance at frequent field trips and guest speaker events. During the past year, they have visited such places as the National Ornamental Metal Museum to observe and sketch real-world elements of art, Office Depot and FedEx Kinko's to observe elements of printing and home office suite development, Magic Springs Crystal Falls to participate in a simulation that analyzed and promoted their own theme park amusement ride, and the Memphis Pink Palace Museum to review the different types of tools used in creating a movie. Guest speaker Ms. Lavern Partee introduced the students to his first-hand experience and knowledge of the basics of architectural planning and design. Further, the Program Advisory Board provides input from local employers to enrich the Visual Communications and Graphic Communications and Design programs. Meetings are held twice a year to review the curricula and provide input for needed changes to enhance employability.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required, and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

In the Visual Communications program six calls were attempted.

How many calls to employers or graduates were successful?

In the Visual Communications program six calls were successful.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

In the Visual Communications program six calls confirmed the employment of the graduates as reported on the CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education’s definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 2-2-503) There is no evidence that out-of-class work or the equivalency is being evaluated in all courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9. PROGRAM EVALUATION

Bachelor's Degree in Electrical Engineering & Communications Technology (BS-EECT)

Bachelor's Degree in Electronics & Communications Engineering Technology (BS-ECET)

Academic Associate's Degree in Computer & Electronics Engineering Technology (AS-CEET)

Academic Associate's Degree in Electrical Engineering Technology (AS-EET)

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Rhonda Graves is the subject matter expert (SME) for the school of Electronics Technology. Ms. Graves holds a bachelor's degree in Electrical Engineering from the University of Memphis, a master's degree in Electrical Engineering from the University of Memphis, holds a certificate in Mechanical Drafting from the American Design Drafting Association (ADDA), and holds an Engineering Intern Certification from the State of Tennessee Board of Architecture and Engineers.

Mr. Kevin Shaw, dean, provides the administrative support, on an interim basis, until a school chair is hired. Mr. Shaw holds a bachelor's degree in Communications from the University of Alabama and a master's degree in Theater Directing from the University of Memphis.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The Electrical Engineering & Communication Technology, Electronics & Communication Engineering Technician, Electrical Engineering Technician, and Computer & Electronics Engineering Technician programs have representatives on the program advisory committee (PAC). All of the programs, also, have guest speakers and take their classes on field trips to companies doing business in these fields in the Cordova, Tennessee area.

The team was impressed with the number of students who hold membership in the nationally recognized electronics organizations and the number who are pursuing opportunities for practice tests prior to taking national certification exams in their respective field.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objectives for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required, and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

In the bachelor's degree in Electrical Engineering & Communications Technology ten calls were attempted.

In the bachelor's degree in Electronics & Communications Engineering Technology five calls were attempted.

There are no graduates in the other two programs.

How many calls to employers or graduates were successful?

In the bachelor's degree in Electrical Engineering & Communications Technology ten calls were successful.

In the bachelor's degree in Electronics & Communications Engineering Technology five calls were successful.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

In the bachelor's degree in Electrical Engineering & Communications Technology ten calls were successful.

In the bachelor's degree in Electronics & Communications Engineering Technology five calls were successful.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No,* insert the section number in parentheses and explain:

(Section 2-2-503): The campus does not currently have a written policy that accurately reflects the U.S. Department of Education's definition for credit hour programs that includes conversion ratios. The campus has the definition of a credit hour in the "Credit Hour" section of the catalog on page 61 and a breakdown of clock hours to quarter credit hours under "Residence Courses." The "Residence Courses" section refers to clock hours of "outside preparation" but does not state what qualifies as "outside preparation" and if "outside preparation" involves out-of-class assignments that are included as any percentage of the final grade of a course. The team also observed the policy regarding homework in the "homework" section of the catalog that states each course will have "varying amounts of homework and outside class preparation depending on the course, faculty member and the student's progress in the course." There is no explanation in these sections regarding the credit and quarter hour conversions relating to out-of-class work assignments.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☐ Yes ☒ No ☐ Not Applicable (Clock hour programs only)

If *No*, insert the section number in parentheses and explain:

(Section 2-2-503): There is no evidence that out-of-class work or the equivalency is being evaluated in all courses.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

BACHELOR'S DEGREES ONLY

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

GENERAL COMMENTS:

The team found the programs are generally well-conceived, directed, and taught. The team's visit revealed a well-run campus with competent, caring faculty, administration, and staff all dedicated to the single goal of student success. Students interviewed were pleased by the education received and felt they were acquiring the necessary skills to be competitive in the global market place.

SUMMARY

The institution is not in compliance with the *Accreditation Criteria* in the following areas:

Number	Citation	Summary Statement
1	**Section 2-2-503**	There is no evidence that out of class work or the equivalency is being evaluated in all courses (pages 17, 28, 32, 36, 41, 45, 50, 54).
2	**Section 3-1-433**	Refunds are not returned according to federal policies (page 15).
3	**Section 3-1-513 (a) and Glossary**	Course syllabi do not include out of class work assignments that support the learning objectives for most courses (pages 27, 31, 36, 40, 44, 49, 53).
4	**Section 3-4-303**	Teaching loads are not reasonable for some classes with a lab component (page 33).

RECOMMENDATIONS

The evaluation team offers the following recommendations for the institution's consideration *(These recommendations are not included in the report seen by the Council)*:

Paralegal

- Encourage paralegal students to pursue notary public status, including a partial/full reimbursement for the exam for a successful passing score.
- Provide additional legal software (especially case management databases and trial resources) training by vendor demonstrations, acquiring additional software for student machines and access via the student portal or virtual library (ProDocs).
- Provide more community interaction for faculty and students by inviting local professional organizations (paralegal and bar) to meet on campus.
- Create badges of accomplishments as recognition for students.
- Form a student paralegal chapter for a recognized paralegal organization to involve students in on-going activities to enhance their legal skills and promote paralegal certification, including reimbursement for exam for the students who pass.
- Conduct simulated court activities with criminal justice students to expose students in both programs to a broader perspective of how the two careers interact.
- Enhance classes with additional community resources such as field trips to a law library with WESTlaw, community service to agencies that provide free/low income legal services, provide job shadowing in the courthouse, and/or expand the paralegal adjunct resource pool.
- Make individual student WESTlaw subscriptions available to at least the legal research and writing courses

Criminal Justice:

- Provide more community interaction for faculty and students by inviting local professional organizations (paralegal and bar) to meet on campus.
- Create badges of accomplishments as recognition for students.
- Form a student criminal justice chapter for a recognized organization to involve students in on-going activities to enhance their skills.
- Conduct simulated court activities with paralegal students to expose students in both programs to a broader perspective of how the two careers interact.
- Research providing certifications and training for faculty, students, and local agencies.
- Acquire POLICE ONE or similar law enforcement training subscription for criminal justice chair/instructors.
- Investigate becoming a proctoring center for agency qualification exams.

New Grant Report

ITT Technical Institute
4809 Memorial Highway
Tampa, FL 33634-7350
ACICS ID Code: 00016079

Main Campus
ITT Technical Institute
9511 Angola Court
Indianapolis, IN 46268
ACICS ID Code: 00016040

Regulatory040@itt-tech.edu

Ms. Sheryl Gunning, Director (sgunning@itt-tech.edu)

Dates of Visit: October 17-19, 2012

Dr. Sandra Yelverton	Chair	Alabama Department of Education, Retired	Montgomery, AL
Dr. Darlene Minore	Student-Relations Specialist	Minore Educational Strategies	Bainbridge Island, WA
Ms. Michelle Edwards	Educational Activities	Delta School of Business & Technology	Lake Charles, LA
Ms. Pat Patterson	Nursing Specialist	RN, Retired	Marco Island, FL
Dr. Robert Roggio	Project Management Specialist	University of North Florida	Jacksonville, FL
Dr. Debra Rocha	Criminal Justice/Forensic Technology/Paralegal Studies Specialist	Brandman University	Irvine, CA
Mr. Owate Akeh Chujur	Computer & Electrical Engineering Technology/Electrical Engineering Technology/Electrical Engineering And Communications Technology/Electrical & Communication Engineering Technology Specialist	Minnesota School of Business	Brooklyn Center, MN
Mr. Roberto Lama	Computer Drafting & Design/Drafting & Design Technology/Construction Management Specialist	Illinois Institute of Art	Schaumburg, IL
Mr. Michael Bleacher	IT-Computer Network Systems/Network System Administration/Info System Security/Info Systems And Cyber Security Specialist	Westwood College	Westminster, CO
Mr. Barry Phillips	Visual Communications/Digital Entertainment & Game Design	Art Director/Designer CBS, NBC, HBO	Burleson, TX
Mr. Chad Hartman	Accreditation Coordinator	ACICS	Washington, DC

PROGRAMS OFFERED BY
ITT TECHNICAL INSTITUTE
TAMPA, FLORIDA

CREDENTIAL EARNED (Certificate, Diploma, Occupational Associate's, Academic Associate's, Bachelor's, Master's, or Doctoral)	APPROVED PROGRAM TITLE	Clock Hrs.	Qtr. Hrs.	Enroll: Full-time/Part-time	CAR/AIR Retention & Placement			
					2011		2010	
					Ret.	Pla.	Ret.	Pla.
Academic Associate's	Business Management**	970	90	0	NA	NA	NA	NA
Bachelor's	Business Management**	1896	180	0	NA	NA	NA	NA
Academic Associate's	Criminal Justice	1020	96	9	66.39%	**36.36%**	68.8%	**50.0%**
Bachelor's	Criminal Justice	1920	180	6	68.42%	NA	90%	NA
Academic Associate's	Computer and Electronics Engineering Technology	1120	96	18	69.76%	88.1%	71.43%	94.12%
Academic Associate's	Computer Drafting and Design	1140	96	9	70.0%	65.38%	67.03%	**55.56%**
Bachelor's	Construction Management	2100	180	1	87.5%	100%	73.17%	83.33%
Academic Associate's	Criminology and Forensic Technology	981	90	8	NA	NA	NA	NA
Academic Associate's	Drafting and Design Technology	1058	90	26	NA	NA	NA	NA
Bachelor's	Digital Entertainment and Game Design	2100	180	1	92.86%	**6.25%**	78.69%	**13.04%**
Bachelor's	Electronics Communications and Engineering Technology	2110	180	5	80.6%	92.31%	82.14%	100%
Bachelor's	Electrical Engineering and Communications Technology	2127	180	18	NA	NA	NA	NA
Academic Associate's	Electrical Engineering Technology	1058	90	55	NA	NA	NA	NA
Academic Associate's	Graphic Communication and Design**	1058	90	0	NA	NA	NA	NA
Academic Associate's	Health Information Technology***	1160	96	18	69.39%	100%	**50%**	**50%**
Bachelor's	Information Systems and Cybersecurity	2164	180	28	NA	NA	NA	NA
Bachelor's	Information Systems	2080	180	29	84.92%	79.31%	79.65	100%

	Security							
Academic Associate's	Information Technology-Computer Network Systems	1090	96	50	76.1%	87.69%	74.49%	80.43%
Academic Associate's	Mobile Communications Technology**	1058	90	0	NA	NA	NA	NA
Academic Associate's	Network Systems Administration0	1058	90	101	NA	NA	NA	NA
Academic Associate's	Paralegal**	981	90	0	NA	NA	NA	NA
Academic Associate's	Paralegal Studies	1030	96	2	**50%**	100%	76.92%	NA
Bachelor's	Project Management and Administration Project Administration Option	1940	180	16	NA	NA	NA	NA
Bachelor's	Project Management and Administration - Information Technology Option	2050	180	3	NA	NA	NA	NA
Bachelor's	Project Management and Administration - Construction Option	2039	180	6	NA	NA	NA	NA
Academic Associate's	Nursing	1575	109	166	90.23%	NA	92.77%	NA
Academic Associate's	Nursing	1537	104	28	NA	NA	NA	NA
Academic Assicuate's	Visual Communications	1110	96	5	60.2%	**56.25%**	63.56%	**0%**
	TOTAL ENROLLMENT			608				

** Programs offered and pending adequate enrollment. These programs will start December 10, 2012 with the exception of the Business Management bachelor's degree program as this program is the upper division of the associate's program and therefore will not have enrollment until students complete the associate's degree program.

*** Holds initial accreditation from the Commission on Accreditation for Health Infomatics and Information Management Education (CAHIIM) effective September 15, 2011.

INTRODUCTION

ITT Technical Institute, Tampa, opened in August 1981. This campus is one of a nationwide system of technical institutes operated by ITT Educational Services, Inc. ("ITT/ESI") located in Carmel, Indiana. The campus offers associate's and bachelor's degrees through six schools of study.

The campus located in Tampa, Florida is in an urban area with a population of approximately 500,000. The campus is easily accessible to students and the public with major highway and road access, supported by public transportation (bus, taxi) services. Residential housing, shopping and dining are also conveniently located close to the campus.

Students' ages fall into non-traditional postsecondary age ranges. Approximately 59% are in the 25-40 age range. All students have a high school diploma or a GED. The student population is 31% female and 69% male. Forty-one percent are Caucasian with the remainder representing various other races. Approximately 32% of the students are in the School of Nursing and Health Sciences and 34 % in the School of Information Technology. The remaining 32% are enrolled in the other four schools of study. Full-time students typically take one general education course and two core courses each quarter. Students who establish that they are academically qualified have the option of taking general education courses online.

Instruction is delivered from a centralized curriculum with exams standardized and performance based. The campus has created an environment that simulates the workplace by maintaining industry-current laboratory facilities and equipment and produces an environment conducive to a productive educational experience.

1. MISSION

1.01 Response submitted by Academic Administrative Center

1.02 Response submitted by Academic Administrative Center

1.03 Response submitted by Academic Administrative Center

1.04 Response submitted by Academic Administrative Center

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?

☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?

☒ Yes ☐ No

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?

☒ Yes ☐ No

1.08 Does the campus have its own CEP, separate from the institution's IEP?

☒ Yes ☐ No

1.09 Does the CEP describe the following?

The characteristics of the programs offered.

☒ Yes ☐ No

The characteristics of the student population.

☒ Yes ☐ No

The types of data that will be used for assessment.

☒ Yes ☐ No

Specific goals to improve the educational processes.

☒ Yes ☐ No

Expected outcomes of the plans.

☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?

Student retention.

☒Yes ☐ No

Student placement.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of graduate satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Level of employer satisfaction.

☒Yes ☐ No ☐ Not Applicable (new branch only)

Student learning outcomes.

☒ Yes ☐ No

1.11 Describe the student learning outcomes used by the campus in each program and how these outcomes are being assessed.

Learning outcomes used to assess the ability of students to meet program objectives upon completion of the program include:

- capstone course grades and outcomes assessment (from capstone rubrics),
- mid-term and final exams provided from a corporate generated curriculum and evaluation process,
- assessment of the number of students starting and passing a course,
- student attendance and the ability to complete program courses, and
- a review of the employer surveys returned.

1.12 Are the following identified and described in the CEP?

The baseline data for each outcome.

☒ Yes ☐ No ☐ Not Applicable

The data used by the campus to assess each outcome.

☒ Yes ☐ No ☐ Not Applicable

How the data was collected.

☒ Yes ☐ No ☐ Not Applicable

An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.

☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability (previously referred to as AIR) Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?

☒ Yes ☐ No

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?

☒ Yes ☐ No

1.15 Describe the specific activities that the campus will undertake to meet these goals.

- Retention is tracked by each school of study and reviewed for any specific deficiency so as to determine areas needing improvement.
- High risk students are identified and poorly performing students are counseled and encouraged to engage in tutoring. Attendance and student feedback are closely monitored and used to develop initiatives for improvement.
- School chairs are responsible for leading instructors in staying focused on program goals.
- Instructors not meeting the attendance and retention goals are redirected, coached, mentored or reassigned.
- The career services staff works with each school chair to identify specific issues affecting graduate placement.
- The director of career services is creating individual career game plans for each pre-graduate to ensure maximum success.
- The career services department is striving for 50% pre-graduate placement in-field, and the campus plans to participate in local technical job fairs with a target of one per quarter.

1.16 Does the campus have documentation to show the following?

(a) That the IEP has been implemented.

☒ Yes ☐ No

(b) That specific activities listed in the plan have been completed.

☒ Yes ☐ No

(c) That periodic progress reports have been completed.

☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.

A CEP team composed of the campus director; dean; associate dean; the directors of finance, recruitment, and career services; registrar; program chairs; and faculty representatives from each program of study are responsible for implementing and monitoring the CEP. The campus director has the ultimate responsibility to ensure the implementation of the CEP.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?

☒ Yes ☐ No

2. ORGANIZATION

2.01 (a) Response submitted by Academic Administrative Center

2.01 (b) Response submitted by Academic Administrative Center

2.01 Is the following information regarding the campus appropriately stated in the catalog?

(c) Names of the administrators.

☒ Yes ☐ No

2.02 Does the campus:

(a) Adequately train its employees?

☒ Yes ☐ No

(b) Provide them with constant and proper supervision?

☒ Yes ☐ No

(c) Evaluate their work?

☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?

☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:

(a) Clearly understand their duties and responsibilities?

☒ Yes ☐ No

(b) Know the person to whom they report?

☒ Yes ☐ No

(c) Understand the standards by which the success of their work is measured?

☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?

☒ Yes ☐ No

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?

☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?

☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Response submitted by Academic Administrative Center

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?

☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?

☒ Yes ☐ No

3.03 Who is the on-site administrator, and what are this person's qualifications?

Ms. Sheryl Gunning is the campus director. Her education includes a bachelor's degree from the University of Illinois at Urbana and an MBA from the Keller Graduate School of Management of Devry University. She has been with ITT since January 2006. She began as the district director of recruitment for the Southeastern district, was promoted to campus director in St. Petersburg September 2007, and assumed the campus director position at Tampa in April 2012. Prior to joining ITT, Ms. Gunning was employed at another proprietary institution. She also has 15 years of corporate leadership, human resource and financial management, business and marketing, and operations and compliance leadership experience in the private sector.

3.04 Does the campus list degrees of staff members in the catalog?

☒ Yes ☐ No

If Yes, is appropriate evidence of the degrees on file?

☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?

(a) Response submitted by Academic Administrative Center

(b) Admissions.

☒ Yes ☐ No

(c) Response submitted by Academic Administrative Center

(d) Response submitted by Academic Administrative Center

(e) Guidance.

☒ Yes ☐ No

(f) Instructional resources.

☒ Yes ☐ No

(g) Supplies and equipment.

☒ Yes ☐ No

(h) The school plant.

☒ Yes ☐ No

(i) Faculty and staff.

☒ Yes ☐ No

(j) Student activities.

☒ Yes ☐ No

(k) Student personnel.

☒ Yes ☐ No

3.06 Does the institution admit ability-to-benefit students?
☐ Yes ☒ No (Skip to Question 3.11).

3.11 Do student files contain evidence of graduation from high school or the equivalent?

☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?

☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?

☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?

☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?

☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?

☒ Yes ☐ No

4. RELATIONS WITH STUDENTS

4.01 How many student files were reviewed during the evaluation?

Forty-six student files were reviewed during the visit.

4.02 How does the institution ensure that its student relations reflect high ethical standards?

ITT Technical Institute, Tampa, Florida, ensures that its student relations reflect the highest ethical standards by hiring the most qualified candidates to lead the departments that comprise student relations on the campus. The managers of the various student relations areas ensure that their department and direct reports advances the school's mission and serve the students that are enrolled to the best of their ability.

4.03 Does the campus have appropriate admissions criteria?

☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?

☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?

☒ Yes ☐ No

4.06 reviewed at AAC

4.07 Is the admissions policy publicly stated?

☒ Yes ☐ No

4.08 Is the admissions policy administered as written?

☒ Yes ☐ No

4.09 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?

Mr. Frederick Johnson is the director of recruitment. He holds a bachelor's degree in Management and Marketing from Park University, Parkville, Missouri. Mr. Johnson served 24 years in the United States Army with the last 12 as a United States Army Battalion Operations Sergeant Major where he implemented policies and procedures for over 40 recruiting stations and 6 recruiting companies throughout the southeast. Mr. Johnson supervised a staff of 200 at these locations where he managed the processing of 250 new enlistees monthly.

4.10 Describe the process for the recruitment of new students.

The central administration markets to prospective students through a number of methods including internet, television and radio advertising, direct mail, representative generated personally developed leads, and referrals. The campus seeks to attract students with the motivation and ability to complete the career-oriented educational programs offered by the campus. The ten admissions representatives return calls from prospective students promptly and schedule a tour and informational session. Throughout the tour and multi-media presentation, the programs available for study are discussed and the representative assesses the interest and capability of each prospective student to attend, graduate, and work in the career field related to the student's education. If there is a fit between the prospective student and the standards of the campus, the representative enrolls the student into a specific program of study. The next step in the process is for the student to meet with the records coordinator, who administers admissions testing. If the student meets their program of interest testing threshold, a financial representative then meets with the student and reviews various documentation needed for the formal financial aid meeting. After the formal financial aid meeting, the financial aid representative signs the enrollment agreement and other required forms. The admissions representative concludes the meeting by reviewing the document disclosure form with the newly enrolled student. The student is called weekly by the admissions representative until the term begins. The student is scheduled for the new student orientation six weeks prior to the new term and the mini-orientation the Saturday before the start of the term.

Are these recruiting practices ethical and compatible with the educational objectives of the institution?

☒ Yes ☐ No

4.11 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?

(a) Courses and programs.

☒ Yes ☐ No

(b) Services.

☒ Yes ☐ No

(c) Tuition.

☒ Yes ☐ No

(d) Terms.

☒ Yes ☐ No

(e) Operating policies.

☒ Yes ☐ No

4.12 Does the institution use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?

☐ Yes ☒ No

4.13 Does the state in which the campus operates require representatives to be licensed or registered?

☒ Yes ☐ No

If Yes, is evidence of licensure or registration on file?

☒ Yes ☐ No

4.14 Are the titles of recruitment and enrollment personnel appropriate?

☒ Yes ☐ No

4.15 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?

☒ Yes ☐ No

4.16 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?

☒ Yes ☐ No

4.17 reviewed at AAC

4.18 Is there evidence that the campus properly awards transfer of credit?

☒ Yes ☐ No ☐ Not Applicable

4.19 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another institution?

☒ Yes ☐ No

4.21 Is the standards of satisfactory academic progress policy published in the catalog?

☒ Yes ☐ No

If Yes, state the page number(s) where the standards of satisfactory academic progress policy is published?

The policy for the standards of satisfactory academic progress are published in the ITT Technical Institute, Tampa, Florida, 2012-2013, volume 64, catalog on pages 79-83.

4.22 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?

(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.

☒ Yes ☐ No

(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.

☒ Yes ☐ No

(c) Procedures for re-establishing satisfactory academic progress.

☒ Yes ☐ No

(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:

Withdrawals.

☒ Yes ☐ No

Incomplete grades.

☒ Yes ☐ No

Repeated courses.

☒ Yes ☐ No

Non-punitive grades.

☐ Yes ☐ No ☒ Not Applicable (institution does not offer)

Non-credit or remedial courses.

☐ Yes ☐ No ☒ Not Applicable (institution does not offer)

A probationary period.

☒ Yes ☐ No

An appeal process.

☒ Yes ☐ No

An extended-enrollment status.

☐ Yes ☐ No ☒ Not Applicable (institution does not offer)

The effect when a student changes programs.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one program of study

The effect when a student seeks to earn an additional credential.

☒ Yes ☐ No ☐ Not Applicable (institution only offers one credential)

The implications of transfer credit.

☒ Yes ☐ No

4.23 Does the campus apply its SAP standards consistently to all students?

☒ Yes ☐ No

4.24 Are students who are not making satisfactory academic progress properly notified?

☒ Yes ☐ No ☐ Not Applicable (no students are in violation of SAP)

4.25 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?

☒ Yes ☐ No

4.26 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or its equivalent?

☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.27 Are students who are not making satisfactory academic progress at the end of the second year dismissed?

☒ Yes ☐ No ☐ Not Applicable (all programs are less than two years)

4.28 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?

☒ Yes ☐ No

4.29 Are students allowed to remain on financial aid during the probationary period?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

If Yes, is the student informed of this policy?

☒ Yes ☐ No

4.30 Are students whose appeals are granted due to mitigating circumstances placed on probation and considered to be making satisfactory academic progress?

☒ Yes ☐ No

4.31 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment and/or does not participate in financial aid)

4.32 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?

☐ Yes ☐ No ☒ Not Applicable (institution does not have extended enrollment)

4.33 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?

☐ Yes ☐ No ☒ Not Applicable (there is no such student)

4.34 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?

☒ Yes ☐ No

4.35 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?

Currently the ITT Technical Institute campus in Tampa, Florida, is conducting a search for a new dean of academic affairs. In the interim, Mr. Bernie Berania, district leader for all ITT Florida deans and the dean of academic affairs for the Jacksonville campus, is serving as interim dean of academic affairs. He is responsible for the oversight of the administration of satisfactory academic progress. Mr. Berania holds a bachelor's degree in Business Administration from the University of North Florida and a master's degree in Curriculum and Technology Instruction from Nova Southeastern University. He joined ITT Technical Institute in 2005 as a general education program chair and was promoted to dean of academic affairs in 2006. Prior to his tenure at ITT Technical Institute, Mr. Berania taught at First Coast Christian School and as graduate faculty for the University of Phoenix.

4.36 Does the institution encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?

☒ Yes ☐ No

4.37 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?

☒ Yes ☐ No

4.38 Does the institution fully disclose the terms, conditions, and application procedures regarding institutional scholarship and grant programs in its catalog?

☒ Yes ☐ No ☐ Not Applicable (institution offers loans only)

4.39 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?

☒ Yes ☐ No

4.40 Do the financial records of students clearly show the following?

(a) Charges.

☒ Yes ☐ No

(b) Dates for the posting of tuition.

☒ Yes ☐ No

(c) Fees.

☒ Yes ☐ No

(d) Other charges.

☒ Yes ☐ No

(e) Payments.

☒ Yes ☐ No

(f) Dates of payment.

☒ Yes ☐ No

(g) The balance after each transaction.

☒ Yes ☐ No

4.41 Are tuition and fees clearly stated on the enrollment agreement or in the catalog?

☒ Yes ☐ No

If Yes, have students confirmed receiving a copy of the catalog or enrollment agreement (if one is used)?

☒ Yes ☐ No ☐ Not Applicable

4.42 Is the effective date listed on announcements of changes in tuition and fees?

☒ Yes ☐ No ☐ Not Applicable (institution has not changed tuition or fees)

4.43 Is the institution's refund policy published in the campus catalog?

☒ Yes ☐ No

4.44 Is the refund policy fair, equitable, and applicable to all students?

☒ Yes ☐ No

4.45 Is the campus following its stated refund policy?

☒ Yes ☐ No

4.46 Does the campus offer financial aid?

☒ Yes ☐ No (Skip to Question 4.53.)

4.47 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?

Mr. Woodrow Wilson, the director of finance, is the person on-site responsible for administering student financial aid. His tenure in this capacity began in 2007. Prior to joining ITT Technical Institute, Mr. Wilson worked as the director of financial aid for both Everglades University and Everest University Online.

4.48 Is the person who determines the amount of student awards not also responsible for disbursing those awards?

☒ Yes ☐ No

4.49 Are final student financial aid award determinations made by administrative individuals who are not responsible for recruitment?

☒ Yes ☐ No

4.50 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?

☒ Yes ☐ No

4.51 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).

Mr. Wilson is a member in good standing with the Florida Association of Student Financial Aid Administrators (FASFAA). He attends the FASFAA annual meeting where Title IV workshops are held that address changes in regulation and policy. He also is a registered member of their list serve and receives regular updates. Additionally, ITT conducts quarterly training workshops that Mr. Wilson attends regularly.

4.52 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?

☒ Yes ☐ No

4.53 Does the campus provide discounts for cash received in advance of the normal payment schedule?

☐ Yes ☒ No (Skip to Question 4.54.)

4.54 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.

This campus offers the traditional student services of structured tutoring, academic or personal advising, and an extensive student orientation. Additionally, there is a strong emphasis on career planning and placement from the beginning of the student's program. All students are enrolled in a course entitled "professional portfolio." This course includes résumé creation, interview skills, mock interviews and job search strategies. The Career Services department continues their work with the student one-to-one after they complete this course through graduation and program related job placement.

4.55 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?

☒ Yes ☐ No ☐ Not Applicable

4. 56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?
☒ Yes ☐ No

The ITT Technical Institute, Tampa Campus Catalog 2012-2013, volume 64, has a written policy that reflects the U.S. Department of Education's definition of a credit hour for credit hour programs.

4.57 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?

Mr. Joseph Perez is the director of career services for this campus. He joined the management team in October 2012. He previously served two years as the registrar for another ITT campus. Mr. Perez participated in ITT's management training for a year, learning the responsibilities of all the functional managers in the student services areas. Mr. Perez holds a bachelor's degree in Management from the University of Florida.

4.58 Does the institution offer employment assistance to all students?

☒ Yes ☐ No ☐ Not Applicable (institution enrolls only international students on a student visa)

4.59 Does the campus use placement percentages or salary projections as part of its recruiting activities?

☐ Yes ☒ No

4.60 Is the beginning enrollment on the most current Campus Accountability Report (CAR, previously referred to as the AIR) the same as the ending enrollment reported on the previous year's CAR?

☒ Yes ☐ No

4.61 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?

☒ Yes ☐ No ☐ Not Applicable

4.62 Are students who receive financial aid counseled concerning their student loan repayment obligations?

☒ Yes ☐ No

4.63 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.

The campus promotes student loan repayment early in the enrollment process. A copy of the U.S. Department of Education's publication Funding Education Beyond High School: The Guide to Federal Student Aid 2011/2012 is made available to students upon enrollment. The handbook addresses the various financial aid programs available, eligibility requirements, how to apply, deadlines, in addition to repayment rights and responsibilities. Further, each borrower is provided with a copy of their Cost Summary and Payment Addendum to Enrollment Agreement (CSPA) which outlines the specific financial obligations for the academic year. During each subsequent academic year, a new CSPA is provided and a financial aid coordinator reviews any changes with the student. Each student is advised during the initial interview and during the second week of class when an entrance interview is done. They are further advised at the beginning of each subsequent academic year during their campus tenure. Finally, when they leave the campus, an exit interview is conducted covering responsibilities to student loans, an overview of balances due for loans, the grace period for loans, and different payment options are reviewed. The student is given a debt management guide, deferment eligibility chart, and a repayment estimator chart to help assist in making decisions about their student loans. Contact numbers and email addresses of lending institutions and other important offices are provided to students for possible future use. Exit interview documents are sent by certified mail if the student is unavailable for an interview.

4.64 Describe the extracurricular activities of the institution (if applicable).

Students are encouraged to participate in a variety of extracurricular activities during their tenure. Activities include:

- student clubs and professional organizations:
  - (American Design Drafting Association)
  - (Electronic Technicians Association);
- community blood drives;
- annual American Red Cross CPR classes;
- quarterly student honors award certificates;
- peer tutoring services;
- campus cook outs; and
- industry related tours.

GENERAL COMMENTS:

The team thanks the student services department for the timely manner in which they supplied student files and additional documentation.

5. EDUCATIONAL ACTIVITIES

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?

☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?

Mr. Bernie Berania is currently the interim dean at the campus. As previously stated, he earned a bachelor's degree in Business Administration from the University of North Florida, a master's degree in Biblical Studies from Baptist Bible Graduate School of Theology, and a master's degree in Education from Nova Southeastern University. Mr. Berania served as an instructor and faculty member at Sylvan Learning Center, University of Phoenix, and First Coast Christian School. He joined ITT Technical Institute in 2005 as a faculty member, became a program chair and was promoted to the role of dean in November of 2006.

5.03 Does this person have appropriate academic or experiential qualifications?

☒ Yes ☐ No

5.04 Describe how the institution makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.

Campus administration promotes an open door policy for support of their program administrator's authority and responsibility for the development and administration of their programs. School and program chairs teach reduced class loads allowing them sufficient time for program administration. Program administrators, in addition to faculty, follow the same process to make suggestions regarding curriculum development.

5.05 Is the time devoted to the administration of the educational programs sufficient?

☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?

☒ Yes ☐ No

5.07 Reviewed at AAC

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?

☒ Yes ☐ No

5.09 Does the campus have any programs that carry specialized or programmatic accreditation?

☒ Yes ☐ No (Skip to question 5.10)

If Yes, does the campus:

Obtain such accreditation in a timely manner for programs in which it is required by the state in order for students to attain entry-level employment?

☐ Yes ☐ No ☒ Not Applicable (there is no such requirement by the state)

Notify students as to:

Which programs hold specialized or programmatic accreditation?

☒ Yes ☐ No

Whether successful completion of a program qualifies a student to receive, apply to take, or take licensure exams in the state where the campus is located?

☒ Yes ☐ No

Any other requirements that are generally required for employment?

☐ Yes ☒ No

5.10 Are the educational programs consistent with the campus mission and the needs of its students?

☒ Yes ☐ No

5.11 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?

☒ Yes ☐ No

5.12 What provisions are made for individual differences among students?

Students that enroll with credits from another institution may receive transfer credit at the campus based on the established transfer of credit policy. In the case of accelerated students, faculty are encouraged to utilize extra projects and promote fellow student assistance. Below average performers receive additional tutoring and assistance as needed. In addition, students with learning disabilities receive customized academic plans in accordance with the policies from central administration.

5.13 Describe the system in place to evaluate, revise, and make changes to the curriculum.

Ongoing feedback is solicited from advisory committees, faculty, staff and students. Students participate in quarterly surveys which contain questions focused on program curriculum and a review of the faculty member. Faculty members are encouraged to utilize the corporate portal or forum to express any questions or comments regarding the curriculum. Feedback received is presented to national curriculum committees comprised of faculty as well as program and school chairs from around the country.

5.14 Does the faculty participate in this process?

☒ Yes ☐ No

5.15 Reviewed at AAC

5.16 If the institution awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?

☒ Yes ☐ No ☐ NA (institution does not award such credit)

If Yes, is there appropriate documentation of the assessments of knowledge, skills, or competencies required?

☒ Yes ☐ No

5.17 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?

☒ Yes ☐ No

5.18 Are the following appropriate to adequately support the number and nature of the general education courses? (If only nondegree programs are offered with no general education courses, skip to 5.19)

Facilities

☒ Yes ☐ No

Instructional equipment

☒ Yes ☐ No

Resources

☒ Yes ☐ No

Personnel

☒ Yes ☐ No

5.19 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?

☒ Yes ☐ No

5.20 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?

☒ Yes ☐ No

5.21 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?

☒ Yes ☐ No

5.22 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?

☒ Yes ☐ No

5.23 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?

☒ Yes ☐ No ☐ Not Applicable (no faculty members hold foreign credentials)

5.24 Is there documented evidence of a systematic program of in-service training at the campus?

☒ Yes ☐ No

If Yes, how is this documented?

Each faculty member has a signed faculty development plan on file at the campus. In-service activities are scheduled throughout the year and are documented by the use of personalized certificates of attendance and completed sign-in sheets. In addition, the campus maintains agendas, minutes and any additional pertinent information regarding all the in-service activities.

5.25 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?

☒ Yes ☐ No

5.26 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?

☒ Yes ☐ No

5.27 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?

☒ Yes ☐ No

5.28 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the Accreditation Criteria?

☒ Yes ☐ No

5.31 Reviewed at AAC

5.32 Reviewed at AAC

5.33 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?

☒ Yes ☐ No

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

The facility consists of 35,000 square feet that is comprised of theory classrooms, laboratories, administrative offices, library, and bookstore. The facility has a capacity of 660 students and is in compliance with the ADA, as well as other federal, state, and local ordinances and regulations, including those relating to safety and health. Ample parking is available for students, staff, and visitors. Computers and program-specific equipment representing industry standards for an entry-level position support all current programs. All theory and lab rooms have LCD projectors with DVD playing capabilities. The building wa remodeled in 2010. The facility is inviting and provides an enviroment condusive to learning.

6.02 Does the campus utilize any additional space locations?

☐ Yes ☒ No

6.03 Does the campus utilize learning sites?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and learning-site locations) appropriate for the size of the student population and the programs offered?

☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and learning-site locations)?

(a) Equipment.

☒ Yes ☐ No

(b) Instructional tools.

☒ Yes ☐ No

(c) Machinery.

☒ Yes ☐ No

6.06 Is there evidence on file to show that all institutional facilities are in compliance with fire, safety, and sanitation regulations?

☒ Yes ☐ No ☐ Not Applicable

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?

The team reviewed the ITT Technical Institute, Tampa, Florida, 2012-2013 catalog, volume 64, dated October 9, 2012.

7.02 Does the self-study accurately portray the campus?

☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and provided to all enrolled students?

☒ Yes ☐ No

If No, insert the section number in parentheses and explain:

The campus primarily utilizes an on-line catalog, but will provide a printed copy upon request.

7.04 Does the catalog contain the following items?

(a) A table of contents and/or an index.

☒ Yes ☐ No

(b) An indication of the year or years for which the catalog is effective on the front page or cover page.

☒ Yes ☐ No

(c) The names and titles of the administrators.

☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.

☒ Yes ☐ No

(e) A statement of accreditation

☒ Yes ☐ No ☐ Not Applicable (initial applicant)

(f) A mission statement.

☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.

☒ Yes ☐ No

(h) An academic calendar.

☒ Yes ☐ No

(i) A full disclosure of the admission requirements.

☒ Yes ☐ No

(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.

☒ Yes ☐ No

(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.

☒ Yes ☐ No

(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.

☒ Yes ☐ No

(m) A definition of the unit of credit.

☒ Yes ☐ No ☐ Not Applicable (The institution does not award credit)

(n) A complete explanation of the standards of satisfactory academic progress.

☒ Yes ☐ No

(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.

☒ Yes ☐ No

(p) The transfer of credit policy.

☒ Yes ☐ No

(q) A statement of the tuition, fees, and any other charges.

☒ Yes ☐ No

(r) A complete and accurate listing of all scholarships offered.

☒ Yes ☐ No ☐ Not Applicable (no scholarships offered)

(s) The refund policy.

☒ Yes ☐ No

(t) A statement describing the student services offered.

☒ Yes ☐ No

(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the institution offer degree programs?

☒ Yes ☐ No

If Yes, does the catalog contain the following?

(a) An explanation of the course numbering system (for all levels).

☒ Yes ☐ No

(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).

☒ Yes ☐ No

(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).

☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).

☒ Yes ☐ No

7.06 Does the institution offer courses and/or programs via distance education?

☒ Yes ☐ No (Skip to Question 7.07.)

If Yes, does the catalog contain the following?

(a) A description of each mode of delivery used for distance education courses.

☒ Yes ☐ No

(b) Any additional or different admissions requirements for students taking distance education courses.

☐ Yes ☐ No ☒ Not Applicable (there are no additional or different admissions requirements)

(c) A description of any tests used to determine access to distance education.

☐ Yes ☐ No ☒ Not Applicable (no additional tests are given)

(d) A description of the resources and equipment the students must have to avail themselves of distance education instruction.

☒ Yes ☐ No

(e) Costs and fees associated specifically with distance education.

☐ Yes ☐ No ☒ Not Applicable (there are no additional costs and fees)

7.07 Does the catalog contain an addendum/supplement?

☐ Yes ☒ No (Skip to Question 7.08.)

7.08 Is the catalog available online?

☒ Yes ☐ No (Skip to Question 7.09.)

If Yes, does it match the hard copy version?

☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?

☐ Yes ☒ No (Skip to Question 7.10.)

7.10 Is all advertising and promotional literature, including the campus' Web site, truthful and dignified?

☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?

☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?

The campus markets to prospective students utilizing the following methods:

internet;

television;

radio advertising; and

direct mail.

Are the advertisements under acceptable headings?

☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?

☒ Yes ☐ No (Skip to Question 7.14.)

If Yes, is there evidence that prior consent was obtained and that remuneration was not made for the consent or the use of the advertisement?

☒ Yes ☐ No

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No (Skip to Question 7.15.)

7.15 Does the campus avoid offering monetary incentives to attract students or for failure in job placement?

☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?

☒ Yes ☐ No ☐ Not Applicable (institution does not participate in financial aid)

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?

☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?

☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?

☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?

☒ Yes ☐ No

8.05 Reviewed at AAC

8.06 Reviewed at AAC

8.07 Reviewed at AAC

8.08 Reviewed at AAC

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?

At the time of the visit, no monies have been spent from the library budget.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.12 Reviewed at AAC

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?

☒ Yes ☐ No

8.14 Reviewed at AAC

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?

☐ Yes ☐ No ☒ Not Applicable (no interlibrary agreements)

8.16 Reviewed at AAC

8.17 Reviewed at AAC

8.18 Reviewed at AAC

8.19 Reviewed at AAC

8.21 Reviewed at AAC

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?

☒ Yes ☐ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?

☒ Yes ☐ No

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?

☒ Yes ☐ No

9. PROGRAM EVALUATION

Academic Associate's Degree in Computer Drafting and Design

Academic Associate's Degree in Drafting and Design Technology

Bachelor's Degree in Construction Management

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Sean T. Brennan serves as the program chair in the School of Design and Drafting. Mr. Brennan holds a master's degree in Design Management and a master's degree in Communication Design from Pratt Institute, New York, New York, and a bachelor's degree in Graphic Design from the Ringling College of Art and Design, Sarasota, Florida. Mr. Brennan served as a chair of the department of Graphics Design, Web Design, and Interactive Media at the Art Institute of Tampa, Florida.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The students are invited to participate in the CAD Americas Training Days October 25, 2012. For a student registration fee of $95, students have the opportunity to spend a day of intensive training in CAD. The Computer Drafting and Design and the Drafting and Design Technology programs have an active professional advisory committee (PAC) made up of faculty, community professionals, and other professional industry partners. The board meets twice a year and is well attended. The team found evidence of PAC meetings held on June 1, 2011, October 26, 2011 and April 18, 2012.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objective for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

There were 12 calls attempted.

How many calls to employers or graduates were successful?

There were six successful calls.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

Six of the calls where contact was made confirmed the employment of graduates as reported on the CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education’s definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If Yes, briefly describe the procedures.

In the "Credit Hour" section on page 70 of the 2012-2013 campus catalog, volume 64, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If Yes, briefly describe the documentation of evaluation viewed on site.

The team reviewed samples of graded homework.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☐ Yes ☐ No ☒ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

9. PROGRAM EVALUATION

Bachelor's of Science in Electronics Communications Engineering Technology (ECET)

Bachelor's of Science in Electrical Engineering and Communications Technology (EECT)

Academic Associate's Degree in Computer and Electronics Engineering Technology (CEET)

Academic Associate's Degree in Electrical Engineering Technology (EET)

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Richard Jones is the chair of the School of Electronics Technology. Mr. Jones holds a bachelor's degree in Electronic Management from Southern Illinois University, Carbondale, Illinois, and a master's of Management from Troy University, Troy, Alabama. He was originally hired as an instructor in July 1990 and was promoted to department chair January 2011. Before joining the campus, he worked as associate dean at San Diego Community College, Orlando, Florida.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

The School of Electronics Technology utilized the following community resources:

- A guest speaker from Xobon Inc., Tampa, Florida, on January 15, 2011; May 14, 2011; February 25, 2012 and August 5, 2012. The guest speaker from Xobon gave lectures and a certification exam from the Federal Communications Commission (FCC) to students.
- A guest speaker from Goodmark Medical LLC of Longwood, Florida, who gave a lecture on software development to students on April 27, 2011.

- To enhance experiential learning, the electronics students went on a field trip to Yengling Brewery, Tampa, Florida, on September 1, 2012.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

No students were registered for independent study at the campus during 2012.

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objective for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The following number of calls were made to employers and graduates for the programs:

Bachelor's degree in Electronics Communications Engineering Technology (ECET) - 9.

Bachelor's degree in Electrical Engineering and Communications Technology (EECT) - N/A.

Academic associate's degree in Computer and Electronics Engineering Technology (CEET) - 19.

Academic associate's degree in Electrical Engineering Technology (EET) - N/A.

How many calls to employers or graduates were successful?

Bachelor's degree in Electronics Communications Engineering Technology (ECET) - 6.

Academic Associate's in Computer and Electronics Engineering Technology (CEET) - 10.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All employers contacted confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as “not available for placement”?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "Credit Hour" section on page 70 of the 2012-2013 campus catalog, volume 64, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

The team found satisfactory evidence of out-of-class work that was graded by instructors.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

9. PROGRAM EVALUATION

Academic Associate's Degree in Paralegal Studies

Academic Associate's Degree in Criminal Justice

Bachelor's Degree in Criminal Justice

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Currently the ITT Technical Institute campus in Tampa, Florida, is conducting a search for a chair of the Criminal Justice programs. In the interim, Mr. Bernie Berania, district leader for all ITT Technical Institute, Florida deans and the dean of academic affairs for the Jacksonville campus, is serving as interim dean of academic affairs and is overseeing the Criminal Justice and Paralegal programs. As previously stated, Mr. Berania holds a bachelor's degree in Business Administration from the University of North Florida and a master's degree in Curriculum and Technology Instruction from Nova Southeastern University. He joined ITT in 2005 as a general education program chair and was promoted to dean of academic affairs in 2006. Prior to his tenure at ITT Technical Institute, Mr. Berania taught at First Coast Christian School and as graduate faculty for the University of Phoenix.

Ms Fabrienne McDowell has served as the subject matter expert in the Criminal Justice program since October 16, 2012. Ms. McDowell holds a master's degree and a bachelor's degree in Criminal Justice from Albany State University, Albany, Georgia. Ms. McDowell worked as a mental health counselor for 12 years and as an adjunct instructor teaching Criminal Justice courses for 3 years. The team found documentation on file to support Ms. McDowell's credentials and official transcripts are on file.

Dr. N. Peter Nazaretian has served as the subject matter expert in the Paralegal program since October 18, 2012. Dr. Nazaretian holds a juris doctorate degree from Nova Southeastern University, Davie, Florida, and a bachelor's degree in Marketing and Criminal Justice from the University of South Florida. Dr. Nazaretian is a member of the Florida state bar and has served as an adjunct instructor on this campus since June of 2012. The team found documentation on file to support Dr. Dr. Nazaretian's credentials; official transcripts are also on file.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

The student retention rate was 50% in the academic associate's in Paralegal Studies degree program.

The student retention rate was 66.39% in the academic associate's in Criminal Justice program.

The student retention rate was 68.42% in the bachelor's of science in Criminal Justice degree program.

The student placement rate was 100% in the academic associate's in Paralegal Studies degree program.

The student placement rate was 36.36% in the academic associate's in criminal justice degree program.

The student placement rate was 0 % in the bachelor's of science in Criminal Justice degree program, no graduates.

9.07 List the community resources and how they are utilized to enrich the program(s).

At the time of the visit, the team found that the Criminal Justice and Paralegal programs have an active professional advisory committee (PAC) made up of faculty, community professionals, and other professional industry partners. The board meets twice a year and is well attended. The team found evidence of PAC meetings held on May 24, 2011 and October 26, 2011. The program also has adjunct faculty members who work in the industry. Students were able to provide instances in which the industry experience of the instructors enriched the classroom experience.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes?

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objective for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

The following numbers of calls were made to employers for the following programs:

Academic associate's degree in Paralegal Studies - one call.
Academic associate's degree in Criminal Justice - four calls.
Bachelor's degree in Criminal Justice- 0 calls no graduates.

How many calls to employers or graduates were successful?

Academic associate's degree in Paralegal Studies - one call.
Academic associate's degree in Criminal Justice - four calls.
Bachelor's degree in Criminal Justice - 0 calls no graduates.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All of the calls where contact was made confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "Credit Hour" section on page 70 of the campus catalog 2012-2013, volume 64, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

Evidence was provided to the team of homework that was both graded and recorded.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

If No, insert the section number in parentheses, list the faculty and course, and explain:

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☒ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

9. PROGRAM EVALUATION

Academic Associate's Degree in Nursing (104 hours)

Academic Associate Degree in Nursing (109 hours)

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Ms. Diana Lane has been the chair for the Nursing program since the program started in 2009. Ms. Lane holds a bachelor's and master's degree in Nursing from Russell State College. Ms. Lane has worked as a clinical nurse specialist, clinical instructor, and lead theory instructor for other nursing schools and hospitals. Documentation was on file supporting all her credentials and official transcripts.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☐ No ☒ Not applicable (new branch only) There are no program graduates.

9.07 List the community resources and how they are utilized to enrich the program(s).

The Nursing program has an active advisory board (PAC) made up of six registered nurses from several local medical facilities. The board meets twice a year, and the team was provided evidence of the minutes and attendees signatures. The campus uses several clinical sites within the community for their practicum experiences and hosts blood drives on campus.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☒ Yes ☐ No ☐ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☒ Yes ☐ No ☐ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objective for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If Yes, briefly describe the procedures.

In the "Credit Hour" section on page 70 of the campus 2012-2013 catalog, volume 64, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If Yes, briefly describe the documentation of evaluation viewed on site.

Evidence was provided to the team of homework that was both graded and recorded.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

GENERAL COMMENTS:

The team interviewed 75 current students who were very positive and pleased with the program, facilitates, faculty and program chair Ms. Diana Lane.

9. PROGRAM EVALUATION

Bachelor's Degree in Project Management and Administration - Project Management and Administration Option

Bachelor's Degree in Project Management and Administration - Construction Option

Bachelor's Degree in Project Management and Administration - Information Technology Option

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Hafid Fernandez is chair of the School of Information Technology and is acting chair of the School of Business. He reports to the dean of academic affairs. Mr. Fernandez holds a bachelor's degree in Network and Communications Management from Devry University in Orlando, Florida, and a master's degree in Information Technology from Nova Southeastern University in Ft. Lauderdale, Florida. Mr. Fernandez has been employed by ITT Technical Institute since September 2009. He is advised in the area of Program Management by lead instructor Mr. George Dollar. Mr. Dollar holds a master's degree in Business Administration from Liberty University in Lynchburg, Virginia.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

The three programs had a start date of September 2011. They are not a part of the 2011 CAR data.

9.07 List the community resources and how they are utilized to enrich the program(s).

At the time of the visit all three project management options are new programs within the School of Business and have only been offered since September 2011. The list of activities in 2012 included:

- a field trip to Rockwell Building Systems;
- a talk by a guest speaker/visiting professional; and
- a field trip to OneTouch Direct call center to observe project management operations.

Activities for 2013 include plans to continue inviting guest speakers and professionals, field trips to various businesses via PAC members, and a field trip to Verizon NOC. None of the activities could be documented.

9.08 Are these resources sufficient?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-512(c)): There is not a sufficient use of community resources in the Project Management programs. A number of activities were cited, but there was limited documentation as to activity content, attendees, breakout sessions, member surveys, and more.

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a)Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No (e)

Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objective for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☐ Yes ☐ No ☒ NA, (there have been no graduates)

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the procedures.

In the "Credit Hour" section on page 70 of the 2012-2013 campus catalog, volume 64, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.

A number of quizzes, homework assignments, and projects were provided and graded. Grades were numeric percentages, such as 95%. Additional comments, such as, "Good writing" and "Excellent writing" were in evidence.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☐ Yes ☐ No ☒ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

9. PROGRAM EVALUATION

Academic Associate's Degree in Informaiton Technology - Computer Network Systems

Academic Associate's Degree in Network Systems Administration

Bachelor's of Science Degree in Information Systems and Cybersecurity

Bachelor's of Science Degree in Information Systems Security

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Hafid Fernandez is chair of the School of Information Technology and is acting chair of the School of Business. He reports to the dean of academic affairs. As previously stated, Mr. Fernandez holds a bachelor's degree in Network and Communications Management from Devry University in Orlando, Florida and a master's degree in Information Technology from Nova Southeastern University in Ft. Lauderdale, Florida. Mr. Fernandez has been employed by ITT Technical Institute since September 2009.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☒ Yes ☐ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☒ Yes ☐ No ☐ Not applicable (new branch only)

9.07 List the community resources and how they are utilized to enrich the program(s).

There were field trips and program advisory committee meetings during the reporting period. The four advisory committee meetings were attended by members of the community who serve in business positions. This benefits the student population in the areas of both industry needs assessment and employment.

9.08 Are these resources sufficient?

☒ Yes ☐ No

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If *No,* insert the section number in parentheses, list the courses, and explain:

(Section 3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objective for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

Academic associate's degree in Information Technology - Computer Network Systems- 32.

Academic associate's degree in Network Systems Administration- 0 (no graduates).

Bachelor's degree in Information Systems and Cybersecurity- 0 (no graduates).

Bachelor's degree in Information Systems Security- 12.

Bachelor's degree in Project Management and Administration - Information Technology Option- 0 (no graduates).

How many calls to employers or graduates were successful?

Academic associate's degree in Information Technology - Computer Network Systems- 20.

Academic associate's degree in Network Systems Administration- 0 (no graduates).

Bachelor's degree in Information Systems and Cybersecurity- 0 (no graduates).

Bachelor's degree in Information Systems Security- six.

Bachelor's degree in Project Management and Administration - Information Technology Option- 0 (no graduates).

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

All calls where contact was made confirmed the employment of the graduates as reported on the 2011 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the procedures.

In the "Credit Hour" section on page 70 of the 2012-2013 campus catalog, volume 64, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

Graded and recorded homework was provided to the team for review.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 Reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

9.48 Reviewed at AAC

GENERAL COMMENTS:

The team commends chair Mr. Hafid Fernandez and Mr. Craig Rollins for being recognized by the student body for their expertise and dedication to student success. All three classes interviewed acknowledged these instructors independently.

9. PROGRAM EVALUATION

Bachelor's Degree Digital Entertainment and Game Design

Academic Associate's Degree in Visual Communications

9.01 See response from AAC

(a) See response from AAC

(b) See response from AAC

(c) See response from AAC

(d) See response from AAC

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Sean Brennan is assigned to administer the academic programs of Visual Communications and Digital Entertainment and Game Design. He has been with the campus since August 2012 as chair of the school of Drafting and Design. As previously stated, Mr. Brennan holds a master's degree from Pratt Institute and a bachelor's degree from Ringling College of Art and Design. Prior to his coming to the Tampa ITT Technical Institute campus, he was a program chair for seven years at the Art Institute of Tampa. Professionally, he has a varied background as a design intern for Rolling Stone Magazine, project manager for Gensler Architecture, and as a graphics designer in New York. Mr. Brennan's professional affiliations include membership in the Professional Association for Design (AIGA), having served as president of the Tampa Bay chapter for four years, and he is also a member of the Design Management Institute (DMI). In addition to teaching four classes, he oversees one part-time adjunct instructor, Mr. Austin Kurtis. Mr. Kurtis holds an associate's degree in Visual Effects and Motion Graphics from the Art Institute of Pittsburgh.

9.03 Does this individual possess appropriate academic or experiential qualifications?

☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the administration of the educational program(s)?

☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?

☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the council as shown by student achievement outcomes which meet or exceed the standards for the following areas:

(a) Student retention rate of 62%

☐ Yes ☒ No ☐ Not applicable (new branch only)

(b) Student placement rate of 58%

☐ Yes ☒ No ☐ Not applicable (new branch only)

If No for either item or if the data is not available, does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard:

☒ Yes ☐ No

9.07 List the community resources and how they are utilized to enrich the program(s).

The School of Drafting and Design has documented evidence of a program advisory committee (PAC) with approximately eleven regular members.

9.08 Are these resources sufficient?

☐ Yes ☒ No

If No, insert the section number in parentheses and explain:

(Section 3-1-512(c)): The campus does not utilize community resources to enrich the programs. The membership and professional background of the members of the PAC does not equally represent the programs of Visual Communications and Digital Entertainment and Game Design which are included in the School of Drafting and Design. There is no documentation of field trips or guest speakers for these programs. Students also reported that they had never been on a field trip to locations off campus.

9.09 Reviewed at AAC

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ NA, (these elements are not part of the program or no student is far enough along in the program)

9.12 Reviewed at AAC

9.13 Are independent studies used appropriately, and is there a signed contract that meets Council standards?

☐ Yes ☐ No ☒ NA

9.14 Reviewed at AAC

9.15 Are course prerequisites being followed?

☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:

(a) Title and course descriptions

☒ Yes ☐ No

(b) Course numbers

☒ Yes ☐ No

(c) Course prerequisites and/or corequisites

☒ Yes ☐ No

(d) Instructional contact hours/credits

☒ Yes ☐ No

(e) Learning objectives

☒ Yes ☐ No

(f) Instructional materials and references

☒ Yes ☐ No

(g) Topical outline of the course

☒ Yes ☐ No

(h) Instructional methods

☒ Yes ☐ No

(i) Assessment criteria

☒ Yes ☐ No

(j) Method of evaluating students

☒ Yes ☐ No

(k) Date the syllabus was last reviewed

☒ Yes ☐ No

For campuses participating in Title IV that have lecture courses in credit hour programs or clock-to-credit hour programs only:

(l) Out-of-class work assignments that support the learning objectives for the course

☐ Yes ☒ No

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments

☐ Yes ☒ No

If No, insert the section number in parentheses, list the courses, and explain:

Section (3-1-513(a) and Glossary): Course syllabi do not include, as appropriate, out-of-class work assignments that support the learning objective for most courses. Although the campus provided samples of some graded homework assignments, the majority of syllabi provided to the team did not indicate that homework or outside assignments were required and homework assignments were not included as any percent of the final grade.

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?

☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report (formerly AIR) submitted to the Council?

☒ Yes ☐ No ☐ NA, (there have been no graduates)

How many calls to employers or graduates were attempted?

In the Visual Communications program, five calls to employers were attempted.

In the Digital Entertainment and Game Design program, two calls to employers were attempted.

How many calls to employers or graduates were successful?

In the Visual Communications program, five calls to employers were successful.

In the Digital Entertainment and Game Design program, two calls to employers were successful.

How many of the calls where contact was made with employers or graduates confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

In the Visual Communications program, five calls confirmed the employment of the graduate as reported on the CAR

In the Digital Entertainment and Game Design program, two calls confirmed the employment of the graduate as reported on the CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?

☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?

☒ Yes ☐ No (Skip to question 9.24)

9.22 Does the campus have written documentation of procedures for developing the application of the U.S. Department of Education's definition of a credit hour?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If Yes, briefly describe the procedures.

In the "Credit Hour" section on page 70 of the 2012-2013 campus catalog, volume 64, the campus policy regarding homework is contained in the "Residence Courses" paragraph.

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?

☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If Yes, briefly describe the documentation of evaluation viewed on site.

The team was presented evidence of out-of-class written homework projects that were graded with instructor notes and comments. One assignment was a project plan with a stated objective, concept, methodology, and execution plan for a proposed animation or a 3D game. Attached to the back of each homework assignment was a course rubric page with percentage categories of graded levels of assessment of the project.

9.24 Are the following appropriate to adequately support the number and nature of the program?

(a) Facilities

☒ Yes ☐ No

(b) Instructional equipment

☒ Yes ☐ No

(c) Resources

☒ Yes ☐ No

(d) Personnel

☒ Yes ☐ No

9.25 - reviewed at AAC

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the Accreditation Criteria, and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?

☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?

☒ Yes ☐ No ☐ NA, hiring responsibility is at AAC

9.30 Are teaching loads reasonable?

☒ Yes ☐ No

9.38 Reviewed at AAC

9.39 Reviewed at AAC

9.40 Reviewed at AAC

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?

☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Reviewed at AAC

9.43 Reviewed at AAC

9.44 Reviewed at AAC

9.45 Reviewed at AAC

9.46 Reviewed at AAC

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?

☒ Yes ☐ No ☐ N A, (no students in the third and fourth years)

The bachelor's degree program in Digital Entertainment and Game Design currently has only one student enrolled who is in the last three quarters of the program. He will continue on schedule at the campus until he graduates in June 2013. The campus is currently not enrolling students in this program since it is in teach-out.

9.48 Reviewed at AAC

GENERAL COMMENTS:

The team reviewed three student portfolios of both current and graduated students and found them to be sufficient for securing interviews and potential employment.

SUMMARY

The institution is not in compliance with the *Accreditation Criteria* in the following areas:

Number	Citation	Summary Statement (followed by report page number)
1	**3-1-512(c)**	Two programs did not adequately utilize community resources (pages 40 and 48).
2	**3-1-513(a) and Glossary**	Not all course syllabi include out-of-class work assignments that support the learning objectives of the courses (pages 26, 30, 34, 38, 45, 50).

RECOMMENDATIONS

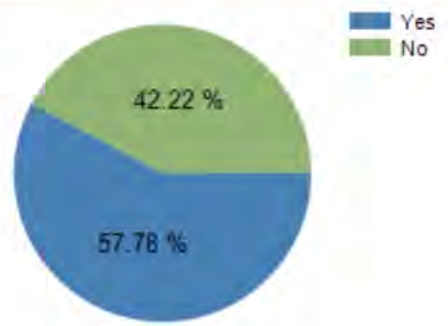
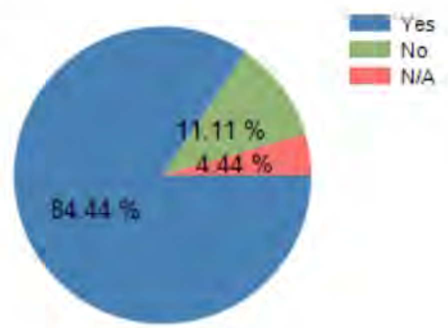
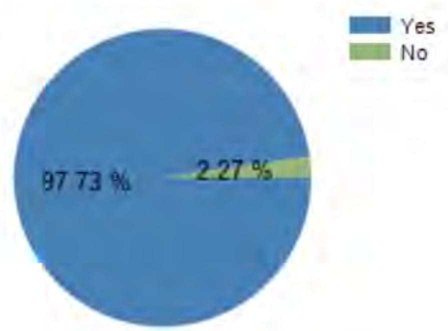
The evaluation team offers the following recommendations for consideration (*These recommendations are not included in the report seen by the Council*):

SCHOOL OF NURSING

The School of Nursing would benefit from a Cerner or Medi-tech trainer for electronic charting and a Pyxix, Accudose or Omnicell for administrative medicines to enhance the overall education of the program.

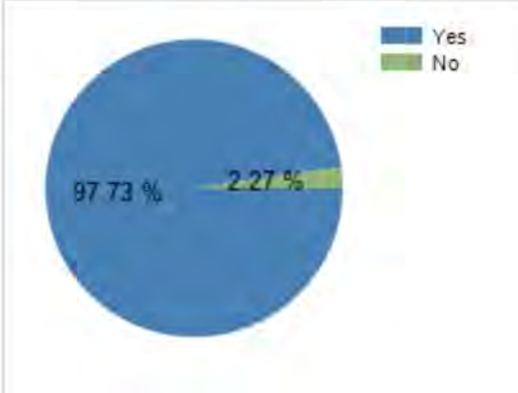
Please find below the results of the Student Surveys issued to several students while the team was on-site. Please note that these results are aggregated and are not distinguished by individual programs:

Student Survey Response Summary Graph

	Survey Question	Category	Count	
	1.1. Do you have other postsecondary or college education?	Yes	26	
		No	19	
	1.2. Did your admission's representative describe the transfer of credit policies and procedures accurately?	Yes	38	
		No	5	
		N/A	2	
	2.1. Did your admissions representative accurately state the enrollment process regarding the following? - Courses and programs	Yes	43	
		No	1	

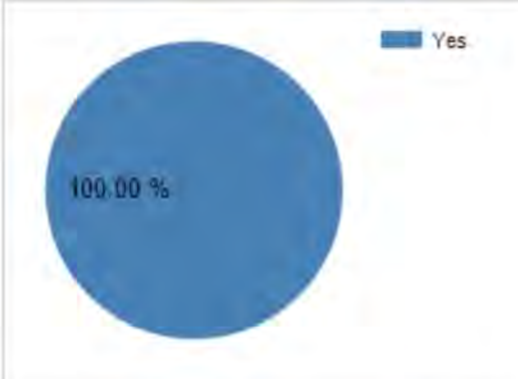
2.1. Did your admissions representative accurately state the enrollment process regarding the following? - Services offered by the school

Yes	43
No	1



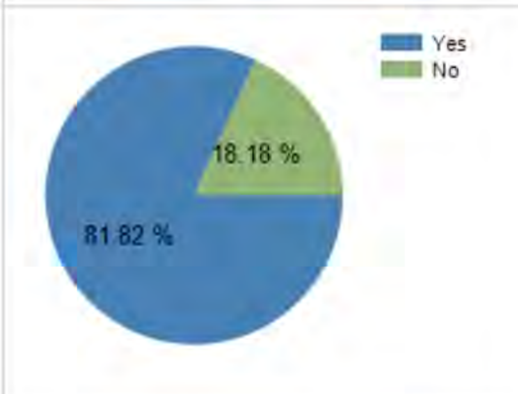
2.1. Did your admissions representative accurately state the enrollment process regarding the following? - Tuition and fees

Yes	44



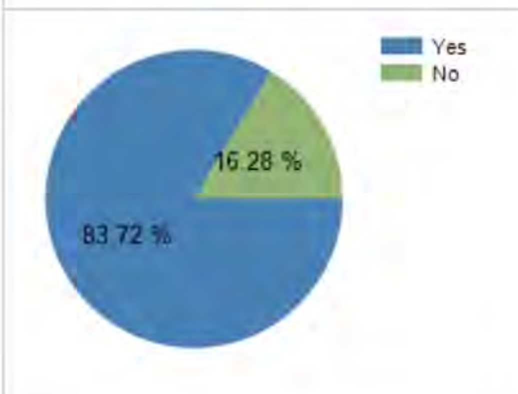
2.2. Did you receive a catalog or provided access to an online catalog?

Yes	36
No	8



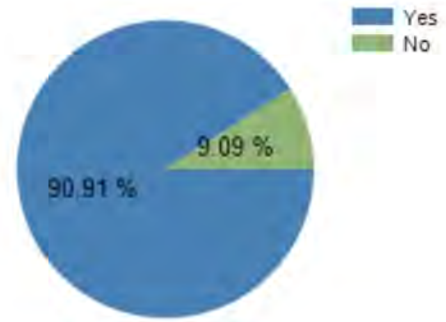
2.3. Did the catalog accurately portray programs, services and policies of the institution?

Yes	36
No	7



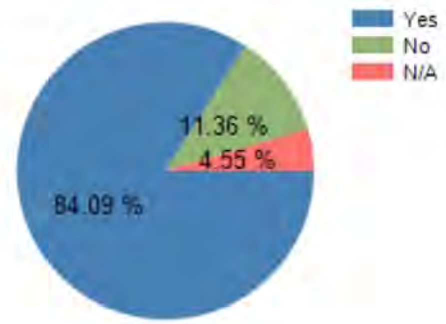
2.4. Did the school provide sufficient information for you to decide to enroll, without placing undue pressure?

Yes	40
No	4



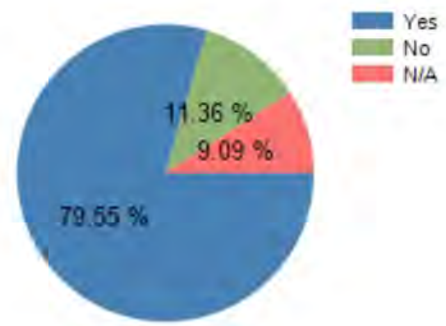
3.1. Do you receive financial aid?

Yes	37
No	5
N/A	2



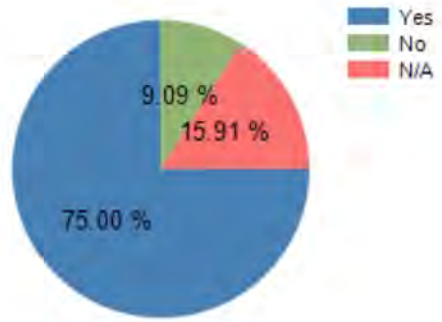
3.2. Are you aware of how your financial aid is packaged and what the repayment responsibilities are?

Yes	35
No	5
N/A	4



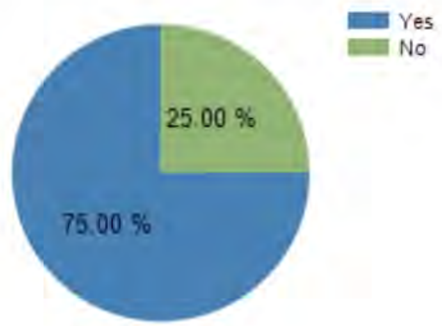
3.3. Are you aware of your loan repayment obligations?

Yes	33
No	4
N/A	7



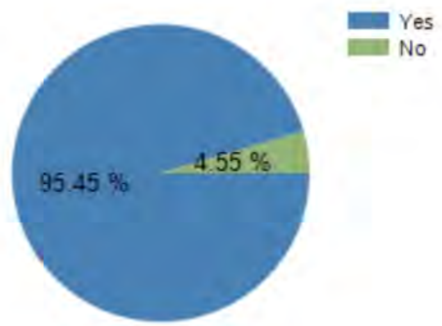
4.1. Do you know when you will complete your program?

Yes	33
No	11



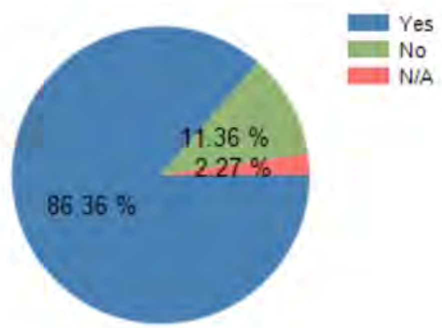
4.2. Are your instructors available to provide additional help?

Yes	42
No	2

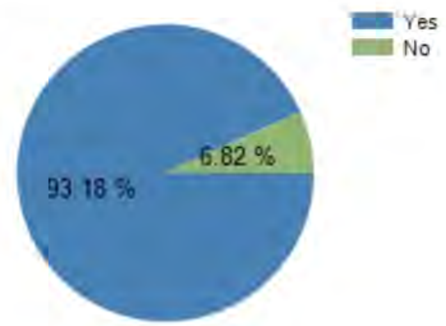


4.3. Are computers, lab equipment, etc. in good working order?

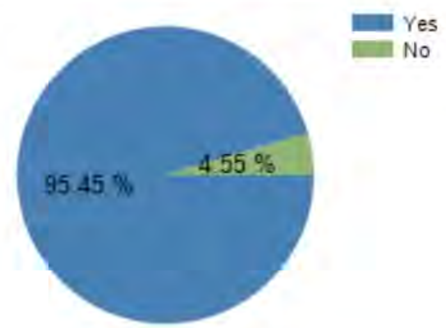
Yes	38
No	5
N/A	1



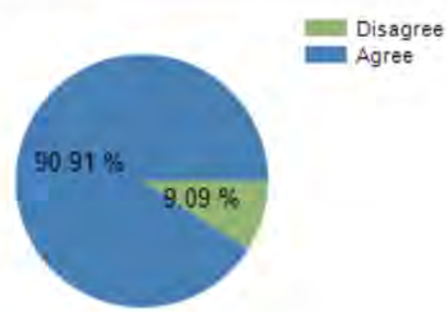
Question	Response	Count
4.4. Were textbooks available when you started classes?	Yes	41
	No	3



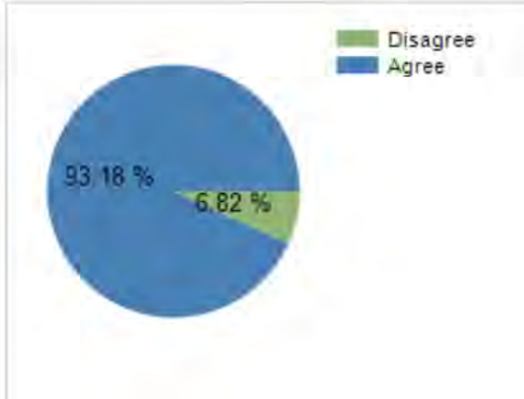
Question	Response	Count
4.5. In general, was sufficient homework assigned to help you achieve course learning objectives?	Yes	42
	No	2



Question	Response	Count
5.1. Overall, I am satisfied with the quality of education I am receiving.	Disagree	4
	Agree	40



	5.2. I would recommend this school to others.	Disagree	3
		Agree	41



From:	Ian Harazduk <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/653BDA8A64144114820BFCBF53B7514E -IHARAZDUK>
Sent:	10/9/2013 1:37:05 PM -0400
To:	Karly Zeigler <ExchangeLabs/Exchange Administrative Group (FYDIBOHF23SPDLT)/Recipients/759a06a602904e95a0831c54f52e4435-ksmith>
Subject:	Westwood Reports
Attachments:	27058.Westwood College-Annandale NG.doc; 27060.Westwood College-Arlington NG.doc

Karly,

I made some changes to the summary page; I hope that's acceptable. I've sent it over to Miss E, so hopefully it will get out today.

Ian Harazduk

Manager, Compliance

Accrediting Council for Independent Colleges and Schools

750 First Street, NE | Suite 980 | Washington, DC 20002

www.acics.org | 202.336.6795 - p | 202.842.2593 - f

NEW GRANT VISIT REPORT

Westwood College, Annandale Campus
7619 Little River Turnpike, Suite 500
Annandale, VA 22003
ACICS ID Code: 00027058

Dr. Mary Kay Svedberg, Campus President (msvedberg@westwood.edu)
27058@westwood.edu

MAIN CAMPUS
Westwood College-South Bay
Torrance, CA 90502
ACICS ID Code: 00027056

September 9-10, 2013

Dr. Richard Murphree	Chair	Consultant Effectual Business Servicse	Eagle, ID
Ms. Betty Herard	Student-Relations Specialist	Global Learning Strategies	Birmingham, AL
Dr. Thomas Duff	Educational Activities and Library	University of Minnesota, Duluth	Duluth, MN
Mr. Steve Johnson	Business Administration Specialist	Team member's institution	Memphis, TN
Mr. George Cormier Jr.	Construction Management Specialist	ITT Technical Institute	Las Vegas, NV
Mr. Terry Campbell	Criminal Justice Specialist	Kaplan University	Okeechobee, FL
Dr. Eva Skuka	Medical Assistant/Office Management Specialist	Berkley College	Wayne, NJ
Mr. Barry Phillips	Graphic Design Specialist	Art Director -PBS, NBC	Burelson, TX
Mr. Fredrick Hampton	Interior Design/Computer-Aided Design Specialist	Design Collaborative	Tampa, FL
Mr. Charles Saunders	Information Technology Specialist	Virginia College	Owens Cross Roads, AL
Ms. Karly Zeigler	Staff Representative	ACICS	Washington, DC

PROGRAMS OFFERED BY
WESTWOOD COLLEGE
ANNANDALE, VA

CREDENTIAL EARNED	ACICS CREDENTIAL	APPROVED PROGRAM TITLE	Clock Hrs.	Credit Hrs.	Enroll: Full-time/ Part-time	CAR Retention & Placement			
						2012		2011	
						Ret.	Pla.	Ret.	Pla.
Diploma	Diploma	Medical Assisting	955	69.5	37/1	88.89%	**N/A**	N/A	N/A
Associate of Science	Academic Associate's degree	Computer Aided Design: Architectural Drafting	1205	90	12/5	80%	100%	N/A	N/A
Associate of Science	Academic Associate's degree	Business Administration	910	90	22/12	91.67%	**N/A0**	68.80%	100%
Associate of Science	Academic Associate's degree	Criminal Justice	905	90	17/5	100%	**N/A**	N/A	N/A
Associate of Science	Academic* Associate's degree	Medical Assisting *	1180	92	12/8	N/A	N/A	N/A	N/A
Associate of Science	Academic Associate's degree	Construction Management	965	90	13/7	100%	N/A	N/A	N/A
Associate of Science	Academic Associate's degree	Graphic Design	1205	90	15/4	68.09%	100%	79.20%	100%
Associate of Science	Academic Associate's degree	Information Technology	1225	90	12/31	77.42%	**N/A**	50%	N/A
Associate of Science	Academic Associate's degree	Medical Office Management	945	90	6/3	100%	**N/A**	N/A	N/A
Bachelor of Science	Bachelor's degree	Business Administration: Major Accounting and Financial Management	1820	180	3/6	66.67%	**N/A**	**57.10%**	**N/A**
Bachelor of Science	Bachelor's degree **	Business Administration: Major in Healthcare Management **	1820	180	2/1	**58.62%**	**N/A**	**44.40%**	100%
Bachelor of Science	Bachelor's degree	Business Administration: Major in Human Resources Management	1820	180	1/1	100%	**N/A**	**N/A**	**N/A**
Bachelor of Science	Bachelor's degree	Business Administration: Major in Management	1820	180	10/5	**58.49%**	100%	**53.30%**	**N/A**
Bachelor of Science	Bachelor's degree	Graphic Design: Animation	2330	180	6/4	81.48%	66.67%	79.50%	100%
Bachelor of Science	Bachelor's degree	Information and Network Technologies: Computer Forensics	2305	180	2/0	100%	**N/A**	75%	**N/A**
Bachelor of Science	Bachelor's degree	Information and Network Technologies: Network Management	2350	180	14/6	70.21%	100%	65.10%	**N/A**
Bachelor of Science	Bachelor's degree	Information Technology: Systems Security	2350	180	12/3	70%	**33.33%**	**55.90%**	100%
Bachelor of Science	Bachelor's degree	Criminal Justice: Major in Administration	1820	180	32/1	72.73%	90%	68.60%	84.60%
Bachelor of Science	Bachelor's degree	Criminal Justice: Major in Investigations	1820	180	7/1	68.97%	80%	**56.10%**	100%
Bachelor of Science	Bachelor's degree	Construction Management	1945	180	12/7	72.14%	100%	73.80%	90.90%
Bachelor of Science	Bachelor's degree	Interior Design	2330	180	8/1	77.50%	62.50%	72.70%	80%
		TOTAL ENROLLMENT			378				

*Program reviewed for the first time

**Not accepting new students

*** Typed in bold are any retention rate below 62% or placement rate below 58%

INTRODUCTION

In March 2006, the Westwood College Annandale opened its doors for the inaugural term. The campus is nestled in the beltway of our nation's capital, located at 7619 Little River Turnpike, Suite 500, in Annandale, Virginia. Initially, the college was accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC) and its programs were approved by the State Council of Higher Education for Virginia (SCHEV). In December 2010, the college received initial accreditation from the Accrediting Council for Independent Colleges and Schools (ACICS).

Due to rapid student population growth, it was apparent that the college needed additional space for classrooms and labs. In August 2010, the college added 9,815 additional square feet in an adjoining building located at 7611 Little River Turnpike, 6th Floor, Annandale, Virginia. The Hon. John Roll courtroom has shared occupancy in the additional space since February 2011.

A consortium agreement is signed with Westwood College Online to offer campus students the opportunity to take courses through online delivery, providing more flexibility in class options for students enrolled in residential campus programs.

As of July 1, 2013, the student population is 386.

1. MISSION

1.01 Give the page number in the campus catalog on which the mission statement can be found.
The mission statement can be found on page eight of the 2013 course catalog dated May 2013.

1.02 Does the campus have an appropriate mission statement with a set of supporting objectives?
☒ Yes ☐ No

1.03 Are the objectives devoted substantially to career-related education?
☒ Yes ☐ No

1.04 Are the objectives reasonable for the following?
(a) The programs of instruction
☒ Yes ☐ No
(b) The modes of delivery.
☒ Yes ☐ No
(c) The facilities of the campus.
☒ Yes ☐ No

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?
☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?
☒ Yes ☐ No

CAMPUS EFFECTIVENESS

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?
☒ Yes ☐ No

1.08 If the campus is an additional location, does the additional location have its own CEP, separate from the main campus IEP?

☒ Yes ☐ No ☐ Not Applicable

1.09 Does the CEP describe the following?
(a) The characteristics of the programs offered.
☒ Yes ☐ No
(b) The characteristics of the student population.
☒ Yes ☐ No

(c) The types of data that will be used for assessment.
☒ Yes ☐ No
(d) Specific goals to improve the educational processes.
☒ Yes ☐ No
(e) Expected outcomes of the plans.
☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?
(a) Student retention.
☒Yes ☐ No
(b) Student placement.
☒Yes ☐ No ☐ Not Applicable (new additional location only)
(c) Level of graduate satisfaction.
☐Yes ☒ No ☐ Not Applicable (new additional location only)
(d) Level of employer satisfaction.
☒Yes ☐ No ☐ Not Applicable (new additional location only)
(e) Student learning outcomes.
☒ Yes ☐ No

(Section 3-1-111): Follow-up studies on graduate satisfaction are not being completed in compliance with *Criteria*. The team verified the campus conducts "graduate" surveys only once, and these surveys are conducted during a student's last term, prior to graduation. While on-site, the campus created a new policy that states they will be sending out graduate surveys 150 days following a student's graduation. In addition, their corporate headquarters stated they will implement the new surveys.

1.11 Define the student learning outcomes used by the campus and how these outcomes are being assessed.
The campus assesses student-learning outcomes through an analysis of certification exams, cumulative G.P.A., and grade distribution. These assessments are linked together to form a comprehensive evaluation of student learning. Student learning outcomes are assessed by comparing baseline data with current rates in each of the areas mentioned above.

1.12 Are the following identified and described in the CEP?
(a) The baseline data for each outcome.
☒ Yes ☐ No ☐ Not Applicable
(b) The data used by the campus to assess each outcome.
☒ Yes ☐ No ☐ Not Applicable
(c) How the data was collected.
☒ Yes ☐ No ☐ Not Applicable
(d) An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.
☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?
☒ Yes ☐ No ☐ Not Applicable (new additional location or initial applicant only)

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?
☒ Yes ☐ No ☐ Not Applicable (new additional location only)

1.15 Describe the specific activities that the campus will undertake to meet these goals.
To meet its 2013 retention goal of 72%, new tools such as a ground tracking matrix and weekly reports on at risk students have been added to assist in tracking student progress more closely and intervening earlier when issues with attendance or grades arise.

To meet its 2013 placement goal of 72%, the campus is increasing activities with employers including bringing employers on the campus as guest speakers, the Campus to Community (C2C) initiative, and providing employer-led interview workshops.

1.16 Does the campus have documentation to show the following?
(a) That the CEP has been implemented.
☒ Yes ☐ No
(b) That specific activities listed in the plan have been completed.
☒ Yes ☐ No

(c) That periodic progress reports have been completed.
☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.
The campus effectiveness committee consists of the following members: campus president, academic dean, director of operations, librarian, and the registrar. The CEP committee meets quarterly to review and monitor the improvement processes and, on an annual basis, discusses major revisions or updates and the implementation of these actions.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?
☒ Yes ☐ No ☐ Not Applicable (new additional location or initial applicant only)

2. ORGANIZATION

2.01 Is the following information regarding the campus appropriately stated in the catalog?
(a) Governance, control, and corporate organization.
☒ Yes ☐ No
(b) Names of the trustees, directors, and/or officers.
☒ Yes ☐ No
(c) Names of the administrators.
☒ Yes ☐ No

2.02 Does the campus:
(a) Adequately train its employees?
☒ Yes ☐ No
(b) Provide them with constant and proper supervision?
☒ Yes ☐ No
(c) Evaluate their work?
☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?
☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:
(a) Clearly understand their duties and responsibilities?
☒ Yes ☐ No
(b) Know the person to whom they report?
☒ Yes ☐ No
(c) Understand the standards by which the success of their work is measured?
☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?

☐ Yes ☒ No

If *No,* insert the section number in parentheses and explain:
(Section 3-1-202(b)): There is no evidence that the administration maintains appropriate evaluation of all faculty. The following faculty do not have classroom observations or evaluations on file that have been completed within the past year: Mr. Faheem Kahn; Mr. John-Sim Park; Mr. James Rogers; and Ms. Ebony Scurry.

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?
☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?
☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?
☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Who is responsible for the financial oversight of the campus, and what are this person's qualifications?
Dr. Mary Kay Svedberg, campus president, is responsible for financial oversight of the campus. Dr. Svedberg has a bachelor's degree in Family and Child Development, a master's degree in Education from the College of William and Mary, and a doctoral degree in Human Development from Virginia Tech. She has been with the campus since 2009, initially as the academic dean and then the vice president before becoming the president in 2010.

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?
☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?
☒ Yes ☐ No

3.03 Who is the on-site administrator, and what are this person's qualifications?
Dr. Svedberg, campus president, is the on-site administrator. As previously mentioned, Dr. Svedberg has a bachelor's degree in Family and Child Development, a master's degree in Education from the College of William and Mary, and a doctoral degree in Human Development from Virginia Tech. She has been with the campus since 2009, initially as the academic dean and then the vice president before becoming the president in 2010.

3.04 Does the campus list degrees of staff members in the catalog?
☒ Yes ☐ No

If *Yes,* is appropriate evidence of the degrees on file?
☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?
(a) Financial aid activities.
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)
(b) Admissions.
☒ Yes ☐ No
(c) Curriculum.
☒ Yes ☐ No
(d) Accreditation and licensure.
☒ Yes ☐ No
(e) Guidance.
☒ Yes ☐ No

(f) Instructional resources.
☒ Yes ☐ No
(g) Supplies and equipment.
☒ Yes ☐ No
(h) The school plant.
☒ Yes ☐ No
(i) Faculty and staff.
☒ Yes ☐ No
(j) Student activities.
☒ Yes ☐ No
(k) Student personnel.
☒ Yes ☐ No

3.06 Does the campus admit ability-to-benefit students?
☐ Yes ☒ No *(Skip to Question 3.11.)*

3.11 Do student files contain evidence of graduation from high school or the equivalent?
☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?
☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?
☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?
☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?
☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?
☒ Yes ☐ No

4. RELATIONS WITH STUDENTS

4.01 How many student files were reviewed during the evaluation?
The team reviewed 43 files including files of active students, students who had withdrawn, students on finanical aid warning, students receiving transfer of credit, and 2012 CAR reported graduates.

4.02 Does the campus ensure that its student relations reflect high ethical standards?
☒ Yes ☐ No

4.03 Does the campus have appropriate admissions criteria?
☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?
☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?
☒ Yes ☐ No

4.06 Does the admissions policy conform to the campus's mission?

☒ Yes ☐ No

4.07 Is the admissions policy publicly stated?
☒ Yes ☐ No

4.08 Is the admissions policy administered as written?
☒ Yes ☐ No

4.09 Does the campus use an enrollment agreement for each enrolled student that:
(a) Clearly outlines the financial obligations of both the institution and the student?
☒ Yes ☐ No
(b) Outlines all program related tuition and fees?
☒ Yes ☐ No
(c) Has a signature of the student and the appropriate school representative?
☒ Yes ☐ No
Is there evidence that a copy of the agreement has been provided to the student?
☒ Yes ☐ No

4.10 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?
Mr. Kimball Cochran, regional director of admissions since August 2011, is responsible for the oversight of student recruitment at the campus. He holds a bachelor's degree in Business Operations from DeVry University and a master's degree in Project Management with a concentration in Human Resources from Keller Graduate School. Previously, he was employed as regional director of admissions and student services at DeVry University from November 1999 to November 2002.

4.11 How is the team able to verify that the recruiting process for new students is ethical and compatible with the educational objectives for the campus?
The team was able to verify that the recruiting process for new studens is ethical and compatible with the educational objectives for the campus by interviewing admission representatives, students, and the director of admissions. The team interviewed Mr. Slade Jones, senior assistant director of admissions and representative trainer. Mr. Slade provided a step-by-step description of the recruitment process including scripts, web-based presentations, and a video wrap-up presentation shown to prospective students. Representatives interview students and have students state why they are interested in their selected program and Westwood College. The student then meets with the director to verify whether Westwood College is a good match for them.

Are these recruiting practices ethical and compatible with the educational objectives of the campus?
☒ Yes ☐ No

4.12 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?
(a) Courses and programs.
☒ Yes ☐ No
(b) Services.
☒ Yes ☐ No
(c) Tuition.
☒ Yes ☐ No
(d) Terms.
☒ Yes ☐ No
(e) Operating policies.
☒ Yes ☐ No

4.13 Does the campus use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?
☒ Yes ☐ No

If *Yes,* is the name of the campus clearly identified, and is there evidence that the reason for usage of the name has been communicated to the student?

☒ Yes ☐ No

4.14 Does the state in which the campus operates require representatives to be licensed or registered?
☐ Yes ☒ No

4.15 Are the titles of recruitment and enrollment personnel appropriate?
☒ Yes ☐ No

4.16 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

4.17 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?
☒ Yes ☐ No

4.18 Does the campus have written policies and procedures for evaluating and accepting transfer of credit?
☒ Yes ☐ No

4.19 Is there evidence that the campus properly awards transfer of credit?
☒ Yes ☐ No ☐ Not Applicable

4.20 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another campus?
☒ Yes ☐ No

4.21 Has the campus established articulation agreements with other institutions?
☐ Yes ☒ No*(Skip to question 4.23 for Master's Degree Programs or 4.24 for all programs)*

4.24 Is the standards of satisfactory academic progress policy published in the catalog?
☒ Yes ☐ No

If *Yes*, state the page number(s) where the standards of satisfactory academic progress policy is published?
The standards of satisfactory academic progress (SAP) policy is published on pages 70-72 in the May 2013 course catalog.

4.25 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?
(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.
☒ Yes ☐ No
(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.
☒ Yes ☐ No
(c) Procedures for re-establishing satisfactory academic progress.
☒ Yes ☐ No
(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:
Withdrawals.
☒ Yes ☐ No
Incomplete grades.
☒ Yes ☐ No
Repeated courses.
☒ Yes ☐ No
Non-punitive grades.
☒ Yes ☐ No ☐ Not Applicable (campus does not offer)
Non-credit or remedial courses.
☒ Yes ☐ No ☐ Not Applicable (campus does not offer)
A warning status.
☒ Yes ☐ No ☐ Not Applicable (campus does not use)

A probationary period.
☒ Yes ☐ No
An appeal process.
☒ Yes ☐ No
An extended-enrollment status.
☒ Yes ☐ No ☐ Not Applicable (campus does not offer)
The effect when a student changes programs.
☒ Yes ☐ No ☐ Not Applicable (campus only offers one program of study
The effect when a student seeks to earn an additional credential.
☒ Yes ☐ No ☐ Not Applicable (campus only offers one credential)
The implications of transfer credit.
☒ Yes ☐ No

4.26 Does the campus apply its SAP standards consistently to all students?
☐ Yes ☒ No

If *No,* insert the section number in parentheses, list student names, and explain:
(Section 3-1-420 and Appendix D): The campus does not apply its SAP standards consistently to all students as required by the *Accreditation Criteria*; specifically, for Mr. Benjamin Dashiell II as follows:

1. Mr. Dashiell was admitted as a transfer student on August 24, 2010, from ITT Technical Institute in Springfield, VA. He was admitted with eight (8) transferred courses, which totaled 40 credits earned.
2. At the end of his first term, he received all F's for the three (3) courses he was enrolled in and earned a 0.00 term GPA and 0.00 CGPA.
3. His transcript posts a GPA of 1.96 and 81 credits earned for the stated term beginning August 2010.
4. There was no SAP documentation for this inconsistency, and Mr. Dashiell was either released or withdrew at the end of the August 2010 term.
5. He was allowed to re-entry in the January 2011 term without any documentation of SAP/probationary conditions.
6. A SAP appeal form dated 3/18/13 is in his file, which states he is allowed to remain in school for one term with the stipulation that he maintains a minimum GPA of 3.0 for the term beginning 3/20/13.

7. The team verified Mr. Dashiell received a .77 GPA for the term beginning 3/20/13; however, he has maintained enrollment, and is currently enrolled at the time of the visit.
8. There is no documentation that verifies the rationale and how it demonstrates a consistent application of the campus' SAP standards for Mr. Dashiell's current and continuous enrollment.

4.27 Are students who are not making satisfactory academic progress properly notified?
☐ Yes ☒ No ☐ Not Applicable (no students are in violation of SAP)

If *No,* insert the section number in parentheses, list student names, and explain:
(Section 3-1-420 and Appendix D): Students who are not making SAP are not properly notified. As stated in response to Item 4.26 above, at the end of Mr. Dahiell's first term at the campus, he received all F's for the three (3) courses he was enrolled in and earned a 0.00 term GPA and 0.00 CGPA; yet his transcript posts a GPA of 1.96 and 81 credits earned for the stated term beginning August 2010, and there is no SAP documentation or evidence of notification to the student for this inconsistency. Furthermore, Mr. Dashiell was either released or withdrew at the end of the August 2010 term, and he was allowed to re-entry in the January 2011 term without any documentation of SAP/probationary conditions or evidence of notification to the student.

4.28 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?
☒ Yes ☐ No

4.29 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or it's equivalent?

☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.30 Are students who are not making satisfactory academic progress at the end of the second year dismissed?
☐ Yes ☒ No ☐ Not Applicable (all programs are less than two years)

If *No,* insert the section number in parentheses, list student names, and explain:
(Section 3-1-420 and Appendix D): Students who are not achieving satisfactory academic progress at the end of the second year are not dismissed. As stated in response to Items 4.26 and 4.27 above, at the end of the August 2010 term, Mr. Dashiell had an earned GPA and CGPA of 0.00, and was either released of withdrew at that time. He re-entered in the January 2011 term and the team verified he had a .77 GPA for the term beginning 3/20/13; however, he has maintained enrollment, and is currently enrolled at the time of the visit.

4.31 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?
☒ Yes ☐ No

4.32 Are students allowed to remain on financial aid while under warning status?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

If *Yes,* is the student informed of this policy?
☒ Yes ☐ No

4.33 Are students whose appeals are granted due to mitigating circumstances placed on probation, eligibility for financial aid reinstated and considered to be making satisfactory academic progress?
☒ Yes ☐ No

4.34 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?
☒ Yes ☐ No ☐ Not Applicable (campus does not have extended enrollment and/or does not participate in financial aid)

4.35 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?
☒ Yes ☐ No ☐ Not Applicable (campus does not have extended enrollment)

4.36 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?
☒ Yes ☐ No ☐ Not Applicable (there is no such student)

4.37 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?
☒ Yes ☐ No

4.38 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?
Ms. Borges, registrar, is responsible for the administration of SAP; she has held this position since July 2013. She joined Westwood College in December 2011 and had served as student support representative and assistant registrar prior to her current appointment. She holds a bachelor's degree in Adminstration of Justice and European History from the University of Hawaii.

4.39 Does the campus encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?
☒ Yes ☐ No

4.40 Does the campus finance any of the following? (Mark all that apply.)
(a)☒ Scholarships.
(b)☒ Grants.
(c)☒ Loans.
(d)☐ The campus does not offer scholarships, grants, and/or loans. *(Skip to Question 4.42.)*

If *Yes* for any item, does the campus properly identify all scholarship, grant, and loan programs?
☒ Yes ☐ No

4.41 Does the campus fully disclose the terms, conditions, and application procedures regarding campus loan, scholarship and grant programs in its catalog?
☒ Yes ☐ No

4.42 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?
☒ Yes ☐ No

4.43 Are tuition and fees clearly stated in the catalog?
☒ Yes ☐ No

If *Yes,* have students confirmed receiving a copy of the catalog?
☒ Yes ☐ No ☐ Not Applicable

4.44 Do the financial records of students clearly show the following?
(a) Charges.
☒ Yes ☐ No
(b) Dates for the posting of tuition.
☒ Yes ☐ No
(c) Fees.
☒ Yes ☐ No
(d) Other charges.
☒ Yes ☐ No
(e) Payments.
☒ Yes ☐ No
(f) Dates of payment.
☒ Yes ☐ No
(g) The balance after each transaction.
☒ Yes ☐ No

4.45 Is the effective date listed on announcements of changes in tuition and fees?
☒ Yes ☐ No ☐ Not Applicable (campus has not changed tuition or fees)

4.46 Is the campus' refund policy published in the catalog?
☒ Yes ☐ No

4.47 Is the refund policy fair, equitable, and applicable to all students?
☒ Yes ☐ No

4.48 Is the campus following its stated refund policy?
☒ Yes ☐ No

4.49 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No *(Skip to question 4.57)*

4.50 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?
Ms. Melissa Q. Blas, director of financial services, is responsible for administering student financial aid. Ms. Blas holds a certificate in Advanced Information Systems from Business Computer Training Institute, and is currently attending the University of Maryland where she is pursuing a bachelor's degree in Business Management. Prior to joining Westwood College, Ms. Blas held the position of senior finance representative at Corinthian Colleges. The team verified Ms. Blas is a member of the Virginia Association of Student Financial Aid Administrators (VASFAA).

4.51 Is the person who determines the amount of student awards *not* also responsible for disbursing those awards?
☒ Yes ☐ No

4.52 Are final student financial aid award determinations made by administrative individuals who are *not* responsible for recruitment?

☒ Yes ☐ No

4.53 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?
☒ Yes ☐ No

4.54 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).
Ms. Blas, director of student financial services, and her staff stay current with regulation and policy changes through their membership in VASFAA and by attending VASFAA conferences and industry events, the central administration's "Center Update Calls" and financial aid staff training, and reviewing U.S. Department of Education "Dear Colleague Letters."

4.55 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?
☒ Yes ☐ No

4.56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?
☒ Yes ☐ No

4.57 Does the campus provide discounts for cash received in advance of the normal payment schedule?
☐ Yes ☒ No *(Skip to question 4.58.)*

4.58 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.
The student support department provides tutoring services that are managed by Ms. Amy Buras, the campus librarian. The student support department conducts two student orientations and two open houses before the term start date. Academic counseling is provided by academic staff and the student support department.

The student support center has identified the three greatest challenges Annandale campus students face are unstable homes, transportation, and employment. The campus works with students to help address these challenges by providing counseling and information packets on community resources for family and housing issues. The support center has a Metrocard program, which provides eligible students with transportation to and from campus, and refers students with employment issues to career services.

4.59 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?
☐ Yes ☒ No ☐ Not Applicable

If *No,* insert the section number in parentheses and explain:
(Section 3-1-441(c)): Follow-up studies on graduate and employer satisfaction are not conducted at specific measuring points following the placement of campus graduates.

The campus verified it conducts graduate surveys only once, and that these surveys are conducted during a student's last term, prior to graduation. During the visit, the campus created a new policy stating post-graduation surveys will be conducted 150 days following students' graduation. Additionally, their corporate headquarters were stated to have implemented the new surveys.

4.60 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?
Ms. Chantney Stuckey, assistant director of career services, is responsible for counseling students on employment opportunities. Ms. Stuckey has a bachelor's degree in Applied Arts from Marymount University, and has held the assistant director position since February 2013. Prior to joining Westwood College, Ms. Stuckey worked for four years in student affairs at the Bethesda Enrichment Centers and Marymount University.

Ms. Tanya Allen, director of campus operations since March 2009, is responsible for the oversight of financial services, career services, employment opportunities and student counseling as it relates to careers and employment. Ms. Allen is responsible for the leadership and oversight of daily operations of all campus functions. Her direct reports include the assistant director of career services, the director of student finance, the assistant director of student support, and IT. She is also the deputy title IX coordinator. Ms. Allen has a bachelor's degree in Business Administration, a graduate certificate in Accounting, and a master's of Business Administration from Strayer University.

4.61 Does the campus offer employment assistance to all students?
☒ Yes ☐ No ☐ Not Applicable (campus enrolls only international students on a student visa)

4.62 Does the campus use placement percentages or salary projections as part of its recruiting activities?
☒ Yes ☐ No

Salary projections and placement percentages are discussed during their recruitment process.

If *Yes,* does the campus maintain the required data on its graduates and non-graduates?
☒ Yes ☐ No

4.63 The beginning enrollment on the most current Campus Accountability Report (CAR) is 412
The ending enrollment reported on the previous year's CAR is 412

4.64 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable

4.65 Are students who receive financial aid counseled concerning their student loan repayment obligations?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

4.66 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.
Students are required to access studentloans.gov and complete surveys at least three times during their enrollement. First, at their advanced meeting held during their entrance counseling. Second, at the ready meeting following the completion of their finance package. Third, during their exit interview where they are provided with an exit packet containing information on loan repayment. The team reviewed an exit packet.

4.67 Describe the extracurricular activities of the campus (if applicable).
Extracurricular activities include student clubs, such as the criminal justice, business management and music club; an active Alpha Beta Kappa honor society chapter; food drives; luncheons, snacks, ice cream socials, and holiday dinners; raffles; and welcome back week events, which are coordinated by the student support center.

In addition, there is a campus olympic day consisting of Annadale vs Arlington sport activities, a barbeque, and awarding of trophies to winning teams; and a fall festival coordinated by the local Chamber of Commerce and student volunteers.

COMMENDATIONS:
The team is impressed with Westwood College's "A Collection of 100 Success Stories" book that is in its third volume publication. The team expresses high commendations.

5. EDUCATIONAL ACTIVITIES

FOR ALL PROGRAMS

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?
☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?
Dr. Amanda Manners, academic dean, is assigned to oversee the educational activities of all programs at the campus. She holds a bachelor's degree in Mechanical Engineering from Michigan State University, a master's degree in Management from Rensselaer Polytechnic Institute, and a doctorate in Organizational Leadership from the University of Phoenix. Before becoming academic dean at the Annandale campus, Dr. Manners worked in higher education as the director of academic affairs for a University of

Phoenix campus, as dean at a Strayer University campus, and taught undergraduate and graduate Business Management courses. In addition, she has worked as a program management analyst for Ford Motor Company and for the defense and aerospace industries.

5.03 Does this person have appropriate academic or experiential qualifications?
☒ Yes ☐ No

5.04 Describe how the campus makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.
Each of the program administrators has a job description that clearly identifies their authority and responsibility for development and administration of their programs. Program chairs have the opportunity to provide input and discuss areas related to their authority and responsibility while participating in weekly education leader meetings with the campus president and academic dean, and individual bimonthly meetings with the academic dean.

5.05 Is the time devoted to the administration of the educational programs sufficient?
☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?
☒ Yes ☐ No

5.07 Does the policy, at a minimum, address the role of the faculty in the following areas?
(a) Development of the educational program.
☒ Yes ☐ No
(b) Selection of course materials, instructional equipment and other educational resources.
☒ Yes ☐ No
(c) Systematic evaluation and revision of the curriculum.
☒ Yes ☐ No
(d) Assessment of student learning outcomes.
☒ Yes ☐ No
(e) Planning for institutional effectiveness.
☒ Yes ☐ No

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?
☒ Yes ☐ No

5.09 Does the campus have any programs that require specialized programmatic accreditation to obtain entry-level employment or licensure by the state in which the campus is approved?
☐ Yes ☒ No (*Skip to question 5.11*)

FOR NEW GRANTS ONLY

5.11 Was the team able to verify the backup documentation to support the placement rate for the program(s) that hold specialized accreditation as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☒ Not Applicable

5.13 Are the educational programs consistent with the campus' mission and the needs of its students?
☒ Yes ☐ No

5.14 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?
☒ Yes ☐ No

5.15 What provisions are made for individual differences among students?
Instructors use a variety of instructional delivery methods to meet the individual differences among the students. Students who are having academic performance issues are reported to the appropriate program chair and the assistant director of student support. These two individuals provide a range of interventions from tutoring by a faculty member to working with individual students needing help.

Students are able to request transfer credit for previous academic work, credit for CLEP exams passed with satisfactory scores, and the opportunity be granted credit based on achieving a satisfactory score on proficiency exams that are available for specific courses.

5.16 Describe the system in place to evaluate, revise, and make changes to the curriculum.
Recommendations from students, staff, faculty, advisory committee members, or employers may initiate the process for curriculum change. The curriculum is continuously reviewed by the academic dean, program chairs, and faculty. Campus recommendations are forwarded to the corporate director of curriculum and curriculum review committee members who represent each program area. Curriculum revisions are made following approval by corporate administration. Faculty members confirmed their participation in the curriculum review process and indicated they felt their input was considered and valued.

5.17 Does the faculty participate in this process?
☒ Yes ☐ No

5.18 Is credit appropriately converted in relation to total student contact hours in each class?
☐ Yes ☒ No

If *No,* insert the section number in parentheses, identify the courses, and explain:
(Section 3-1-516(a)(i)): Credit is not appropriately converted in relation to total student contact hours. Specifically, there is no documentation to support the 10-hour lecture component of the MEDI299 Externship 6.5-credit course is scheduled appropriately. The academic credit analysis indicates MEDI299 consists of 165 hours of externship training at community externship sites that accounts for 5.5 of the total credits granted plus a 10-hour lecture component that accounts for the remaining 1 credit as stated on the course syllabus. However, the class schedule provided to the team during the visit has an externship class scheduled to meet Mondays 6:30 to 7:00 p.m. for the 9 weeks of the term for a total of 270 minutes. Based on interviews and classroom visits conducted on the first day of the visit, students who are currently in MEDI299 and are on externship stated they do not meet on campus for the externship class, there were no students in the room where the class was scheduled to meet at 6:30 p.m. on Monday, the first day of the visit; and there are no attendance records to document the class meets on campus for 10 lecture hours. The chair of the Medical Assisting program, the dean, and the campus president stated the instructor of the course meets with each student individually each week to fulfill this component. However, there was no documentation of the individual meetings. The team was provided with a list of assignments students are required to complete during the externship course; however, time spent on homework assignments does not fulfill the allocation of lecture credit hours.

5.19 If the campus awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?
☒ Yes ☐ No ☐ Not Applicable (campus does not award such credit)

If *Yes,* is there appropriate documentation of the assessments of knowledge, skills, or competencies required?
☒ Yes ☐ No

5.20 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?
☒ Yes ☐ No

5.21 Are the following appropriate to adequately support the number and nature of the general education courses? (*If only nondegree programs are offered with no general education courses, skip to 5.22*)
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.

☒ Yes ☐ No

5.22 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?
☒ Yes ☐ No

5.23 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?
☒ Yes ☐ No

5.24 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?
☒ Yes ☐ No

5.25 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?
☒ Yes ☐ No

5.26 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?
☒ Yes ☐ No ☐ Not Applicable (no faculty members hold foreign credentials)

5.27 Is there documented evidence of a systematic program of in-service training at the campus?
☒ Yes ☐ No

If *Yes*, how is this documented?
Campus administration maintains a three-ring binder containing documentation of in-service training activities completed and scheduled for Annandale campus faculty.

5.28 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?
☐ Yes ☒ No

If *No* for missing documentation of implementation, insert the section number in parentheses, list faculty names, and explain:
(Section 3-1-543): There is no documentation that supports completed professional growth activities as listed on several faculty development plans; specifically for:

- Mr. Bashir Kassim
- Ms.Kathy Nice
- Ms. Gillian Barnett
- Ms. Amy Sebes
- Mr. Brian Erskine
- Ms. Ebony Scurry
- Ms. Aissata Haidara
- Mr. Jong-Sim Park
- Mr. Lester Larose
- Mr. James Rogers

Initially, there was a lack of documentation of professional growth activities for many faculty members. However, during the visit, campus administration was able to provide appropriate documentation of professional growth activities for all faculty members except those listed above.

5.29 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?
☒ Yes ☐ No

5.30 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?
☒ Yes ☐ No

5.31 Does the institution utilize contracts and/or agreements with other institutions or entities?
☒ Yes ☐ No

Like other Westwood College campuses, this campus has a consortium agreement with the Westwood Online Division in Denver. The consortium agreement has been submitted to and approved by the Council.

If *Yes*, do the contracts and/or agreements comply with all requirements of the applicable criterion?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

5.34 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the *Accreditation Criteria*?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S DEGREES ONLY

5.35 Does the program include a minimum of 15 semester, 22.5 quarter hours, or their equivalent in general education courses?
☒ Yes ☐ No

5.36 Do the programs' general education courses meet Council standards in that the courses place emphasis on principles and theory not on practical applications associated with a particular occupation?
☒ Yes ☐ No

5.37 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?
☒ Yes ☐ No

FOR BACHELOR'S DEGREES ONLY

5.38 Does the program include a minimum of 36 semester hours, 54 quarter hours, or their equivalent in general education courses?
☒ Yes ☐ No

5.39 Do the program's general education courses meet Council standards?
☒ Yes ☐ No

5.40 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?
☒ Yes ☐ No

GENERAL COMMENTS:

Overall, educational operations at the Annandale campus are conducted in a comfortable environment that promotes and supports a positive atmosphere for learning and teaching. The faculty are well-qualified for their teaching assignments and are committed to their students. Students who were interviewed stated instructors have a very positive attitude and that they feel all of the instructors sincerely care about their personal and academic success.

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).

The campus is located at 7619 Little River Turnpike, Suite 500, in Annandale, Virginia and initially occupied 22,152 square feet. The facility provides a clean, well-lit, comfortable and environmentally safe atmosphere. Adequate space is provided for theory classrooms and laboratories, the library, student lounge, testing center, academic support center, graphic design room, resource room and administrative offices. Ample parking is available for students, staff and visitors. Special accomodations provide access for all students, and the facility is in compliance with federal, state and local ordinances and regulations, including those relating to safety and health.

In August 2010, the campus acquired 9,815 square feet to accomodate its increased enrollment. This space is adjacent to the original building and approxmately 200 feet from the main doors of the campus. The additional space contains a mock courtroom, medical classrooms, and an interior design classroom.

6.02 Does the campus utilize any additional space locations?
☒ Yes ☐ No

If *Yes*, list the name and address of each location.
In August 2010, the college acquired an additional 9,815 square feet of space located on the 6th floor of an adjoining building at 7611 Little River Turnpike, Annandale, Virginia.

6.03 Does the campus utilize campus additions?
☐ Yes ☒ No

6.04 Are all facilities (including additional space and campus additions) appropriate for the size of the student population and the programs offered?
☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and campus additions)?
(a) Equipment
☒ Yes ☐ No
(b) Instructional tools
☒ Yes ☐ No
(c) Machinery
☒ Yes ☐ No

6.06 Is there evidence on file to show that all campus facilities are in compliance with fire, safety, and sanitation regulations?
☒ Yes ☐ No ☐ Not Applicable

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?
The catalog reviewed durng the visit was the Westwood College 2013 Academic Catalog, volume 4 - No. 2, revised in May 2013.

7.02 Does the self-study or additional location application part II accurately portray the campus?
☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and available to all enrolled students?
☒ Yes ☐ No

7.04 Does the catalog contain the following items?
(a) A table of contents and/or an index.
☒ Yes ☐ No
(b) An indication of the year or years for which the catalog is effective on the front page or cover page.
☒ Yes ☐ No
(c) The names and titles of the administrators.
☒ Yes ☐ No

(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.
☒ Yes ☐ No
(e) A statement of accreditation
☒ Yes ☐ No ☐ Not Applicable (initial applicant)
(f) A mission statement.
☒ Yes ☐ No
(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.
☒ Yes ☐ No
(h) An academic calendar.
☒ Yes ☐ No
(i) A full disclosure of the admission requirements.
☒ Yes ☐ No
(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.
☒ Yes ☐ No
(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.
☒ Yes ☐ No
(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.
☒ Yes ☐ No
(m) A definition of the unit of credit.
☒ Yes ☐ No ☐ Not Applicable (The campus does not award credit)
(n) A complete explanation of the standards of satisfactory academic progress.
☒ Yes ☐ No
(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.
☒ Yes ☐ No
(p) The transfer of credit policy.
☒ Yes ☐ No
(q) A statement of the tuition, fees, and any other charges.
☒ Yes ☐ No
(r) A complete and accurate listing of all scholarships, grants, and/or loans offered.
☒ Yes ☐ No ☐ Not Applicable (no scholarships, grants, or loans offered)
(s) The refund policy.
☒ Yes ☐ No
(t) A statement describing the student services offered.
☒ Yes ☐ No
(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).

☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the campus offer degree programs?
☒ Yes ☐ No

If *Yes,* does the catalog contain the following?
(a) An explanation of the course numbering system (for all levels).
☒ Yes ☐ No
(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).
☒ Yes ☐ No
(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).
☒ Yes ☐ No

(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).
☒ Yes ☐ No

7.06 Does the campus offer courses and/or programs via distance education?
☒ Yes ☐ No *(Skip to Question 7.07.)*

If *Yes,* does the catalog contain the following?
(a) A description of each mode of delivery used for distance education courses.
☒ Yes ☐ No
(b) Any additional or different admissions requirements for students taking distance education courses.
☒ Yes ☐ No ☐ Not Applicable (there are no additional or different admissions requirements)
(c) A description of any tests used to determine access to distance education.
☒ Yes ☐ No ☐ Not Applicable (no additional tests are given)
(d) A description of the resources and equipment the students must have to avail themselves of distance education instruction.
☒ Yes ☐ No
(e) Costs and fees associated specifically with distance education.
☐ Yes ☐ No ☒ Not Applicable (there are no additional costs and fees)

7.07 Does the catalog contain an addendum/supplement?
☒ Yes ☐ No *(Skip to Question 7.08.)*

(a) Is the catalog updated at an appropriate interval (the addendum/supplement should not be used as a substitute for meeting this expectation)?
☒ Yes ☐ No
(b) Does the addendum supplement include the school name, location, and effective date for the entire document (or for individual sections if effective dates vary)?
☒ Yes ☐ No

(c) Do students receive a copy of the addendum/supplement with the catalog?
☒ Yes ☐ No

7.08 Is the catalog available online?
☒ Yes ☐ No *(Skip to Question 7.09.)*

If *Yes*, does it match the hard copy version?
☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?
☒ Yes ☐ No *(Skip to Question 7.10.)*

If *Yes*, answer the following:
(a) Are all campuses using the same catalog of common ownership?
☒ Yes ☐ No
(b) Are all photographs utilized properly labeled to identify the location depicted?
☒ Yes ☐ No
(c) Are faculty and staff listings properly identified with respect to the campus to which they belong?
☒ Yes ☐ No

7.10 Is all advertising and promotional literature, through any type of media (social media, website, newspapers, etc.), truthful and dignified?
☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?
☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?
The campus uses television/radio spots, print ads, and brochures to promote its programs while a majority of its advertising is done on the internet and through social media such as Twitter, Facebook, LinkedIn, and YouTube.

Are all print and electronic advertisements under acceptable headings?
☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?
☒ Yes ☐ No *(Skip to Question 7.14.)*

If Yes, is there evidence that prior written consent was obtained and that all representations are factual and portraying current conditions?
☒ *Yes* ☐ *No*

7.14 Does the campus utilize services funded by third parties?
☐ Yes ☒ No *(Skip to Question 7.15.)*

7.15 Does the campus avoid offering monetary incentives to attract students and avoid making guarantees for job placement or salary for graduates?
☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

7.17 What institutional performance information does the campus routinely provide to the public?
The campus routinely provides graduation, retention and placement rates on their website.

Where is this information published and how frequently is this information being updated?
This information is available via a consumer information link on their webstite and is updated annually.

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?
☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?
☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?
☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?
☒ Yes ☐ No

8.05 Describe how the campus develops continuous assessment strategies for resources and information services?
Every effort is made to meet the requests and requirements of students and faculty for library resources. Based on recent curriculum changes and program additions, there is a long-term plan to eliminate titles that have become irrelevant or dated and to acquire titles that support the new programs. Providing access to the library page in MyPath for all campus students is part of this effort. The MyPath library page is more robust and the links are more stable than those formerly provided to students by WConnect.

Are these methods appropriate?
☒ Yes ☐ No

8.06 Is the library staff adequately trained to support the library?
☒ Yes ☐ No

8.07 Is the campus' established annual budget appropriate to the size and scope of the campus and the programs offered, and is the allocation appropriately expended for the purchase of books, periodicals, library equipment, and other resource and reference materials?
☒ Yes ☐ No

8.08 What is the amount of the current year's library budget excluding personnel allocations?
The current fiscal, October 2012 - September 2013, library budget is $34,600.

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?
Of the $34,600 budget, $25,650 has been spent on the campus' allocated cost for electronic resources, $5,100 on periodicals and $3,850 on print-copy books

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?
☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?
☒ Yes ☐ No

8.12 Describe how the faculty inspire, motivate, and direct student usage of the library resources?
Students and faculty who were interviewed as well as the regional librarian confirmed there are assignments requiring the use of learning commons' resources for most courses offered by the Annandale campus. This was also evidenced by a review of syllabi.

Are these methods appropriate?
☒ Yes ☐ No

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?
☒ Yes ☐ No

8.14 Are records of physical and/or online resources and circulation accurate and up to date?
☒ Yes ☐ No

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?
☐ Yes ☐ No ☒ Not Applicable (no interlibrary agreements)

8.16 Describe any full-text online collections available to students.
Westwood College maintains a system-wide website that allows students, faculty, and other users at all campuses to access the Surpass library catalog and the online database collection. The online database collection includes index and full-text access to thousands of periodicals, newspapers, newsletters, transcripts, legal materials, and statistical tables. The available databases include EBSCO's Academic Search Premier, Computer Source, Greenfile, LexisNexis Academic, Points of View Reference Center, Proquest Central, ProQuest Statistical, Britannica Online, e-Books on EBSCOhost, and STAT!Ref. Students have access to Serials Solutions 360 Suite, which includes a power search of all library databases with links to full-text.

8.17 Are the library physical holdings and /or full-text online collections up to date and adequate for the size of the campus and the breadth of and enrollment in its educational programs?
☒ Yes ☐ No

8.18 Does the library collection include holdings in the humanities, arts, social sciences, and sciences, including mathematics?
☒ Yes ☐ No

8.19 Who is the on-site librarian, what are this person's qualifications, and what are his or her hours on-site?

Ms. Amy Buras, regional librarian, is the professionally trained individual assigned to oversee the library (learning commons) at the Annandale campus. She holds a bachelor's degree in Behavioral Science from National University, a juris doctorate degree in Law from University of the Pacific, McGeorge School of Law, a master's degree in Library Science from San Jose State University, and is certified as a professional librarian by the State of Virginia Library Board. Ms. Buras has been the regional librarian since October 2005. Her prior work experience includes lead analyst at Lexis/Nexis, Inc for more than five years and legal research attorney extern for four months and academic enhancement leader for nine months while completing her juris doctorate degree. Ms. Buras is on-site in the learning commons area from 7:30 a.m. – 6:00 p.m. Monday – Friday.

Does this individual:
(a) Supervise and manage the library and instructional resources?
☒ Yes ☐ No
(b) Facilitate the integration of instructional resources into all phases of the campus's curricular and educational offerings?
☒ Yes ☐ No
(c) Assist students in the use of instructional resources?
☒ Yes ☐ No

8.20 Are all individuals who supervise the library and assist students with library functions well-trained and competent in both using and aiding in the use of the library technologies and resources?
☒ Yes ☐ No

The team reviewed a well-organized library handbook that includes a description of the training program for the library assistant, student workers, tutors, and the weekend administrator of the learning commons area.

8.21 Have library staff transcripts from campuses not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the National Association of Credential Evaluation Services (NACES) or the Association of International Credential Evaluators (AICE) to determine the equivalency of the degrees to degrees awarded by campuses in the United States?
☐ Yes ☐ No ☒ Not Applicable (staff do not hold foreign credentials)

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?
☒ Yes ☐ No

Ms. Buras, the on-site librarian, is a member of the American Library Association (ALA), reads various publications and information pieces produced by the ALA, and has attended ALA annual conferences. She also participates in other professional development activities including campus in-service workshops, web conferences, and actively consults with other Westwood College campus librarians through conference call meetings and an e-mail list. During the past year Ms. Buras focused on completing continuing education to satisfy requirements for her license to practice law. More specifically, she completed 25 hours in areas such as copyright, legal research, and library management.

8.23 Are the hours the library is open adequate to accommodate the needs of all students?
☒ Yes ☐ No

According to information posted in the area, the learning commons is open 7:30 a.m. to 10:00 p.m. Monday through Friday and 9:00 a.m. to 3:00 p.m. on Saturday.

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?
☒ Yes ☐ No

8.25 Are appropriate reference materials and periodicals available for all programs offered?
☒ Yes ☐ No

8.26 Are the instructional resources organized for easy access, usage, and preservation?
☒ Yes ☐ No

8.27 Is there a current inventory of instructional resources?

☒ Yes ☐ No

8.28 Does the campus have appropriate and sufficient instructional resources, equipment, and materials to meet its educational program objectives and the needs of its students?
☒ Yes ☐ No

GENERAL COMMENTS:
The Annandale campus is fortunate to have Ms. Buras managing the learning commons area. She has a strong academic and experiential background for her current position and actively participates in professional activities. Faculty and students confirm she is committed to developing campus library resources and has done a good job of conducting activities that encourage and facilitate use of the on-site and online resources.

9. PROGRAM EVALUATION

Academic Associate's Degree in Medical Assisting

Academic Associate's Degree in Medical Office Management

Diploma in Medical Assisting

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Ms. Alecia Heffner, program chair, oversees the Medical Assisting and Medical Office Management programs. Ms. Heffner holds a master's degree in Health Management from Lindenwood University and a bachelor's degree in Public Health from Dillard University. Prior to joining the campus in May 2013, Ms. Heffner worked as a health program coordinator at a community health center, and was an adjunct faculty and externship coordinator at other post-secondary institutions.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☐ Yes ☐ No ☒ Not Applicable

No graduates were reported on the 2012 Campus Academic Report (CAR) for these programs.

9.07 List the community resources and describe how they are utilized to enrich the program(s).
Guest speakers have been invited to enhance the program and give students a sense of what is expected in the healthcare field from the practicing healthcare providers. Medical assisting students participated in the National Dental Association Centennial Celebration Community Outreach Health Fair offering vital signs checks to the participants. The programs hold annual advisory board meetings where members of the medical community are invited to share their professional experience. The committee

members provide the campus with industry trends and needs such as new technology products, processes, software, and recommend content and hands-on training that should be considered for the programs.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☒ Yes ☐ No ☐ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☐ Yes ☒ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?
☐ Yes ☒ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No

For Title IV participant campuses that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☐ Yes ☐ No ☒ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?
No graduates were reported on the 2012 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.26 Are all faculty assigned to teach in no more than three fields of instruction, with no more than five preparations?
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.31 Do all instructors teach no more than 32 hours per week (except for an overload of one subject allowed with additional compensation)?
☒ Yes ☐ No

9.32 What is the current student/teacher ratio?
The current student/teacher ratio is 7:1.

9.33 Is the current student-teacher ratio reasonable for the mode of delivery and course content?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

9. PROGRAM EVALUATION

Academic Associate's Degree in Criminal Justice
Bachelor's Degree in Criminal Justice: Major In Administration
Bachelor's Degree in Criminal Justice: Major In Investigation
Bachelor's Degree in Criminal Justice

9.01 Is licensure, certification or registration required to practice in the specific career field?

☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Ms. Sharon Rauch, program chair, administers the Criminal Justice programs. She has been the program chair since October 2007. She holds a bachelor's degree in Psychology from George Mason University and a master's degree in Criminal Justice from Northeastern University. Ms. Rauch has over seven years of experience in corrections, counseling and administration.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The campus utilizes the following community resources to enrich the Criminal Justice programs: a program advisory committee; field trips; guest speakers; and community events. The next program advisory committee meeting is scheduled for November 2013 and the team reviewed May 2013, November 2012, and May 2012 committee meeting minutes. Students have taken field trips to the Fairfax County Library; Fairfax County Adult Education Center; U.S. Supreme Court; Center for Missing and Exploited Children; and Drug Enforcement Museum. Guest speakers include officers from the Metropolitan Police Department: Gangs and Criminal Sub-Culture; Prince William County Probation agency; U.S. Patent & Trade Office; and Mental Health Advocacy. Students have participated in the following community events: Tour del Cure (Bicycle Race) for American Diabetes Association; Blood Drive; Help Fight Hunger; and assisted with the Shelter House project. The team was provided documentation to verify these activities.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☐ Yes ☒ No *(Skip to question 9.14)*

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?
There were no graduates from the academic associate's degree in Criminal Justice, bachelor's degree in Administration and bachelor's degree in Investigations reported on the 2012 CAR.

Bachelor's degree in Criminal Justice: 4 (Currently in teach-out mode)

How many calls to employers or graduates were successful?
Bachelor's degree in Criminal Justice: 3

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

The 3 successful calls confirmed the employment of the graduates as reported on the 2012 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
The team interviewed students and faculty, and reviewed course syllabi to verify out-of-class work is evaluated. Faculty provided the team with homework assignments submitted by students with graded elements, and students provided access to their homework assignments and graded homework.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
Students interviewed by the team stated they were pleased with the program, instructors, campus support, and open communication.

COMMENDATIONS:
The team commends the campus for providing a mock courtroom to enhance the students' learning experience.

9. PROGRAM EVALUATION

Bachelor's Degree in Business Administration- Accounting

Bachelor's Degree in Business Administration - Healthcare Management

Bachelor's Degree in Business Administration-Management

Academic Associate's Degree in Business Administration

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Lawrence Langhorne, program chair, is responsible for the adminstration of the Business programs. Mr. Langhorne has a bachelor's degree in Business Administration and a master's degree in Management, and extensive managerial experience in the banking and service industries.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☐ Yes ☒ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☐ Yes ☒ No ☐ Not Applicable (Additional Location Inclusion only)

If *No* for either item does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard?
☒ Yes ☐ No ☐ Not Applicable (Additional location only)

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The program utilizes the following community resources to enrich the Business programs: field trips, students take trips to several companies to conduct interviews with local business people; business clubs, the program chair has initiated a student club to increase networking relationships between students and future employers; and a professional advisory committee (PAC). The PAC is managed by the program chair, and includes members from several companies that contribute to the learning environment and new directions for the program. The program chair actively recruits new members.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☐ Yes ☒ No *(Skip to question 9.14)*

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?
There were no graduates who were placed from the academic associate's degree program.
Bachelor's degree program in Business Administration: 1

How many calls to employers or graduates were successful?
Bachelor's degree program in Business Administration: 1

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.

There was 1 successful contact that confirmed the employment of the graduate as reported on the 2012 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

In the academic associate's degree program, one student was not placed based on medical reasons as documented in the 2012 CAR. There is an email statement from the student stating medical reasons are preventing her from obtaining employment.

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
Student assignments are based on research of job propsects for companies in the Annandale area. The team verified proof of these out-of-class assignments with the instructors.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No

(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐ No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

FOR BACHELOR'S DEGREES ONLY

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

9. PROGRAM EVALUATION

Bachelor's Degree in Information and Network Technologies: Major in Computer Forensics

Bachelor's Degree in Information and Network Technologies: Major in Network Management

Bachelor's Degree in Information and Network Technologies: Major in Systems Securities

Academic Associate's Degree Information and Network Technology

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Maxwell Adjei-Turim administrates the programs. Mr. Adjei-Turim holds a bachelor's degree in Information Technology from the American Intercontinental University, a master's of Business Administration from University of Phoenix, and Cisco Certified Network Associate and Academy Instructor certifications. Prior to joining the campus, Mr. Adjei-Turim was the program chair of the Management Information Systems/Business program at Florida Career College for three years, network administrator at South County Mental Health Institute for two years, systems administrator at National PETScan Management for two years, and technical support representative at The Answer Group for three years.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The Information and Network Technologies programs utilize a professional advisory committee (PAC), field trips, and guest speakers to gain insight from industry professionals and to ensure students are learning the necessary skills to compete for jobs in the local workforce.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☒ Yes ☐ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?
☒ Yes ☐ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?

Academic associate's degree program in Information and Network Technology: No graduates
Bachelor's degree program in Information and Network Technology, Major in Computer Forensics: 1
Bachelor's degree program in Information and Network Technology: 3
Bachelor's degree program in Information and Network Technology, Major in Systems Securities: 3

How many calls to employers or graduates were successful?
Academic associate's degree program in Information and Network Technology: No graduates
Bachelor's degree program in Information and Network Technology, Major in Computer Forensics: 1
Bachelor's degree program in Information and Network Technology: 3
Bachelor's degree program in Information and Network Technology, Major in Systems Securities: 3

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
Academic associate's degree program in Information and Network Technology: No graduates
Bachelor's degree program in Information and Network Technology, Major in Computer Forensics: 1
Bachelor's degree program in Information and Network Technology: 3
Bachelor's degree program in Information and Network Technology, Major in Systems Securities: 3

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.
The team reviewed graded homework during the classroom interviews.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐No
(f) The use of appropriate experiences.

☒ Yes ☐ No

FOR NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

FOR OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

FOR BACHELOR'S DEGREES ONLY

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
The team found the programs were well-conceived, directed, and taught.

COMMENDATIONS:
The team found a well run campus with competent caring faculty, administration and staff, all dedicated to the single goal of student success. Students interviewed are pleased with the education they receive and feel they are acquiring the necessary skills to be competitive in the global market place.

9. PROGRAM EVALUATION

Academic Associate's Degree in Graphic Design and Multi Media
Bachelor's Degree in Animation
Bachelor's Degree in Visual Communications

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Jeff Fiore administers the Graphic Design, Visual Communications and Animation degree programs. He holds a bachelor's degree in Digital Media/Animation from East Tennessee State University and a master's degree in Interactive Design and Game Development from Savannah College of Art and Design. Mr. Fiore has been at the institution for about four and one-half years and in the position of academic chair for two years. As chair, he oversees a total of one full-time and five part-time instructors, and teaches approximately eight hours a week in addition to his duties as program administrator. He holds professional membership in the American Institute of Graphic Arts (AIGA), and has worked for drafting firms as an architectural draftsman for survey drafting and website design, a freelance designer, and as the owner and director of his own design firm, J. Fiore Studio.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The greater metropolitan Washington, DC area offers a wide range of unique professional applications for design students in the fields of graphic design, animation and visual communications. The program advisory committee (PAC) members represent a range of individuals from corporate, educational and design fields, who come to the campus as guest speakers and act as curriculum advisors. The Art Director's Club of Metro Washington, which offers student memberships, allows professional networking opportunities for the students. A relationship has been created between the Annandale Chamber of Commerce and Graphic Design students to work together on the production of banners, public area graphics, and high profile logos for the purpose of establishing a new, contemporary identity to enhance the City of Annandale's commercial public space and tourist appeal.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?

☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☒ Yes ☐ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?
☒ Yes ☐ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
***For Title IV participant campuses that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only**:*
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?
Academic associate's degree in Graphic Design: 2
Bachelor's degree in Visual Communications: 3
Bachelor's degree in Animation: 5

How many calls to employers or graduates were successful?
Academic associate's degree in Graphic Design: 2
Bachelor's degree in Visual Communications: 3
Bachelor's degree in Animation: 3

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
All of the successful calls confirmed the employment of graduates as reported on the 2012 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.
The team was presented with graded homework, recorded grades, and student portfolios.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐No
(f) The use of appropriate experiences.

☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S AND BACHELOR'S DEGREES

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

FOR BACHELOR'S DEGREES ONLY

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
The team reviewed student portfolios in the areas of video, graphic design and photography and found them to be adequate for the purpose of securing employment in their particular area.

9. PROGRAM EVALUATION

Bachelor's Degree in Construction Management

Academic Associate's Degree in Construction Management

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Ronald Keele, lead instructor, is assigned to administer the programs. He holds a master's degree from the University of Maryland, a bachelor's degree in Civil Engineering from Virginia Tech, a certificate in Safety Engineering and as a Professional Engineer. Mr. Keele has more than 25 years of industry experience.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

If *No* for either item does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard?
☐ Yes ☐ No ☒ Not Applicable

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The programs use the following community resources: field trips such as visits to various Washington D.C. rail line construction sites; guest speakers who present topics such as Green Technologies, Revit, and AutoCad software; and a program advisory committee (PAC) whose members are local industry professionals.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☒ Yes ☐ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?
☒ Yes ☐ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☒ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☐ Yes ☒ No ☐ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?
Academic associate's degree program in Construction Management: No Graduates
Bachelor's degree program in Construction Management: 6

How many calls to employers or graduates were successful?
Academic associate's degree program in Construction Management: No Graduates
Bachelor's degree program in Construction Management: 5

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
All 5 successful contacts confirmed the employment of the graduates as reported on the 2012 CAR.

If *No,* insert "Section 3-1-303(a)" in parentheses and explain:
(Section 3-1-303(a)): Based on backup documentation including self-described job duties from each organization, the following three bachelor's degree in Construction Management graduates who were classfied on the 2012 CAR as being placed in a related field are not accurately classified:

- Ms. Maria Pocklington, who was placed as an Intelligence Analyst at Olgoonik. This is not a related field for Construction Management.
- Mr. Gideon Sarbah, who was placed as a Handler at the United States Postal Service. This is not a related field for Construction Management.
- Mr. Junior Yigzaw, who was placed as a Security Supervisor at Admiral Security Service. This is not a related field for Construction Management.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☐ Yes ☐ No ☒ Not Applicable

FOR NEW GRANTS AND INITIAL GRANTS ONLY

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
The course instructors provided graded homework that was relative to the course objectives.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No

(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐No
(f) The use of appropriate experiences.
☒ Yes ☐ No

FOR NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

FOR OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

FOR BACHELOR'S DEGREES ONLY

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☐ Yes ☐ No ☒ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
The team found the program chair, lead instructor, and faculty are passionate about assuring students are well-informed about the changes in the construction industry. Several guest speakers have presented information on Green Technology.

9. PROGRAM EVALUATION

Academic Associate's Degree in Computer Aided Drafting/Architectural Design

Bachelor's Degree in Interior Design

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Jeff Fiore, program chair, administers the Computer Aided Drafting/Architectural Design and Interior Design programs.

As previously noted, he holds a bachelor's degree in Digital Media/Animation from East Tennessee State University and a master's degree in Interactive Design and Game Development from Savannah College of Art and Design. Mr. Fiore has been at the institution for about four and one-half years and in the position of academic chair for two years. As chair, he oversees a total of one full-time and five part-time instructors, and teaches approximately eight hours a week in addition to his duties as program administrator. He holds professional membership in the American Institute of Graphic Arts (AIGA), and has worked for drafting firms as an architectural draftsman for survey drafting and website design, a freelance designer, and as the owner and director of his own design firm, J. Fiore Studio.

Mr. Fiore's academic and experiential background makes him well suited to be the program chair. However, he does not have sufficient expertise in Interior Design, so he is supported by Ms.Kirstin Bonner, lead instructor of the Interior Design program. Ms. Bonner holds a bachelor's degree in Interior Design from Mount Vernon College, and has worked at the Annandale campus for the last six years and has been lead instructor for the last three years. Her work experience includes 12 years as principal of her own design firm, and 9 years as design manager of office furniture firms. Ms. Bonner's academic and experiential background makes her well-suited for the lead instructor position.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

9.07 List the community resources and describe how they are utilized to enrich the program(s).
There is documented evidence of guest speakers, field trips, portfolio presentations, and professional advisory committee meetings. One unique event was the creation of Annandale's Historic Town Center. The scope of the project was to reclaim a circular area in the heart of Annandale. Using urban design techniques, the space will include revised automobile patterns, landscaping, façade definitions, and local signage. The project involved all the programs in the School of Design. Ultimately, the project was presented to Annandale Chamber of Commerce.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☒ Yes ☐ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?
☒ Yes ☐ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?

☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☐ Yes ☒ No

If *No,* insert the section number in parentheses and explain:
(Section 3-1-513(b) and Glossary): Course prerequisites are not being appropriately followed for the following students' program sequence:

- Mr. Robert Jordan took INT306 Space Planning without successfully completing CD121 Basic Cad its prerequisite.
- Ms. Tiffany Clark took INT306 Space Planning without successfully completing CD121 Basic Cad its prerequisite.
- Mr. Christian Medrano took CADD Computer Aided Design II and CADD121 Computer Aided Design I without successfully completing their prerequisite CADD111 Basic Drafting.

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No

(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?
Academic associate's degree program in Computer Aided Drafting/Architectural Design: 3

Bachelor's degree program in Interior Design: 4

How many calls to employers or graduates were successful?
Academic associate's degree program in Computer Aided Drafting/Architectural Design: 2
Bachelor's degree program in Interior Design: 1

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
All of the successful contacts confirmed the employment of the graduates as reported on the 2012 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

FOR NEW GRANTS AND INITIAL GRANTS ONLY

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No *(Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.
Out-of-class work was evaluated through graded quizes, tests, in class presentations, turned in papers and turned in projects.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No

(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐ No
(f) The use of appropriate experiences.
☒ Yes ☐ No

FOR NONDEGREE PROGRAMS, OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, AND BACHELOR'S DEGREES ONLY

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

FOR OCCUPATIONAL ASSOCIATE'S, ACADEMIC ASSOCIATE'S, BACHELOR'S AND MASTER'S DEGREES ONLY

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S, BACHELOR'S, AND MASTER'S, DEGREES ONLY

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

FOR ACADEMIC ASSOCIATE'S DEGREES ONLY

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

FOR BACHELOR'S DEGREES ONLY

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
The team found the students and instructors demonstrate a passion and dedication to learning.
COMMENDATIONS:
The team found one unique program activity was to recreate Annandale's Historic Town Center. The scope of the project was to reclaim a circular area in the heart of Annandale, and then using urban design techniques, the space included revised automobile patterns, landscaping, façade definitions, and local signage. The project involved all the students in the school of design programs and, ultimately, it was presented to Annandale Chamber of Commerce.

SUMMARY

The institution is not in compliance with the *Accreditation Criteria* in the following areas:

Number	Citation	Summary Statement
1.	**Sections 3-1-111 and 3-1-441(c)**	Follow-up studies on graduates are not being conducted by the institution at specific measuring points following placement of the graduates (pages 4 and 13).
2.	**Section 3-1-202(b)**	Documentation of evaluations is not maintained for all faculty members (page 6).
3.	**Section 3-1-303(a)**	The team cannot verify that three students in the bachelor's program in Construction Management are appropriately classified on the CAR (page 47).
4.	**Section 3-1-420 and Appendix D**	The team finds that the implementation of the satisfactory academic progress (SAP) policy does not comply with the requirements of the *Accreditation Criteria* (pages 10-11).
5.	**Section 3-1-513(b)**	Courses are not available when needed by the student in the normal pursuit of the program and prerequisites are not being followed (page 51).
6.	**Section 3-1-516(a)(i)**	There is not appropriate documentation to evidence that students in one course are meeting for an appropriate number of contact hours (page 16).
7.	**Section 3-1-543 and Glossary**	Documentation of professional growth is not available for all faculty members (pages 17-18).

RECOMMENDATIONS

The evaluation team offers the following recommendations for the institution's consideration. *(These recommendations are not included in the report seen by the Council)*:

1. That staff files be maintained to contain all pertinent information and verifying documents of staff credentials and professional experience.

2. The team found during interviews with two separate groups of Medical Assisting students enrolled in the diploma and degree progams, that students are mandated to complete some medical testing before being placed at the externship sites. Students expressed dissatisfaction with the requirements stating they were not informed about the mandatory testing at enrollment or before the externship placement, and they were put in very difficult circumstances related to their inability to pay for these tests. During the time of the visit, the team investigated the concern and found the campus does provide students with a statement at the time of the admisssion that verbates the requirements. Although the statement is clear, given the confusion expressed by the students the team recommends the campus specifically explain this specific requirement in the enrollment agreement, at the time of admission, so students are made aware and understand what is required before they get to the externship placement phase of the program.

3. That some equipment be updated to more current industry standards especially in the areas of grapic design and animation. Students stated, as per interview, that work could be expedited with newer, updated versions of both hardware and software equipment.

4. The majority of the Interior Design classes are taught in two rooms in the West Wing 6th floor. Neither of those rooms has computers installed in them; when computers are needed they bring in a cart of laptops. It is recommended that additional computers be provided in the rooms for the students to use before, during, and after class.

5. Expanding the part-time instructor pool for the Interior Design program to allow for a more diverse experience perspective and teaching approach.

6. More faculty observations on an ongoing basis.

NEW GRANT VISIT REPORT

WESTWOOD COLLEGE-ARLINGTON BALLSTON
4420 North Fairfax Drive, Suite 400
Arlington, Virginia 22203
ACICS ID Code: 00027060

Mr. Lauck Walton, Campus President (lwalton@westwood.edu)
Campus E-mail Address: 27060@westwood.edu

MAIN CAMPUS
Westwood College-South Bay
Torrance, California
ACICS ID Code: 00027056

September 11-12, 2013

Thomas Duff	Chair	Retired, University of Minnesota Duluth	Duluth, MN
Betty Herard	Student-Relations Specialist	Global Learning Strategies	Birmingham, AL
Richard Murphree	Educational Activities and Library Specialist	Effectual Business Services	Eagle, ID
Terry Campbell	Criminal Justice Specialist	Kaplan University	Okeechobee, FL
Thomas Evans	Business Administration Specialist	St. Petersburg College	Largo, FL
Steve Johnson	Information Technology Specialist	Kaplan & Victory Universities	Memphis, TN
Barry Phillips	Graphic Design and Visual Communications Specialist	Art Director/Designer	Burleson, TX
Charles Saunders	Construction Management Specialist	CADDPLUSS	Owen Cross Roads, AL
Sabrina Cruz	Medical Specialist	Sanford-Brown Institute	New York, NY
Karly Zeigler	Staff Representative	ACICS	Washington, DC

PROGRAMS OFFERED BY
WESTWOOD COLLEGE – ARLINGTON BALLSTON
ARLINGTON, VIRGINIA

CREDEN-TIAL EARNED	ACICS CREDEN-TIAL	APPROVED PROGRAM TITLE	Clock Hrs.	Qtr. Hrs.	Enroll: Full-time/ Part-time	CAR Retention & Placement 2012 Ret.	2012 Pla.	2011 Ret.	2011 Pla.
Diploma	Diploma	Medical Assisting	955	69.5	28 / 5	85.5%	NG	NA	NA
Associate of Applied Science (AAS) Degree Programs—ACICS Credential = Academic Associate:									
AAS	Acad Assoc	Business Administration	910	90	37 / 10	NA	NA	NA	NA
AAS	Acad Assoc	Construction Management	965	90	12 / 3	NA	NA	NA	NA
AAS	Acad Assoc	Criminal Justice	905	90	47 / 20	NA	NA	NA	NA
AAS	Acad Assoc	Graphic Design	1205	90	10 / 8	**55.6%**	100%	**53.8%**	66.7%
AAS	Acad Assoc	Information and Network Technologies	1205	90	22 / 15	70%	NG	**53.8%**	NG
AAS	Acad Assoc	Medical Assisting	1180	92	4 / 3	NA	NA	NA	NA
Bachelor of Science (BS) Degree Programs:									
BS	Bachelor	Business Administration: Accounting	1820	180	2 / 1	90.9%	NG	64.7%	NG
BS	Bachelor	Business Admin: Healthcare Management	1820	180	5 / 4	65.5%	100%	**59.4%**	NG
BS	Bachelor	Business Administration: Management	1820	180	20 / 10	**61.1%**	100%	**54.9%**	NG
BS	Bachelor	Business Admin: Marketing Management	1820	180	0 / 3	87.5%	**0%***	**50%**	NG
BS	Bachelor	Construction Management	1945	180	9 / 4	70.7%	85.7%	64.5%	100%
BS	Bachelor	Criminal Justice: Administration	1820	180	32 / 13	62.1%	72.7%	**55%**	77.4%
BS	Bachelor	Criminal Justice: Investigations	1820	180	18 / 6	80.6%	NG	NA	NA
BS	Bachelor	Graphic Design: Animation	2330	180	4 / 6	73.3%	**0%***	63.6%	60%
BS	Bachelor	Graphic Design: Game Art	2325	180	2 / 2	76.7%	**0%***	75.6%	**33.3%**
BS	Bachelor	Graphic Design: Visual Communications	2305	180	8 / 6	79.5%	**42.9***	**55.1%**	100%
BS	Bachelor	Information and Network Technologies: Computer Forensics	2305	180	4 / 0	68.9%	**0%***	**58.5%**	NG
BS	Bachelor	Information and Network Technologies: Network Management	2350	180	8 / 6	70.9%	71.4%	**48.6%**	NG
BS	Bachelor	Information and Network Technologies: Systems Security	2350	180	0 / 1	**0%**	NG	100%	NG
The following programs have been approved by ACICS, and the first classes will be offered in October 2013:									
AOS**	Occupational Associate's	Electronics Technology	1260	90.5	0 / 0	NA	NA	NA	NA
AAS	Acad Assoc	Health Information Technology	1270	103.5	0 / 0	NA	NA	NA	NA
AOS**	Occupational Associate's	Information Technology	1265	91.5	0 / 0	NA	NA	NA	NA

TOTAL ENROLLMENT = 400

Notes:
NA = No enrollment in program during the CAR period
NG = No graduates from the program during the CAR period
Bold = Retention rate below 62% or placement rate below 58%.
*Programs with fewer than 10 graduates; no program improvement plan required.
**Associate of Occupational Science degree

INTRODUCTION

Westwood College Arlington Ballston is one of 14 campuses owned and operated by Alta College, Inc., located in Denver, Colorado. In addition to the 14 campuses located in California, Colorado, Georgia, Illinois, and Virginia, there is a Westwood College Online unit located in Denver which has consortium agreements to offer online courses for all 14 Westwood College campuses, including the Arlington Ballston campus.

The Arlington Ballston campus initially started offering programs in October 2005 at a facility located in Roslyn, Virginia, in the Washington, DC, metro area. Operations were later moved to a location on Wilson Boulevard in Arlington County (commonly referred to as “Arlington”), Virginia. The move of just a few blocks from Wilson Boulevard to the current location at 4420 North Fairfax Drive in Arlington started in July 2011, and all educational program and administrative functions were finally moved and operating in approximately 40,000 square feet of space in the five-story building at the current location in July 2012.

Arlington County (Arlington) is located in northern Virginia on the south bank of the Potomac River directly across from the District of Columbia. Due to the county’s location, it is the headquarters for many departments and agencies of the United States federal government, including the Department of Defense, the U.S. Drug Enforcement Agency, and the Defense Advanced Research Projects Agency (DARPA). With a land area of only 26 square miles, Arlington is the geographically smallest county in the nation and the only county with no other incorporated towns within its border. The many federal agencies, government contractors, and service industries in Arlington, contribute to the area’s stable economy and make it one of the highest income counties in the United States.

As reported on the previous page, there are a total of 400 students enrolled in 1 diploma, 7 academic associate’s degree, and 13 bachelor’s degree programs at the Arlington Ballston campus. Approximately, 30 students are enrolled in the diploma program, 200 in the associate’s degree programs, and 170 in the bachelor’s degree programs. Approximately 300 of the students are enrolled on a full-time basis, 100 on a part-time basis; roughly 75% of the students are classified as day students and 25% as evening students. In addition to the students completing courses onsite at the campus, the campus president provided data indicating there are a total of 77 different Arlington Ballston students enrolled in a total of 36 different online courses being offered and taught by faculty from the Westwood College Online unit in Denver.

Based on the most recent data available, the Campus Effectiveness Plan reports the student population is 57% male, 43% female; with an average age of 33.8 years. Of those reporting their ethnicity, 79% of the student population is African American, 6% multi-racial, 4% Caucasian, 3% Hispanic, and 1% Asian---with approximately 7% unreported.

It is important to note that all Westwood College campuses converted to a curriculum called the Career Advantage Program (CAP) in 2012. All programs were reviewed by system curriculum committees and modified to be more efficiently delivered. A major change resulting from the implementation of the CAP curriculum is that most courses were changed from granting 3.5 quarter credits to 4.5 quarter credits. A second major change was the development of more associate’s degree programs. For example, the Arlington Ballston campus started its associate’s degree programs in Business Administration, Construction Management, and Criminal Justice in August 2012 and in Medical Assisting in May 2013. Further, as reported at the bottom of the table on the previous page, the campus has been approved to offer and plans to start its first classes in October 2013 for new associate’s degree programs in Electronics Technology, Health Information Technology, and Information Technology.

1. MISSION

1.01 Give the page number in the campus catalog on which the mission statement can be found.
The Westwood College mission statement appears on page 8 of the current catalog—2013 Catalog-6613, Volume 4-No. 2, revised May 2013.

1.02 Does the campus have an appropriate mission statement with a set of supporting objectives?
☒ Yes ☐ No

1.03 Are the objectives devoted substantially to career-related education?
☒ Yes ☐ No

1.04 Are the objectives reasonable for the following?
(a) The programs of instruction
☒ Yes ☐ No
(b) The modes of delivery.
☒ Yes ☐ No
(c) The facilities of the campus.
☒ Yes ☐ No

1.05 Are the mission statement and supporting objectives appropriately disclosed in the campus catalog and in other publications that are readily available and understandable to the public?
☒ Yes ☐ No

1.06 Is the campus committed to successful implementation of its mission?
☒ Yes ☐ No

1.07 Does the campus have a current Campus Effectiveness Plan (CEP)?
☒ Yes ☐ No

1.08 If the campus is an additional location, does the additional location have its own CEP, separate from the main campus IEP?
☐ Yes ☐ No ☒ Not Applicable

1.09 Does the CEP describe the following?
(a) The characteristics of the programs offered.
☒ Yes ☐ No
(b) The characteristics of the student population.
☒ Yes ☐ No
(c) The types of data that will be used for assessment.
☒ Yes ☐ No
(d) Specific goals to improve the educational processes.
☒ Yes ☐ No
(e) Expected outcomes of the plans.
☒ Yes ☐ No

1.10 Are the following five required elements evaluated in the CEP?
(a) Student retention.
☒Yes ☐ No
(b) Student placement.
☒Yes ☐ No ☐ Not Applicable (new additional location only)
(c) Level of graduate satisfaction.
☐Yes ☒ No ☐ Not Applicable (new additional location only)
(d) Level of employer satisfaction.
☒Yes ☐ No ☐ Not Applicable (new additional location only)

(e) Student learning outcomes.
☒ Yes ☐ No

(Section 3-1-111): The team found that follow-up studies on graduate satisfaction are not being completed following graduation.

The campus has verified that it conducts "graduate" surveys only once, and these surveys are conducted during a student's last term, prior to graduation. While onsite, the campus created a new policy that stated they will be sending out post-graduation surveys at 150 days following graduation. Additionally, their corporate headquarters were stated to have implemented the new surveys.

1.11 Define the student learning outcomes used by the campus and how these outcomes are being assessed.
The CEP identifies certification exams, capstone grades, and cumulative GPA as student learning outcomes and states "these assessments are linked together to form a comprehensive evaluation of student learning."

1.12 Are the following identified and described in the CEP?
(a) The baseline data for each outcome.
☒ Yes ☐ No ☐ Not Applicable
(b) The data used by the campus to assess each outcome.
☒ Yes ☐ No ☐ Not Applicable
(c) How the data was collected.
☒ Yes ☐ No ☐ Not Applicable
(d) An analysis and summary of the data collected and an explanation of how the data will be used to improve the educational processes.
☒ Yes ☐ No ☐ Not Applicable

1.13 Has the campus published annual placement and retention goals in its CEP that take into account its rates from the last three Campus Accountability Reports and that demonstrate its ability to maintain or improve retention and placement outcomes?
☒ Yes ☐ No ☐ Not Applicable (new additional location or initial applicant only)

The CEP reports that the goals for retention and placement for the 2013 CAR period are 70% and 75%, respectively.

1.14 Has the campus published specific activities that will be undertaken to meet placement and retention goals?
☒ Yes ☐ No ☐ Not Applicable (new additional location only)

1.15 Describe the specific activities that the campus will undertake to meet these goals.
Following are some of the activities to be undertaken to achieve the retention rate goal: holding "Student Success" meetings twice weekly to discuss at-risk students and create action plans to provide support to these students; shifting the responsibility for returning students from Student Support to Admissions; and revamping the Transportation Assistance program to provide better holistic support to students and to seek to link these students with Career Services earlier.

Following are some of the activities to be undertaken to achieve the placement rate goal: rather than starting the career services process when graduation is nearing, administration has reset the goal for students to be employed in their field prior to graduation; increase the number and frequency of job fairs on campus; advance the date of the "Grad Fest"--a program for potential graduates--to the START of the graduation term rather than conducting this program the week before the end of the term as has been done previously.

1.16 Does the campus have documentation to show the following?
(a) That the CEP has been implemented.
☒ Yes ☐ No
(b) That specific activities listed in the plan have been completed.
☒ Yes ☐ No
(c) That periodic progress reports have been completed.
☒ Yes ☐ No

1.17 Who is responsible for implementing and monitoring the CEP? Describe this individual's qualifications. If a committee is utilized please describe the committee.

Mr. M. Lauck Walton, campus president, is responsible for implementing and monitoring the CEP. He holds a bachelor's degree in Psychology and a master's degree in Business Administration from Rensselaer Polytechnic Institute in Troy, New York. Mr. Walton was initially employed by Westwood College as the campus president of the Annandale, Virginia, campus in April 2005 and became president of the Arlington campus in October 2012. He served as an ACICS staff member from 1990-1998 and has worked in other for-profit career schools prior to starting with Westwood.

Mr. Walton leads a CEP Steering Committee which develops, reviews, analyzes, maintains, and monitors the CEP. The committee consists of the campus president, academic dean, director of admissions, director of career services, director of student finance, director of student support, and the campus program chairs.

1.18 Does the campus have documentation to show that the CEP is evaluated at least annually?
☒ Yes ☐ No ☐ Not Applicable (new additional location or initial applicant only)

GENERAL COMMENTS:
Overall, the team found the CEP to be complete, well organized, and well written. The campus administrative leaders are committed to using the CEP as a major campus planning tool. It is clear from the review of CEP documents and discussion with campus administrators that the CEP for the Westwood College Arlington Ballston campus is being developed, maintained, and used to continuously improve educational and administrative activities and achieve campus goals and objectives, just as the Council desires.

2. ORGANIZATION

2.01 Is the following information regarding the campus appropriately stated in the catalog?
(a) Governance, control, and corporate organization.
☒ Yes ☐ No
(b) Names of the trustees, directors, and/or officers.
☒ Yes ☐ No
(c) Names of the administrators.
☒ Yes ☐ No

2.02 Does the campus:
(a) Adequately train its employees?
☒ Yes ☐ No
(b) Provide them with constant and proper supervision?
☒ Yes ☐ No
(c) Evaluate their work?
☒ Yes ☐ No

2.03 Is the administration of the campus efficient and effective?
☒ Yes ☐ No

2.04 Does the campus maintain written documentation to show that faculty and staff members:
(a) Clearly understand their duties and responsibilities?
☒ Yes ☐ No
(b) Know the person to whom they report?
☒ Yes ☐ No
(c) Understand the standards by which the success of their work is measured?
☒ Yes ☐ No

2.05 Does the administration maintain documentation of the evaluation of the faculty and staff?
☒ Yes ☐ No

2.06 Has the campus adopted a policy on academic freedom that has been communicated to the faculty?
☒ Yes ☐ No

2.07 Does the campus have an appropriate grievance policy for faculty and staff?

☒ Yes ☐ No

2.08 Does the campus catalog or the student handbook contain an appropriate grievance policy for students that includes the name and address of ACICS?
☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

2.09 Who is responsible for the financial oversight of the campus, and what are this person's qualifications?
The campus president, Mr. M. Lauck Walton, is responsible for the financial oversight of the campus. As noted in the previous section, he holds a bachelor's degree in Psychology and a master's degree in Business Administration from Rensselaer Polytechnic Institute in Troy, New York. Mr. Walton was initially employed by Westwood College as the campus president of the Annandale, Virginia, campus in April 2005 and became president of the Arlington campus in October 2012. He served as an ACICS staff member from 1990-1998 and has worked in other for-profit career schools prior to starting with Westwood.

GENERAL COMMENTS:
The team found the current organizational structure and campus management team to be promoting a spirit of understanding, cooperation, and responsibility among faculty, staff, and administration. Performance standards and monitoring controls that support satisfactory administrative functions are in place at the campus.

3. ADMINISTRATION

3.01 Is there evidence that the chief on-site administrator(s) or the self-study coordinator for the campus attended an accreditation workshop within 18 months prior to the final submission of the self-study?
☒ Yes ☐ No

3.02 Are all staff well trained to carry out administrative functions?
☒ Yes ☐ No

3.03 Who is the on-site administrator, and what are this person's qualifications?
Mr. M. Lauck Walton, campus president, has been the on-site administrator at the Westwood College Arlington campus since October 2012. As stated previously, he holds a bachelor's degree in Psychology and a master's degree in Business Administration from Rensselaer Polytechnic Institute in Troy, New York. Mr. Walton was initially employed by Westwood College as the campus president of the Annandale, Virginia, campus in April 2005. Prior to starting work with Westwood, he served as an ACICS staff member from 1990-1998 and has worked in other for-profit career schools prior to starting with Westwood.

3.04 Does the campus list degrees of staff members in the catalog?
☒ Yes ☐ No

If *Yes,* is appropriate evidence of the degrees on file?
☒ Yes ☐ No

3.05 Is there evidence that the campus keeps adequate records to support the following administrative operations?
(a) Financial aid activities.
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)
(b) Admissions.
☒ Yes ☐ No
(c) Curriculum.
☒ Yes ☐ No
(d) Accreditation and licensure.
☒ Yes ☐ No
(e) Guidance.
☒ Yes ☐ No

(f) Instructional resources.
☒ Yes ☐ No
(g) Supplies and equipment.

☒ Yes ☐ No

(h) The school plant.

☒ Yes ☐ No

(i) Faculty and staff.

☒ Yes ☐ No

(j) Student activities.

☒ Yes ☐ No

(k) Student personnel.

☒ Yes ☐ No

3.06 Does the campus admit ability-to-benefit students?

☐ Yes ☒ No *(Skip to Question 3.11.)*

3.11 Do student files contain evidence of graduation from high school or the equivalent?

☒ Yes ☐ No

3.12 Are appropriate transcripts maintained for all students?

☒ Yes ☐ No

3.13 Is the grading system fully explained on the transcript, and is it consistent with the grading system that appears in the campus catalog?

☒ Yes ☐ No

3.14 Are student records protected from theft, fire, water damage, or other possible loss?

☒ Yes ☐ No

3.15 Does the campus maintain transcripts for all students indefinitely?

☒ Yes ☐ No

3.16 Does the campus maintain admissions data and other records for at least five years from the last date of attendance for all students?

☒ Yes ☐ No

GENERAL COMMENTS:

Based on review and observation of operations while on the campus, the visit team feels the current campus leadership team and staff are well prepared and trained to carry out the administrative functions they are assigned. Further, administrative functions are generally coordinated and carried out to serve the educational mission and objectives of the programs being offered and the campus overall.

4. RELATIONS WITH STUDENTS

4.01 How many student files were reviewed during the evaluation?

The team reviewed a total of 41 files selected from the following groups of students: pending graduates, Financial Aid probations, Financial Aid warnings, satisfactory academic progress (SAP) warnings, SAP dismissals, active students, graduates, re-entries, and transfers.

4.02 Does the campus ensure that its student relations reflect high ethical standards?

☒ Yes ☐ No

4.03 Does the campus have appropriate admissions criteria?

☒ Yes ☐ No

4.04 Does the campus contract with third parties for admissions and recruiting purposes?

☐ Yes ☒ No

4.05 Is there evidence to document that admissions criteria are applied consistently to all students admitted under the same version of the admissions criteria (e.g., that students admitted into specific programs for the same start date are admitted under the same admissions criteria)?

☒ Yes ☐ No

4.06 Does the admissions policy conform to the campus's mission?
☒ Yes ☐ No

4.07 Is the admissions policy publicly stated?
☒ Yes ☐ No

4.08 Is the admissions policy administered as written?
☒ Yes ☐ No

4.09 Does the campus use an enrollment agreement for each enrolled student that :
(a) Clearly outlines the financial obligations of both the institution and the student?
☒ Yes ☐ No
(b) Outlines all program related tuition and fees?
☒ Yes ☐ No
(c) Has a signature of the student and the appropriate school representative?
☒ Yes ☐ No

Is there evidence that a copy of the agreement has been provided to the student?
☒ Yes ☐ No

4.10 Who is responsible for the oversight of student recruitment at the campus and what are this person's qualifications?
Mr. Isaiah Brooms, director of admissions, is responsible for the oversight of student recruitment at the campus. He holds a bachelor's degree in Education from Bradley University in Peoria, IL. Mr. Brooms started as an admissions representative in 2006 and became assistant director of admissions in 2007 prior to becoming the director of admissions in 2009. Prior to starting at Westwood College, Mr. Brooms worked as a teacher in the Chicago public school system for one year and as assistant director of admissions for Culver Academies for three years.

4.11 How is the team able to verify that the recruiting process for new students is ethical and compatible with the educational objectives for the campus?
Mr. Brooms described the campus step-by-step recruitment process for the team. The process includes phone scripts that representatives are required to utilize, and the "College You" web-based guided presentation. The web-based presentation is one hour in length, and it includes disclosures on job placement stats, local career stats and financial aid data. The team viewed the presentation and initiated several interactive scenarios to verify general and programmatic accuracy. Based on its review, the team believes the campus recruiting process for new students is ethical and compatible with the education objectives for the campus.

4.12 Are individuals engaged in admissions or recruitment activities communicating current and accurate information regarding the following?
(a) Courses and programs.
☒ Yes ☐ No
(b) Services.
☒ Yes ☐ No
(c) Tuition.
☒ Yes ☐ No
(d) Terms.
☒ Yes ☐ No
(e) Operating policies.
☒ Yes ☐ No

4.13 Does the campus use prospective student names obtained as a result of a survey, canvass, or promise of future employment or income while a student, or as a result of other marketing activity?
☒ Yes ☐ No

If *Yes,* is the name of the campus clearly identified, and is there evidence that the reason for usage of the name has been communicated to the student?
☒ Yes ☐ No

4.14 Does the state in which the campus operates require representatives to be licensed or registered?
☐ Yes ☒ No

4.15 Are the titles of recruitment and enrollment personnel appropriate?
☒ Yes ☐ No

4.16 Does someone other than recruitment and enrollment personnel make final decisions regarding financial aid eligibility, packaging, awarding, and disbursement?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

4.17 Are all recruiters supervised by the campus to ensure that their activities are in compliance with all applicable standards?
☒ Yes ☐ No

4.18 Does the campus have written policies and procedures for evaluating and accepting transfer of credit?
☒ Yes ☐ No

4.19 Is there evidence that the campus properly awards transfer of credit?
☒ Yes ☐ No ☐ Not Applicable

4.20 Does the campus publicize its transfer credit policies, including policies related to accepting transfer credit from another campus?
☒ Yes ☐ No

4.21 Has the campus established articulation agreements with other institutions?
☒ Yes ☐ No(*Skip to question 4.23 for Master's Degree Programs or 4.24 for all programs)*

If *Yes*, has the campus published a list of institutions with which it has established the agreements?
☒ Yes ☐ No

4.22 Does the campus provide documented notification to students of the articulation agreements and the transferability of credits in the programs that are offered?
☒ Yes ☐ No

4.24 Is the standards of satisfactory academic progress policy published in the catalog?
☒ Yes ☐ No

If *Yes*, state the page number(s) where the standards of satisfactory academic progress policy is published?
The standards of satisfactory academic progress policy is published on pages 70-73 of the catalog reviewed during the visit.

4.25 Does the standards of satisfactory academic progress (SAP) policy published in the catalog contain the following?
(a) A definition of the maximum time frame allowed for students to complete a program as 1.5 times the normal program length.
☒ Yes ☐ No
(b) A schedule that designates the minimum percentage of work that a student must successfully complete at the end of each evaluation increment to complete the program within the maximum time frame.
☒ Yes ☐ No
(c) Procedures for re-establishing satisfactory academic progress.
☒ Yes ☐ No
(d) A definition of the effects of the following on the CGPA and successful course-completion percentage:
Withdrawals.
☒ Yes ☐ No
Incomplete grades.
☒ Yes ☐ No
Repeated courses.
☒ Yes ☐ No
Non-punitive grades.
☒ Yes ☐ No ☐ Not Applicable (campus does not offer)

Non-credit or remedial courses.
☒ Yes ☐ No ☐ Not Applicable (campus does not offer)
A warning status.
☒ Yes ☐ No ☐ Not Applicable (campus does not use)
A probationary period.
☒ Yes ☐ No
An appeal process.
☒ Yes ☐ No
An extended-enrollment status.
☒ Yes ☐ No ☐ Not Applicable (campus does not offer)
The effect when a student changes programs.
☒ Yes ☐ No ☐ Not Applicable (campus only offers one program of study
The effect when a student seeks to earn an additional credential.
☒ Yes ☐ No ☐ Not Applicable (campus only offers one credential)
The implications of transfer credit.
☒ Yes ☐ No

4.26 Does the campus apply its SAP standards consistently to all students?
☒ Yes ☐ No

4.27 Are students who are not making satisfactory academic progress properly notified?
☒ Yes ☐ No ☐ Not Applicable (no students are in violation of SAP)

4.28 Is SAP evaluated at the end of each academic year or at 50% of the normal program length if the program is one academic year in length or shorter?
☒ Yes ☐ No

4.29 Is SAP evaluated at the end of the second academic year and at the end of each subsequent academic year where students must have a minimum CGPA of 2.0 on a scale of 4.0 or its equivalent?
☒ Yes ☐ No ☐ Not Applicable (all programs are one year or less)

4.30 Are students who are not making satisfactory academic progress at the end of the second year dismissed?
☒ Yes ☐ No ☐ Not Applicable (all programs are less than two years)

4.31 Are qualitative and quantitative components evaluated cumulatively for all periods of a student's enrollment?
☒ Yes ☐ No

4.32 Are students allowed to remain on financial aid while under warning status?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

If *Yes,* is the student informed of this policy?
☒ Yes ☐ No

4.33 Are students whose appeals are granted due to mitigating circumstances placed on probation, eligibility for financial aid reinstated and considered to be making satisfactory academic progress?
☒ Yes ☐ No

4.34 Are students who are placed in an extended-enrollment status denied eligibility for federal financial aid (unless there are mitigating circumstances?
☒ Yes ☐ No ☐ Not Applicable (campus does not have extended enrollment and/or does not participate in financial aid)

4.35 Do credits attempted during the extended-enrollment status count toward the 1.5 times of normal program length?
☒ Yes ☐ No ☐ Not Applicable (campus does not have extended enrollment)

4.36 For students who have exceeded one and one-half times the standard time frame and were awarded the original credential, were any additional financial obligations waived?
☒ Yes ☐ No ☐ Not Applicable (there is no such student)

4.37 Are students required to have a minimum CGPA of 2.0 or its equivalent upon graduation from all programs?
☒ Yes ☐ No

4.38 Who is responsible for the administration of satisfactory academic progress, and what are this person's qualifications?
Ms. Emily Lawson, campus registrar, is responsible for the administration of satisfactory academic progress (SAP) at the Arlington Ballston campus. She holds a bachelor's degree in Psychology from the University of Virginia and a master's degree in School Psychology from Bowie State University. At the time of the visit, Ms. Lawson was in her second week on the job. Prior to starting in her current position, she worked for five years as a director of records at Global Health College. She also served as school psychology intern and day care specialist at county public schools, and parks and recreation agencies.

4.39 Does the campus encourage and assist students who are experiencing difficulty in progressing satisfactorily in their programs?
☒ Yes ☐ No

4.40 Does the campus finance any of the following? (Mark all that apply.)
(a)☒ Scholarships.
(b)☒ Grants.
(c)☒ Loans.
(d)☐ The campus does not offer scholarships, grants, and/or loans. *(Skip to Question 4.42.)*

If *Yes* for any item, does the campus properly identify all scholarship, grant, and loan programs?
☒ Yes ☐ No

4.41 Does the campus fully disclose the terms, conditions, and application procedures regarding campus loan, scholarship and grant programs in its catalog?
☒ Yes ☐ No

4.42 Are all similarly circumstanced students who enrolled at the same time and in the same programs charged the same tuition and fees?
☒ Yes ☐ No

4.43 Are tuition and fees clearly stated in the catalog?
☒ Yes ☐ No

If *Yes,* have students confirmed receiving a copy of the catalog?
☒ Yes ☐ No ☐ Not Applicable

4.44 Do the financial records of students clearly show the following?
(a) Charges.
☒ Yes ☐ No
(b) Dates for the posting of tuition.
☒ Yes ☐ No
(c) Fees.
☒ Yes ☐ No
(d) Other charges.
☒ Yes ☐ No
(e) Payments.
☒ Yes ☐ No
(f) Dates of payment.
☒ Yes ☐ No
(g) The balance after each transaction.
☒ Yes ☐ No

4.45 Is the effective date listed on announcements of changes in tuition and fees?

☒ Yes ☐ No ☐ Not Applicable (campus has not changed tuition or fees)

4.46 Is the campus' refund policy published in the catalog?
☒ Yes ☐ No

4.47 Is the refund policy fair, equitable, and applicable to all students?
☒ Yes ☐ No

4.48 Is the campus following its stated refund policy?
☒ Yes ☐ No

4.49 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No *(Skip to question 4.57)*

4.50 Who is responsible on-site for administering student financial aid, and what are this person's qualifications?
Ms. Marsha Molina, director of student finance, is responsible for administering student financial aid at the campus. She holds a bachelor's degree in Business Administration from Strayer University and is currently enrolled in a master's of Business Administration degree program at the University of Phoenix. Ms. Molina has been director of student financial aid since March 2013. Prior to starting at the Westwood Arlington Ballston campus, she worked as senior reconciliation specialist, manger of title IV funds, manager of corporate financial aid, business office manager, and retention coordinator at various career schools including Strayer University and ITT Institute.

4.51 Is the person who determines the amount of student awards *not* also responsible for disbursing those awards?
☒ Yes ☐ No

4.52 Are final student financial aid award determinations made by administrative individuals who are *not* responsible for recruitment?
☒ Yes ☐ No

4.53 Is the financial aid administrator a member of a state, regional, or national financial aid association and up to date on procedures and changes in the field?
☒ Yes ☐ No

4.54 Describe how the financial aid office stays current with regulation and policy changes in financial aid (include all appropriate memberships in professional organizations held by this individual).
The director of student finance and her staff stay current with regulation and policy changes by maintaing current membership in the Virginia Association of Student Financial Aid Administators (VASFAA), and attending VASFAA conferences and industry events; through "Dear Colleague Letters" from the Department of Education; and "Center Update Calls" and financial aid staff training provided by Westwood College central administration. The team also verified Ms. Molina's membership and active participation with the National Association of Student Financial Aid Administrators (NASFAA).

4.55 Is there evidence that the financial aid administrator regularly participates in professional awareness activities?
☒ Yes ☐ No

4.56 Does the campus have a written policy that accurately reflects the U.S. Department of Education's definition of a credit hour for credit hour programs and/or clock-to-credit hour programs, including conversion ratios?
☒ Yes ☐ No

4.57 Does the campus provide discounts for cash received in advance of the normal payment schedule?
☒ Yes ☐ No *(Skip to question 4.58.)*

If *Yes*, is there evidence that the campus provides a copy of the written policy to all student applicants prior to enrollment?
☒ Yes ☐ No

If *Yes,* is the size of the discount based on the financial benefit that the campus receives from the payment of cash earlier than would be required under the normal tuition payment schedule?
☒ Yes ☐ No ☐ Not Applicable

4.58 Describe the student services offered by the campus such as, but not limited to, structured tutoring, academic or personal counseling, student orientation, etc.

Student support identified the three greatest challenges that students deal with on this campus are as follows: transportation, childcare, and employment. The solutions provided for students facing these challenges include a metrocard program that provides students with metrocards during the school year. The cost of these metrocards is included as a fee in the students' financial ledgers, thereby allowing the expense to be funded through students' financial aid accounts. The team viewed an array of housing resource books containing updated available apartments, shared apartments, and shared rooms listings. Students can view one or all of the three apartment listing books for the District of Columbia, Maryland and Virginia areas. Additionally, the campus has a contract with the University City Apartments (UCA). UCA is an apartment complex that focuses on rentals to college students, essentially serving as a dorm provider for schools that do not have dorm facilities. Packets containing resources for family and homelessness issues are provided to students on an as needed basis. The support center also provides a daycare information resource book for students facing daycare issues. Employment issues are referred to career services.

The services described above are offered to address the three greatest challenges identified for students at the campus. In addition, the campus librarian manages a structured tutoring program for students needing academic assistance, and a food bank program for students is coordinated by the Student Support area.

4.59 Are follow-up studies on graduate and employer satisfaction conducted at specific measuring points following the placement of the campus' graduates?

☐ Yes ☒ No ☐ Not Applicable

If *No,* insert the section number in parentheses and explain:

(Section 3-1-441(c)): The Arlington Ballston campus does not conduct follow-up studies on graduate and employer satisfaction at specific measuring points following the placement of campus graduates. The campus does collect data to determine students' satisfaction with campus operations just prior to their graduation. The campus also collected feedback from 5 of 50 members of program advisory committees employers to determine employer satisfaction. However, the employer feedback is not being collected at specific measuring points following placement of graduates. Further, given the relatively low response rate and the small number of respondents, most research design experts and statisticians would advise against drawing conclusions and making decisions based on the feedback collected from the five advisory committee members.

Campus president, M. Lauck Walton, informed the team that Westwood College corporate is aware of this area of non-compliance being present at all of the campuses and is in the process of developing plans and a system for collecting the required graduate and employer satisfaction information. The collection of data and processing of responses to determine the results will be completed at the corporate level. Analysis of the findings wll be done at the campus level.

4.60 Who is the person on staff responsible for the oversight of counseling students on employment opportunities, and what are this person's qualifications?

Mr. George Jefferson, director of career services, is responsible for the oversight of counseling students on employment opportunities at the campus. He holds both a bachelor's and a master's degree in Business Administration from Howard University in Washington, DC. Mr. Jefferson has been director of career services since June 2012. Prior to starting at Arlington Ballston campus, he worked for 20 years as a director of job placement and admissions at Omega School of Audio Engineering and as associate director of student life at Mongtomery College.

4.61 Does the campus offer employment assistance to all students?

☒ Yes ☐ No ☐ Not Applicable (campus enrolls only international students on a student visa)

4.62 Does the campus use placement percentages or salary projections as part of its recruiting activities?

☒ Yes ☐ No

If *Yes,* explain:

Salary projections and placement percentages are discussed with students during their recruitment process.

If *Yes,* does the campus maintain the required data on its graduates and nongraduates?

☒ Yes ☐ No

4.63 The beginning enrollment on the most current Campus Accountability Report (CAR) is 414
The ending enrollment reported on the previous year's CAR is 414

4.64 Was the team able to verify the retention rate for the campus and for each program as reported on the Campus Accountability Report (CAR) last submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable

4.65 Are students who receive financial aid counseled concerning their student loan repayment obligations?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

4.66 Describe the process the campus utilizes to ensure that students are counseled concerning their student loan repayment obligations.
Students are required to access the web site "studentloans.gov" to complete surveys at least three times during their enrollment. First, they complete a survey at their advance meeting held during their entrance counseling. Second, they complete a survey at the "Ready Meeting" following the completion of their finance package. And they do a final survey during their exit interview where they are also provided with an exit packet containing information on loan repayment.

4.67 Describe the extracurricular activities of the campus (if applicable).
Campus extra-curricular activities include: Karaoke, BBQ's and poetry nights; and free AIDs testing provided by a third party. Students can also receive a $25 grocery card for participation; a feast of sharing activity is conducted for Thanksgiving; and speedy bingo is played every day at lunch time in the student commons, winners receive a $5 McDonalds' card; and perfect attendance award ceremonies are conducted twice a year. Winners are presented tickets to a high-profile concert. This award event has been conducted twice earning recipients tickets to the JayZ and Kanye West concerts.

5. EDUCATIONAL ACTIVITIES

5.01 Are the credentials awarded by the campus in compliance with its accreditation approval and in compliance with applicable state laws?
☒ Yes ☐ No

5.02 Who is assigned to oversee the educational activities of all programs at the campus, and what are this person's qualifications?
Ms. Dorothy Green, dean of academics, is assigned to oversee the educational activities of all programs at the Arlington Ballston campus. She holds a bachelor's degree in Art and Education from Eastern Washington University and a master's degree in Education from City University. Before assuming her current position, Ms. Green was the program chair for the school of design at the since January 2010. She holds a K-12 teaching certificate in the states of Washington and Florida. Ms. Green has been teaching Visual Communications and Video Game Design at the high school and postsecondary level since 1989.

5.03 Does this person have appropriate academic or experiential qualifications?
☒ Yes ☐ No

5.04 Describe how the campus makes provisions for program administrators to have sufficient authority and responsibility for the development and administration of the programs.
Program administrators have a job description that clearly identifies their authority and responsibility for development and administration of the programs. The job descriptions identify the chairs' authority in the areas of recommending for hiring, evaluation, and if necessary termination of faculty; curriculum revision; textbook selection; class scheduling; and internship placement, where appropriate. The program administrators' duties are identified as approximately 60% teaching and 40% administration.

5.05 Is the time devoted to the administration of the educational programs sufficient?
☒ Yes ☐ No

5.06 Is there a published policy on the responsibility and authority of faculty in academic governance?
☒ Yes ☐ No

5.07 Does the policy, at a minimum, address the role of the faculty in the following areas?
(a) Development of the educational program.
☒ Yes ☐ No
(b) Selection of course materials, instructional equipment and other educational resources.
☒ Yes ☐ No
(c) Systematic evaluation and revision of the curriculum.
☒ Yes ☐ No
(d) Assessment of student learning outcomes.
☒ Yes ☐ No
(e) Planning for institutional effectiveness.
☒ Yes ☐ No

5.08 Is there evidence that this policy has been adopted and faculty members are aware of it?
☒ Yes ☐ No

5.09 Does the campus have any programs that require specialized programmatic accreditation to obtain entry-level employment or licensure by the state in which the campus is approved?
☐ Yes ☒ No (*Skip to question 5.11*)

5.11 Was the team able to verify the backup documentation to support the placement rate for the program(s) that hold specialized accreditation as reported on the last Campus Accountability Report submitted to the Council?
☐ Yes ☐ No ☒ Not Applicable

5.13 Are the educational programs consistent with the campus' mission and the needs of its students?
☒ Yes ☐ No

5.14 Do the formation of policies and the design of educational programs involve students, graduates, administrators, faculty, and other interested parties such as advisory committees?
☒ Yes ☐ No

5.15 What provisions are made for individual differences among students?
Instructors use a variety of instructional delivery methods to better meet the individual differences among the students in their classes. Students who are having academic performance issues are reported to the appropriate program chair and the director of student support. These two individuals use a variety of interventions, including tutoring by a faculty member to working with individual students needing help. Additionally, students are able to request transfer credit for previous academic work and credit for CLEP exams passed with satisfactory grades and scores and to request the opportunity to be granted credit based on achieving a satisfactory score on proficiency exams available for various courses.

5.16 Describe the system in place to evaluate, revise, and make changes to the curriculum.
Recommendations from students, staff, faculty, advisory committee members, or employers can start the process for a curriculum change. The curriculum is continually reviewed by the academic dean, program chairs, and faculty at the Arlington Ballston campus. Campus recommendations are forwarded to the corporate director of curriculum and curriculum review committees for each of the program areas. Curriculum revisions are made following final approval by corporate administration. Faculty members confirmed their participation in the curriculum review process and indicated they felt their input was considered and valued.

5.17 Does the faculty participate in this process?
☒ Yes ☐ No

5.18 Is credit appropriately converted in relation to total student contact hours in each class?
☐ Yes ☒ No

If *No,* insert the section number in parentheses, identify the courses, and explain:
(Section 3-1-516(a)(i)): There is not appropriate documentation to evidence the 10-hour lecture portion of the MED1299 Externship 6.5-credit course is accurately scheduled. The academic credit analysis indicates the course consists of 165 hours of externship training at externship sites in the community, which accounts for 5.5 of the total credits granted, and a 10-hour lecture component that accounts for

1 credit of lecture. The course syllabus states that there is a 10-hour lecture component to the course. The class schedule provided to the team during the visit shows MEDI299 Externship as a class scheduled to meet Tuesdays and Thursdays from 2:30-5:00 pm with Mr. Kulsoom Shaikh identified as the instructor and five students enrolled. It is not clear from the class schedule, the course syllabus, and interviews with the program chair exactly what students who are registered for the class do during this scheduled time of 300 minutes per week, a total of 2700 minutes for the nine weeks of the term. Students currently completing the externship program told the team that they do not meet anytime on campus for the externship class. The program chair stated that he only meets with the students when the students are having issues with their externship; however, there is no appropriate documentation of any of these meetings. Thus, the team was not provided evidence during the visit that students are meeting to satisfy the 10-hour, 1-credit lecture portion of the MEDI299 course.

5.19 If the campus awards academic credit to students who demonstrate subject competency based on academic, occupational, or personal experiences, is there an established systematic method for evaluating and awarding academic credit to which the campus adheres?
☒ Yes ☐ No ☐ Not Applicable (campus does not award such credit)

If *Yes,* is there appropriate documentation of the assessments of knowledge, skills, or competencies required?
☒ Yes ☐ No

5.20 Are courses and breaks scheduled appropriately, given the students' academic background and the coursework involved?
☒ Yes ☐ No

5.21 Are the following appropriate to adequately support the number and nature of the general education courses? (*If only nondegree programs are offered with no general education courses, skip to 5.22*)
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

5.22 Does the campus provide an environment for its faculty that is conducive to effective classroom instruction?
☒ Yes ☐ No

5.23 Are the quantity and type of instructional materials and equipment proportionate to the size of the campus and types of programs?
☒ Yes ☐ No

5.24 Based on the team's observation of the instructional materials used, interviews with students and faculty, and a review of software licenses, is the campus in compliance with applicable licensing and copyright laws?
☒ Yes ☐ No

5.25 Are official transcripts for all qualifying credentials and for those credentials listed in the catalog on file for all instructors?
☒ Yes ☐ No

5.26 Have faculty transcripts from institutions not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the Association of International Credential Evaluators (AICE) or the National Association of Credential Evaluation Services (NACES) to determine the equivalency of the credentials to credentials awarded by institutions in the United States?
☒ Yes ☐ No ☐ Not Applicable (no faculty members hold foreign credentials)

5.27 Is there documented evidence of a systematic program of in-service training at the campus?
☐ Yes ☒ No

If *Yes*, how is this documented?
(Section 3-1-543): There is not satisfactory evidence in faculty files documenting completion of in-service trainings completed on campus for the following faculty members: Ms. Tamera Battle; Ms. Thalia Bishop; Ms. Erin Bode; Ms. Jeanine Chase Harris; Ms. Se Kim; Mr. Michael O'Connell; Mr. Larnique Oheeoha; Mr. Hector Sandoval; Mr. Michael Seltzer; Mr. Kulsoom Shakeh; Ms.Leah Wallace.

5.28 Is there evidence that appropriate faculty development plans have been developed and implemented annually, including documentation to support completed activities listed on the plans?
☒ Yes ☐ No

If *No* for missing documentation of implementation, insert the section number in parentheses, list faculty names, and explain:
(Section 3-1-543): There is not satisfactory documentation of professional growth activities for the following faculty members: Ms. Tamera Battle; Mr. Bernardo Darquea; Mr. Michael O'Connell; Ms. Sandyha Reddy; Mr. Hector Sandoval; Mr. Michael Seltzer; and Mr. Kulsoom Shakeh.

Initially there was a lack of documentation of professional growth activities for faculty members in addition to those listed above. However, during the visit, campus administration was able to provide appropriate documentation of professional growth activities for all faculty members except those listed above.

5.29 Is there evidence that full-time and part-time instructors participate in regularly scheduled faculty meetings?
☒ Yes ☐ No

5.30 Is there an adequate core of full- and/or part-time faculty to assure sound direction and continuity of development for the educational programs?
☒ Yes ☐ No

5.31 Does the institution utilize contracts and/or agreements with other institutions or entities?
☒ Yes ☐ No

If *Yes*, do the contracts and/or agreements comply with all requirements of the applicable criterion?
☒ Yes ☐ No

Similar to other Westwood College campuses, this campus has a consortium agreement with the Westwood Online Division in Denver. The consortium agreement has been submitted to and approved by the Council.

5.34 Are instructors teaching general education courses assigned in keeping with the minimum requirements as stated in the *Accreditation*

Criteria?
☒ Yes ☐ No

5.35 Does the program include a minimum of 15 semester, 22.5 quarter hours, or their equivalent in general education courses?
☒ Yes ☐ No

5.36 Do the programs' general education courses meet Council standards in that the courses place emphasis on principles and theory not on practical applications associated with a particular occupation?
☒ Yes ☐ No

5.37 Are at least one-half of all courses that are part of each associate's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?
☒ Yes ☐ No

5.38 Does the program include a minimum of 36 semester hours, 54 quarter hours, or their equivalent in general education courses?
☒ Yes ☐ No

5.39 Do the program's general education courses meet Council standards?
☒ Yes ☐ No

5.40 Are at least one-half of all lower-division subjects and all upper-division courses that are part of the bachelor's degree program taught by faculty members who have graduate degrees, professional degrees, or bachelor's degrees plus professional certification?
☒ Yes ☐ No

GENERAL COMMENTS:
Overall, educational operations at the Westwood College Arlington Ballston campus are conducted in a comfortable environment that promotes and supports a positive atmosphere for learning and teaching. Faculty members are well qualified for their teaching assignments and are committed to their students. Students who were interviewed stated they are generally very positive about their instructors and informed the team they feel all of the instructors sincerely care about their personal and academic success. Students were also positive about their programs and members of the campus administration and staff with whom they have communicated.

COMMENDATIONS:
Program and campus administrators are commended for hiring and employing faculty and staff members who have very strong academic and experiential backgrounds related to their current positions.

6. EDUCATIONAL FACILITIES

6.01 Describe the physical facility of the campus (include details such as campus location, square footage, distribution of space, parking situation and any other pertinent information).
Westwood College Arlington Ballston conducts operations in approximately 39,600 square feet of leased space on four floors in a five-story building. As noted previously, the college operations were moved into the current facility in July 2011. The space in the facility was remodeled and built-out based on specifications established by the college to meet its educational and administrative needs. Educational activities are conducted in a total of 22 classrooms and computer labs as well as a recently remodeled learning commons (library) area. Computer labs are located throughout the building; there is a green screen shooting room with approppriate lighting for videotaping and photography to support the Design programs; and a newly designed and well-equipped lab and classroom are used for the Medical Assisting programs. The learning commons area as well as a student lounge are located on the third floor. Administrative space consists of offices and open modular areas located on all floors for campus management and staff. Given the location of the campus, there is only very limited on-street parking available in the vicinity of the campus. Therefore, almost all students use the Washington Metro as their means of transportation to campus.

6.02 Does the campus utilize any additional space locations?
☐ Yes ☒ No

6.03 Does the campus utilize campus additions?

☐ Yes ☒ No

6.04 Are all facilities (including additional space and campus additions) appropriate for the size of the student population and the programs offered?
☒ Yes ☐ No

6.05 Are the following appropriate to support the student population and the programs offered at all locations (including additional space and campus additions)?
(a) Equipment
☒ Yes ☐ No
(b) Instructional tools
☒ Yes ☐ No
(c) Machinery
☒ Yes ☐ No

6.06 Is there evidence on file to show that all campus facilities are in compliance with fire, safety, and sanitation regulations?
☒ Yes ☐ No ☐ Not Applicable

GENERAL COMMENTS:
The current campus facility provides ample instructional and administrative space appropriately organized and equipped to support the current number of students and programs being offered. All classrooms have modern furniture and audio-visual equipment such as ceiling-mounted projectors and computer workstations for instructors to support technology needs. Overall, the well-maintained physical facilities present a professional appearance and provide an environment that positively supports the learning, teaching, and administrative activities being conducted.

7. PUBLICATIONS

7.01 What catalog was used during the evaluation (please include the year, number, and volume if appropriate)?
The catalog reviewed onsite was the Westood College 2013 Academic Catalog, volume 4, No. 2, Revised May 2013.

7.02 Does the self-study or additional location application part II accurately portray the campus?
☒ Yes ☐ No

7.03 Does the campus publish a catalog that is appropriately printed and bound and available to all enrolled students?
☒ Yes ☐ No

7.04 Does the catalog contain the following items?
(a) A table of contents and/or an index.
☒ Yes ☐ No
(b) An indication of the year or years for which the catalog is effective on the front page or cover page.
☒ Yes ☐ No
(c) The names and titles of the administrators.
☒ Yes ☐ No
(d) A statement of legal control which includes the names of trustees, directors, and officers of the corporation.
☒ Yes ☐ No
(e) A statement of accreditation
☒ Yes ☐ No ☐ Not Applicable (initial applicant)
(f) A mission statement.
☒ Yes ☐ No

(g) A listing of full-time faculty members which lists all qualifying credentials held along with the awarding institution and the area of teaching specialization.
☒ Yes ☐ No
(h) An academic calendar.
☒ Yes ☐ No

(i) A full disclosure of the admission requirements.
☒ Yes ☐ No
(j) A statement for each curriculum offered that includes a statement of objective or purpose; an accurate and complete listing of all courses in the curriculum with a unique identifying number and title, the credit or clock hours awarded; the total credit or clock hours required to complete the curriculum; any necessary requirements for certification, licensing, or registration needed to work in the field; and any additional requirements that must be met to complete the curriculum.
☒ Yes ☐ No
(k) A description of each course offered that includes the identifying number, title, credit or clock hours awarded, a concise description of the course contents, and any necessary prerequisites.
☒ Yes ☐ No
(l) An explanation of the grading system that is consistent with the one that appears on the student transcript.
☒ Yes ☐ No
(m) A definition of the unit of credit.
☒ Yes ☐ No ☐ Not Applicable (The campus does not award credit)
(n) A complete explanation of the standards of satisfactory academic progress.
☒ Yes ☐ No
(o) A description of the certificates, diplomas, and/or degrees awarded along with a statement of the requirements necessary for completion of each.
☒ Yes ☐ No
(p) The transfer of credit policy.
☒ Yes ☐ No
(q) A statement of the tuition, fees, and any other charges.
☒ Yes ☐ No
(r) A complete and accurate listing of all scholarships, grants, and/or loans offered.
☒ Yes ☐ No ☐ Not Applicable (no scholarships, grants, or loans offered)
(s) The refund policy.
☒ Yes ☐ No
(t) A statement describing the student services offered.
☒ Yes ☐ No
(u) A student grievance policy that includes the name and address of ACICS (may be in the student handbook instead of catalog).
☒ Yes ☐ No ☐ Not Applicable (initial applicants only)

7.05 Does the campus offer degree programs?
☒ Yes ☐ No

If *Yes,* does the catalog contain the following?
(a) An explanation of the course numbering system (for all levels).
☒ Yes ☐ No
(b) Identification of courses that satisfy general education requirements (for occupational associate's, academic associate's, and bachelor's degrees only).
☒ Yes ☐ No
(c) Identification of courses that satisfy the concentration requirements (for academic associate's and bachelor's degrees only).
☒ Yes ☐ No
(d) Identification of courses that satisfy the upper-division (for bachelor's degrees only).
☒ Yes ☐ No

7.06 Does the campus offer courses and/or programs via distance education?
☒ Yes ☐ No *(Skip to Question 7.07.)*

If *Yes,* does the catalog contain the following?
(a) A description of each mode of delivery used for distance education courses.
☒ Yes ☐ No
(b) Any additional or different admissions requirements for students taking distance education courses.
☒ Yes ☐ No ☐ Not Applicable (there are no additional or different admissions requirements)
(c) A description of any tests used to determine access to distance education.
☒ Yes ☐ No ☐ Not Applicable (no additional tests are given)

(d) A description of the resources and equipment the students must have to avail themselves of distance education instruction.
☒ Yes ☐ No
(e) Costs and fees associated specifically with distance education.
☐ Yes ☐ No ☒ Not Applicable (there are no additional costs and fees)

7.07 Does the catalog contain an addendum/supplement?
☒ Yes ☐ No *(Skip to Question 7.08.)*

(a) Is the catalog updated at an appropriate interval (the addendum/supplement should not be used as a substitute for meeting this expectation)?
☒ Yes ☐ No
(b) Does the addendum supplement include the school name, location, and effective date for the entire document (or for individual sections if effective dates vary)?
☒ Yes ☐ No

(c) Do students receive a copy of the addendum/supplement with the catalog?
☒ Yes ☐ No

7.08 Is the catalog available online?
☒ Yes ☐ No *(Skip to Question 7.09.)*

If *Yes*, does it match the hard copy version?
☒ Yes ☐ No

7.09 Does the campus utilize a multiple-school catalog?
☒ Yes ☐ No *(Skip to Question 7.10.)*

If *Yes*, answer the following:
(a) Are all campuses using the same catalog of common ownership?
☒ Yes ☐ No
(b) Are all photographs utilized properly labeled to identify the location depicted?
☒ Yes ☐ No
(c) Are faculty and staff listings properly identified with respect to the campus to which they belong?
☒ Yes ☐ No

7.10 Is all advertising and promotional literature, through any type of media (social media, website, newspapers, etc.), truthful and dignified?
☒ Yes ☐ No

7.11 Is the correct name of the campus listed in all advertising, web postings and promotional literature?
☒ Yes ☐ No

7.12 Where does the campus advertise (publications, online, etc.)?
The campus advertises using raidio/television spots, print ads, brochures, and via the internet. Further, Westwood College utilizes social media sites such as Facebook, Twitter, YouTube, and LinkedIn.

Are all print and electronic advertisements under acceptable headings?
☒ Yes ☐ No

7.13 Does the campus use endorsements, commendations, or recommendations in its advertising?
☒ Yes ☐ No *(Skip to Question 7.14.)*

If *Yes*, is there evidence that prior written consent was obtained and that all representations are factual and portraying current conditions?
☒ Yes ☐ No

7.14 Does the campus utilize services funded by third parties?

☐ Yes ☒ No *(Skip to Question 7.15.)*

7.15 Does the campus avoid offering monetary incentives to attract students and avoid making guarantees for job placement or salary for graduates?
☒ Yes ☐ No

7.16 Is the phrase "for those who qualify" properly referenced in all advertising that mentions financial aid?
☒ Yes ☐ No ☐ Not Applicable (campus does not participate in financial aid)

7.17 What institutional performance information does the campus routinely provide to the public?
The campus routinely provides graduation, retention and placement rates on their Westwood College website.

Where is this information published and how frequently is this information being updated?
This information is available via a consumer information link on the Westwood College campus webstite and is updated annually.

8. LIBRARY, INSTRUCTIONAL RESOURCES, AND TECHNOLOGY

8.01 Does the campus develop an adequate base of library resources?
☒ Yes ☐ No

8.02 Does the campus ensure access of library resources to all faculty and students, including students at nonmain campuses?
☒ Yes ☐ No

8.03 Does the campus provide training and support to faculty and students in utilizing library resources as an integral part of the learning process?
☒ Yes ☐ No

8.04 Are adequate staff provided to support the development, organization of the collection, and access of library resources?
☒ Yes ☐ No

8.05 Describe how the campus develops continuous assessment strategies for resources and information services?
Every effort is made to meet the requests of students and faculty for library resources. In light of recent curriculum changes and program additions, materials that have become irrelevant or dated are being replaced by titles acquired to support the new programs. An effort has also been made to provide access to the library page in MyPath for all campus students. The MyPath library page is more robust, and the links are more stable than in WConnect which was previously used by the campus.

Are these methods appropriate?
☒ Yes ☐ No

8.06 Is the library staff adequately trained to support the library?
☒ Yes ☐ No

8.07 Is the campus' established annual budget appropriate to the size and scope of the campus and the programs offered, and is the allocation appropriately expended for the purchase of books, periodicals, library equipment, and other resource and reference materials?
☒ Yes ☐ No

8.08 What is the amount of the current year's library budget excluding personnel allocations?
The current year's library budget is $17,500

8.09 What portion of the current year's library budget has been spent and how has the money been allocated?
Of the $17,500 budget amount, $4,232 has been spent on periodicals and $580 on electronic resources; plus, a total of $6,380 is allocated for electronic resources for the current year.

8.10 Is there evidence that the faculty have major involvement in the selection of library resources?

☒ Yes ☐ No

8.11 Are the library hours adequate to accommodate the needs of all students?
☒ Yes ☐ No

8.12 Describe how the faculty inspire, motivate, and direct student usage of the library resources?
Students and faculty who were interviewed, as well as the librarian confirmed there are assignments requiring the use of resources available in the learning commons area for most courses. This was also confirmed during a review of syllabi and intervews with students and instructors.

Are these methods appropriate?
☒ Yes ☐ No

8.13 Is the Dewey Decimal, Library of Congress, or other appropriate system of classification used to organize the library materials?
☒ Yes ☐ No

8.14 Are records of physical and/or online resources and circulation accurate and up to date?
☒ Yes ☐ No

8.15 If interlibrary agreements are in effect, are the provisions appropriate, do they ensure practical use and accessibility to the students, and is evidence of student use documented?
☐ Yes ☐ No ☒ Not Applicable (no interlibrary agreements)

8.16 Describe any full-text online collections available to students.
Westwood College maintains a system-wide website that allows students, faculty, and other users to access the Surpass library catalog and the College's online database collection. The online database collection includes index and full-text access to thousands of periodicals, newspapers, newsletters, transcripts, legal materials, and statistical tables. The available databases include EBSCO's Academic Search Premier, Computer Source, Greenfile, LexisNexis Academic, Points of View Reference Center, Proquest Central, ProQuest Statistical, Britannica Online, e-Books on EBSCOhost, and STAT!Ref . In addition, users have access to Serials Solutions 360 Suite, which includes a power search of all library databases with links to full-text.

8.17 Are the library physical holdings and /or full-text online collections up to date and adequate for the size of the campus and the breadth of and enrollment in its educational programs?
☒ Yes ☐ No

8.18 Does the library collection include holdings in the humanities, arts, social sciences, and sciences, including mathematics?
☒ Yes ☐ No

8.19 Who is the on-site librarian, what are this person's qualifications, and what are his or her hours on-site?
Mr. Mark Herro is the on-site librarian. He holds a bachelor's degree in Business Administration and a master's degree in Library and Information Science from the University of South Carolina. He has a provisional professional librarian certificate for the State of South Carolina, and has been in his current position since January 2010. Previously, he worked at the University of South Carolina library system for approximately 10 years.

Does this individual:
(a) Supervise and manage the library and instructional resources?
☒ Yes ☐ No
(b) Facilitate the integration of instructional resources into all phases of the campus's curricular and educational offerings?
☒ Yes ☐ No
(c) Assist students in the use of instructional resources?
☒ Yes ☐ No

8.20 Are all individuals who supervise the library and assist students with library functions well-trained and competent in both using and aiding in the use of the library technologies and resources?
☒ Yes ☐ No

The team reviewed a well-organized library handbook that includes a description of the training program for the library assistant, student workers, tutors, and the Friday administrator of the learning commons area.

8.21 Have library staff transcripts from campuses not accredited by agencies recognized by the United States Department of Education been translated into English and evaluated by a member of the National Association of Credential Evaluation Services (NACES) or the Association of International Credential Evaluators (AICE) to determine the equivalency of the degrees to degrees awarded by campuses in the United States?
☒ Yes ☐ No ☐ Not Applicable (staff do not hold foreign credentials)

8.22 Is documentation on file to reflect the librarian's participation in professional growth activities?
☒ Yes ☐ No

8.23 Are the hours the library is open adequate to accommodate the needs of all students?
☒ Yes ☐ No

According to information posted in the area, the learning commons is open 8:00 AM - 8:00 PM, Monday-Thursday, and 8:00 AM-5:00 PM on Friday.

8.24 Does the library make available appropriate reference, research, and information resources to provide basic support for curricular and educational offerings and to enhance student learning?
☒ Yes ☐ No

8.25 Are appropriate reference materials and periodicals available for all programs offered?
☒ Yes ☐ No

8.26 Are the instructional resources organized for easy access, usage, and preservation?
☒ Yes ☐ No

8.27 Is there a current inventory of instructional resources?
☒ Yes ☐ No

8.28 Does the campus have appropriate and sufficient instructional resources, equipment, and materials to meet its educational program objectives and the needs of its students?
☒ Yes ☐ No

GENERAL COMMENTS:
The Arlington campus is fortunate to have Mr. Herro managing the learning commons area. He has a strong academic and experiential background for his current position. His passion for assisting students to be successful in using library resources is apparent when talking to him. Faculty and students confirm that Mr. Herro is committed to developing campus library resources and has done a good job of conducting activities that encourage and facilitate use of the on-site and online resources.

9. PROGRAM EVALUATION

Academic Associate's Degree in Business Administration
Bachelor's Degree in Business Administration: Accounting
Bachelor's Degree in Business Administration: Healthcare Management
Bachelor's Degree in Business Administration: Management
Bachelor's Degree in Business Administration: Marketing Management

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No *(Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?

Mr. Kevin Barker, program chair of the school of business, has been assigned to administer the five business programs and the two Construction Management programs since August 2011. He holds a bachelor's degree in Sociology from William Jewell College and a master's degree in School Administration from Grace College. He is certified as a Lead Certified Renovator from the LEADTEC Services, Inc., and has over 18 years of professional business and construction management experience with the Levine Group and Cook Brother's Inc. as a production manager and as co-owner of CBS Homes, Inc. where he served as president. In addition, he has over 11 years of experience in education as an instructor and administrator.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☐ Yes ☒ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

The retention rate for the bachelor's degree program in Business Administration: Management is 61.1% as reported on the 2012 CAR.

If *No* for either item does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard?
☒ Yes ☐ No ☐ Not Applicable (Additional location only)

The CEP includes an appropriate program improvement plan for the bachelor's degree in Business Administration: Management.

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The team reviewed documentation for program advisory committee (PAC) meetings and field trips which verify the community resources being utilized to enrich the business program being offered. The most recent PAC meeting was held on May 22, 2013. The committee is comprised of various business professionals from various local organizations. Documentation of two field trips for Business Administration students was also reviewed. On August 31, a class visited a journalism museum that focused on ethics and electronic media, and on September 1 there was a field trip to a marketing and communications company that demonstrated various types of media and communications used in the marketing industry.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☒ Yes ☐ No ☐ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☒ Yes ☐ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?

☒ Yes ☐ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

There were no graduates from the associate's degree in Business Management program as reported on the 2012 CAR.

How many calls to employers or graduates were attempted?
Bachelor's degree programs in Business Administration: 2

How many calls to employers or graduates were successful?
Bachelor's degree programs in Business Administration: 1

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
Bachelor's degree programs in Business Administration: 1

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.
Samples of graded homework assignments were provided to the team for review, and program instructors demonstrated an automated grade book that tracks a student's progress through the courses' learning outcomes that include data recorded for homework assignments, projects, tests and other assessments.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☒ Yes ☐ No ☐ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
During interviews, students generally expressed appreciation for their instructors and their willingness to help students understand concepts, learn skills, and achieve learning outcomes in classes.

COMMENDATIONS:
The team commends the campus on its very professional and accommodating staff, committed faculty, clean and inviting study areas, exceptional library and learning resources, and the overall academic environment and dedication to student success.

9. PROGRAM EVALUATION

Academic Associate's Degree in Construction Management
Bachelor's of Science Degree in Construction Management

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
As stated in the previous section, Mr. Kevin Barker, program chair for the school of business, is assigned to administer the two Construction Management programs. He has been the program chair since August 2011. He holds a bachelor's degree in Sociology from William Jewell College, a master's degree in School Administration from Grace College, and is certified as a Lead Certified Renovator from the LEADTEC Services, Inc. Mr. Barker has over 18 years of professional business and construction management experience as a production manager and co-owner of CBS Homes, Inc., where he served as president. He also has over 11 years of experience as an instructor and administrator.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

The bachelor's degree program in Construction Management exceeded the standards for retention and placement for the 2012 CAR period. There is no enrollment in the associate's degree program as reported on the 2012 CAR.

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The Construction Management programs are enriched by utilizing a program advisory committee (PAC), field trips, and guest speakers. These activities are used to gain insight from professionals doing business in the field and to ensure students are learning the necessary skills and knowledge to compete for jobs in the local market.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?

☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☒ Yes ☐ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?

☒ Yes ☐ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

As noted in item 9.06 above, there are no enrollments in the associate's degree in the Construction Management program as reported on the 2012 CAR.

How many calls to employers or graduates were attempted?
Bachelor's degree in Construction Management: 5

How many calls to employers or graduates were successful?
Bachelor's degree in Construction Management: 4

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
Bachelor's degree in Construction Management: 4

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No *(Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
The team reviewed syllabi and, during visits to classes, reviewed current homework that students had completed and submitted, and the instructor had graded in accordance with the requirements defined on the syllabi.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐ No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?

☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
The Construction Management programs offered at the Arlington Ballston campus are well conceived, directed, and taught.

COMMENDATIONS:

This is a well run campus with competent and caring faculty, administration and staff all dedicated to the single goal of student success. Students who were interviewed stated they are pleased with the education they are receiving and feel they are acquiring the necessary skills to be competitive in the global market place.

9. PROGRAM EVALUATION

Academic Associate's Degree in Criminal Justice
Bachelor's Degree in Criminal Justice
Bachelor's Degree in Criminal Justice: Major in Administration
Bachelor's Degree in Criminal Justice: Major in Investigation

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No *(Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Leroy Hendrix, program chair for the school of criminal justice, is assigned to administer the four programs. He holds a bachelor's degree in Occupational Education from Southern Illinois University, a master's degree in Management from John Hopkins University, and membership in the following professional organizations: National Polygraph Association; Law Enforcement Technicians; Association of Re-Entry Professionals; and National Organization of Blacks in Law Enforcement. Mr. Hendrix transferred to the Arlington Ballston campus from the Westwood campus in Los Angeles in June 2013 to become the Criminal Justice program chair. Prior to starting at Westwood College, he retired from the United States Secret Service as an agent. Mr. Hendrix leads and is supported in his program chair position by two full-time instructors and four adjunct instructors.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)

The bachelor's degree programs in Criminal Justice exceeded the retention and placement standards for the 2012 CAR period. There is no enrollment in the associate's degree program as reported on the 2012 CAR.

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The Criminal Justice programs are enriched by several different types of community resources such as a program advisory committee, field trips, guest speakers, and participation in community events. The team reviewed program advisory committee meeting minutes for May 2013 and May 2012. The field trips consisted of visits to Upper Malboro Courthouse, the Crime and Punishment Museum, the Drug Enforcement Museum, and a tour of the Holocaust Museum. Guest speakers provided presentations on topics such as "Police Education in What Works: From United States to the United Kingdom," "Doorways for Women and Families-Domestic Violence," Alcohol, Tobacco, and Firearms Presentations on "Women in Criminal Justice," and "Drugs and Narcotics." Students enrolled in the Criminal Justice programs also participated in the following community events: Cardiopulmonary Resuscitation (CPR) training, a Blood Drive, and a Help Fight Hunger program. Some students also participated in Certified Emergency Response Team Training and then were available for emergencies. The team was provided appropriate documentation to verify all of the activities.

9.08 Is the utilization of community resources sufficient to enrich the program?

☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☐ Yes ☒ No *(Skip to question 9.14)*

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have <u>lecture</u> courses in <u>credit hour programs</u> or <u>clock-to-credit hour programs</u> only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?

☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

How many calls to employers or graduates were attempted?
Associate's degree in Criminal Justice: No graduates; first graduates in March 2014
Bachelor's degree in Criminal Justice: Administration: No graduates; first graduates in March 2014
Bachelor's degree in Criminal Justice: Investigations: No graduates; first graduates March 2014
Bachelor's degree in Criminal Justice: 5

How many calls to employers or graduates were successful?
Bachelor's degree in Criminal Justice: 3

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
All of the calls where contact was made confirmed the employment of the graduates as reported on the 2012 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No *(Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes*, briefly describe the documentation of evaluation viewed on site.
The team interviewed students and faculty and reviewed course syllabi to verify out-of-class work is assigned to students. Faculty provided the team with homework assignments submitted by students that had been graded, and students who were interviewed provided access to their homework assignments and graded homework.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.

☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
Students interviewed by the team acknowledged and expressed their appreciation for the support provided by the faculty, program chair, staff from various support units they have worked with, and the campus administration.

COMMENDATIONS:
The team commends and compliments the campus for providing a mock courtroom to enhance the learning experience for students in the Criminal Justice programs.

9. PROGRAM EVALUATION

Academic Associate's Degree in Graphic Design
Bachelor's Degree in Animation
Bachelor's Degree in Game Art
Bachelor's Degree in Visual Communications

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Josh Haycraft, school of design program chair, administers all four programs. He holds a bachelor's degree in Industrial Design from the University of Wisconsin - Stout, and a master's degree in Multimedia Art from Maryland Institute College of Art. Mr. Haycraft came to the Arlington Ballston as an adjunct instructor in Graphic Design in January 2010 and assumed his current position in August 2013. In addition to his role as program chair, he also teaches approximately 12 hours per week. Prior to starting at the Arlington Ballston campus, Mr. Haycraft was employed as a designer for Brandow Creative design company and for Meteor Milk as a designer of motion graphics and graphic design. He currently freelances as a designer, painter and sculptor. As a design professional, Mr. Haycraft holds membership in the DC Advertising Club.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☐ Yes ☒ No ☐ Not Applicable (Additional Location Inclusion only)

The 2012 CAR reported a retention rate of 55.6% for the associate's degree program in Graphic Design.

(b) Student placement rate of 58%?
☐ Yes ☒ No ☐ Not Applicable (Additional Location Inclusion only)

The 2012 CAR reported placement rates below the 58% standard for all three of the bachelor's degree programs in the school of graphic design. However, there were fewer than 10 graduates from each of the programs; therefore, no program improvement plans for placement in these programs are required.

If *No* for either item does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard?
☒ Yes ☐ No ☐ Not Applicable (Additional location only)

An appropriate plan for improving the retention rate in the associate's degree program in Graphic Design is included in the current CEP.

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The Washington, DC area has a very wide range of community resource opportunities based on its unique blend of political, educational, corporate and creative venues that make up the area's demography. Students have access to field trips to design studios, museums and various individuals with international affiliations. Guest speakers come to the campus and give students insight on the professional world of design and visual communications. Students are encouraged to join the DC Ad Club which has a special student participation membership. The Arlington Chamber of Commerce is invited to visit the campus for mixers to view student work, including the graphic design projects displayed on the walls of the hall ways as well as a continuous looping video showing current students' production work.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☐ Yes ☒ No *(Skip to question 9.14)*

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No

(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

The 2012 CAR reported three graduates from the bachelor's degree program in Graphic Design: Animation and the bachelor's degree program in Graphic Design: Game Art. However, the CAR also reports that none of the graduates from either of these programs is placed for employment in the field. Thus, no calls were made to verify placement for these two programs.

How many calls to employers or graduates were attempted?
Associate's degree in Graphic Design: 1 (for the only graduate)
Bachelor's degree in Graphic Design: Visual Communications: 3

How many calls to employers or graduates were successful?
Associate's degree in Graphic Design: 1
Bachelor's degree in Graphic Design: Visual Communications: 3

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
All of the successful contacts confirmed the employment of the graduates as reported on the 2012 CAR.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.

The team was presented with evidence of graded projects, which were recorded online for viewing by the students, and the team reviewed recorded grades for several current classes.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐ No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☒ Yes ☐ No ☐ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

COMMENDATIONS:
The team found the Arlington Ballston facility to be very open, bright, and conducive to creating a positive learning environment for Graphic Design students. Visuals and color appointments in the interior design contribute to a creative ambiance for students and faculty, and the structural design of various areas in the facility as well as the décor provide excellent examples of how design can influence the work environment.

9. PROGRAM EVALUATION

Academic Associate's Degree in Information and Network Technology
Bachelor's Degree in Information and Network Technologies: Major in Computer Forensics
Bachelor's Degree in Information and Network Technologies: Major in Network Management
Bachelor's Degree in Information and Network Technologies: Major in Systems Securities

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No (*Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Mr. Nima Zahadat, program chair for the school of technology, is assigned to administer the programs. He holds a bachelor's degree in Mathematics from George Mason University and a master's degree in Information Systems from George Washington University. He is currently pursuing a doctorate in Systems Engineering from George Washington University, and has certifications in Micrsoft (MCT, MCSA, MCDBA, and MCSE), EC-Council (Certified Ethical Hacker), CompTIA (A+ and Security+), and Cisco (CCNA). Prior to starting his current position at the Arlington Ballston campus in January 2013, Mr. Zahadat was an associate professor with Northern Virginia Community College.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☐ Yes ☒ No ☐ Not Applicable (Additional Location Inclusion only)

The 2012 CAR reported a retention rate of 0% for the bachelor's degree in Information Technologies (IT): Systems Security program. The other three programs all exceeded the retention rate standard of 62% as reported on the 2012 CAR.

(b) Student placement rate of 58%?
☐ Yes ☒ No ☐ Not Applicable (Additional Location Inclusion only)

The 2012 CAR reported a placement rate of 0% for the bachelor's degree in Information Technologies: Computer Forensics program. The bachelor's degree program in Network Management placement rate of 71.4% exceeded the 2012 standard, and the other two IT programs had no graduates reported on the 2012 CAR.

If *No* for either item does the Campus Effectiveness Plan (CEP) include data, analysis and activities to meet or exceed the relevant standard?
☐ Yes ☒ No ☐ Not Applicable (Additional location only)

The CEP does not include a program improvement plan (PIP) for increasing the retention rate in the bachelor's degree program in Systems Security because the enrollment is less than 10 during the 2012 CAR reporting period, and the CEP does not include a PIP for increasing the placement rate in the bachelor's degree program in Computer Forensics because there was only one graduate from the program in the 2012 CAR reporting period.

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The School of Technologies programs utilize Program Advisory Committees (PACs), field trips, and guest speakers to enrich instruction and activities for the students. These activities provide opportunities for students to gain insight from professionals doing business in these fields and help the students be aware of skills and knowledge required to compete for jobs in these fields in local community.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☐ Yes ☐ No ☒ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☒ Yes ☐ No *(Skip to question 9.14)*

9.13 Are independent studies used appropriately, and is there a contract signed by the student and the institution that meets Council standards?

☒ Yes ☐ No

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?

☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☒ Yes ☐ No

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?
☒ Yes ☐ No ☐ Not Applicable (there have been no graduates)

As reported in item 9.06 above, there were no graduates from the associate's degree program in Information Network Technology or the bachelor's degree program in Systems Security reported on the 2012 CAR; therefore, no calls to employers or graduates were made for these programs.

How many calls to employers or graduates were attempted?
Bachelor's degree program in Information and Network Technology: Major in Computer Forensics: 0
The campus provided the team with verification that the one graduate from the Computer Forensics program was incarcerated.

Bachelor's degree program in Information and Network Technology: Major in Network Management: 3

How many calls to employers or graduates were successful?

Bachelor's degree program in Information and Network Technology: Major in Network Management: 2

How many of the successful contacts confirmed the employment of the graduate as reported on the CAR? Please explain any discrepancy between the number of successful contacts and confirmations.
Bachelor's degree program in Information and Network Technology Major in Network Management: 2

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☒ Yes ☐ No ☐ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
During interviews, students and instructors told the team homework is assigned, collected, graded, and the overall homework grade is one of the components of the final grade for all courses. The team verified homework is assigned, graded, and logged in a grade book by reviewing examples of graded homework and grade books.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐ No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☒ Yes ☐ No ☐ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

9.43 Is the number of hours required to complete the program at least 120 semester hours, 180 quarter hours, or their equivalent, earned over a period of eight semesters, 12 quarters, or the equivalent?
☒ Yes ☐ No

9.44 Is there a minimum of 60 semester hours, 90 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.45 If the institution offers only the last two years of the bachelor's degree program, do the catalog and all advertising materials clearly describe the requirements for admission?
☐ Yes ☐ No ☒ Not Applicable (institution offers all four years of the degree)

9.46 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.47 Is enrollment in the third and fourth years of the bachelor's program sufficient to support regularly scheduled classes and laboratory work?
☒ Yes ☐ No ☐ Not Applicable (no students in the third and fourth years)

9.48 Are the third- and fourth-year courses based upon appropriate prerequisites?
☒ Yes ☐ No

GENERAL COMMENTS:
Students who were interviewed have a positive outlook about their academic success and job prospects once they graduate from their technology programs at the Arlington Ballston campus.

COMMENDATIONS:
Students, faculty, and the program chair are excited and enthusiastic about the school paying for their certification exams. Several students have already passed exams for various Cisco, Comptia, and Microsoft Certifications. Campus administration is commended for taking the action of paying for certification exams, which has resulted in a high level of excitement and cooperation among the program chair, faculty, and students seeking professional certifications.

9. PROGRAM EVALUATION

Diploma in Medical Assisting
Academic Associate's Degree in Medical Assisting

9.01 Is licensure, certification or registration required to practice in the specific career field?
☐ Yes ☒ No *(Skip to question 9.02)*

9.02 Who is assigned to administer the academic program(s), and what are this person's qualifications?
Dr. Damien Baker, program chair for the school of medical assisting, is assigned to oversee the diploma and associate's degree programs. He holds a bachelor's degree in Human Biology, a doctor of Chiropractic degree from National University of Health Sciences, and is a Registered Medical Assistant (RMA) with the American Medical Technologists. Mr. Baker began his teaching career in 2000 as an Medical Assisting instruction and became the program chair at the Arlington Ballston campus in 2011.

9.03 Does this individual possess appropriate academic or experiential qualifications?
☒ Yes ☐ No

9.04 Is there evidence that the program administrator has sufficient authority and responsibility for the development and administration of the educational program(s)?
☒ Yes ☐ No

9.05 Are the time and resources devoted to the administration of the educational program(s) sufficient?
☒ Yes ☐ No

9.06 Does the program meet the needs of its students and the requirements of the Council, as shown by student achievement outcomes which meet or exceed- the standards for the following areas:
(a) Student retention rate of 62%?
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion only)
(b) Student placement rate of 58%?
☐ Yes ☐ No ☒ Not Applicable (No graduates from either program are reported on the 2012 CAR.)

9.07 List the community resources and describe how they are utilized to enrich the program(s).
The Medical Assisting programs have strong community support as witnessed by contracts they have with clinical affiliates for the externship component of the programs. Additionally, guest speakers, field trips, a program advisory committee (PAC), and community outreach activities are utilized to enrich the programs. The team verified the use of these activities by reviewing appropriate documentation and during interviews with students and faculty.

9.08 Is the utilization of community resources sufficient to enrich the program?
☒ Yes ☐ No

9.09 Does the curriculum evidence a well-organized sequence of appropriate subjects leading to an occupational objective, an academic credential, or both?
☒ Yes ☐ No

9.10 Does the catalog and/or other advertising material such as brochures and web site, accurately describe the program and its objectives?
☒ Yes ☐ No

9.11 For programs that include practica, externships, or internships, does the institution have a written and mutually signed agreement that outlines the arrangement between the institution and the practicum site, including specific learning objectives, course requirements, and evaluation criteria?
☒ Yes ☐ No ☐ Not Applicable (these elements are not part of the program *or* no student is at the point of needing them)

9.12 Does the program use independent studies?
☐ Yes ☒ No *(Skip to question 9.14)*

9.14 Are the curriculum and length of the program appropriate to meet the educational and placement objectives of the program?
☒ Yes ☐ No

9.15 Are course prerequisites appropriate, are they identified in the catalog and on the course syllabi, and are they being followed?
☐ Yes ☒ No

If *No,* insert the section number in parentheses and explain:
(Section 3-1-513(b)): The Anatomy and Physiology I (BIOL170) course does not require completion of Medical Technology (HLTH105) as a prequisite for registration. A review of the syllabi for the two Anatomy and Physiology courses revealed the course objectives and other information on the syllabus for the second course, Anatomy and Physiology II (BIOL171), state it is a continuation of the first course, and the catalog description and syllabus for Anatomy and Physiology II (BIOL171) does list the Medical Terminology course (HLTH105) as a prerequisite, while HLTH105 is not a prerequisite for Anatomy Physiology I. Campus administration and the program chair informed the team that students usually do complete HLTH105 prior to or concurrently with BIOL170, but listing HLTH105 as a prerequisite for BIOL170 could limit the flexibility of enrolling and scheduling students for various terms. However, having HLTH105 as a prerequisite for BIOL170 is necessary to provide students with a more appropriate foundation for beginning BIOL170, and to structure the completion of courses to provide an increasing level of difficulty as students progress through the Medical Assisting programs.

9.16 Is an appropriately detailed syllabus on file for each course that includes:
(a) Title and course descriptions
☒ Yes ☐ No
(b) Course numbers
☒ Yes ☐ No
(c) Course prerequisites and/or corequisites
☒ Yes ☐ No
(d) Instructional contact hours/credits
☒ Yes ☐ No
(e) Learning objectives
☒ Yes ☐ No
(f) Instructional materials and references
☒ Yes ☐ No
(g) Topical outline of the course
☒ Yes ☐ No
(h) Instructional methods
☒ Yes ☐ No
(i) Assessment criteria
☒ Yes ☐ No
(j) Method of evaluating students
☒ Yes ☐ No
(k) Date the syllabus was last reviewed
☒ Yes ☐ No
For Title IV participant campuses that have lecture courses in credit hour programs or clock-to-credit hour programs only:
(l) Out-of-class work assignments that support the learning objectives for the course
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)
(m) A description of the minimum amount of time a student is expected to spend on completion of the work assignments
☒ Yes ☐ No ☐ Not Applicable (Additional Location Inclusion)

9.17 Do students confirm that they receive a course syllabus and that it is followed?
☒ Yes ☐ No

9.18 Are the courses available when needed by the student in the normal pursuit of a program of study?
☒ Yes ☐ No

9.19 Was the team able to verify the backup documentation to support the placement rate for the program(s) as reported on the last Campus Accountability Report submitted to the Council?

☐ Yes ☐ No ☒ Not Applicable (there have been no graduates)

The 2012 CAR reported there were no graduates from the Medical Assisting diploma program, and the academic associate's degree program was not started until May 2013.

9.20 Was documentation on file to verify graduates classified on the CAR as "not available for placement"?
☐ Yes ☐ No ☒ Not Applicable

9.21 Does the campus participate in Title IV financial aid?
☒ Yes ☐ No (*Skip to question 9.24)*

9.22 Does the campus' written procedures (as evidenced by their academic credit analysis) support the written policy and definition of a credit hour as defined by the U.S. Department of Education for Title IV funding?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

9.23 Is there evidence that out-of-class work or the equivalency is being evaluated?
☒ Yes ☐ No ☐ Not Applicable (Clock hour programs only)

If *Yes,* briefly describe the documentation of evaluation viewed on site.
Documentation of evaluation observed on site included review of homework, case presentations, and research projects that were completed and submitted for grading as well as examples of homework that had been reviewed and graded.

9.24 Are the following appropriate to adequately support the number and nature of the program?
(a) Facilities.
☒ Yes ☐ No
(b) Instructional equipment.
☒ Yes ☐ No
(c) Resources.
☒ Yes ☐ No
(d) Personnel.
☒ Yes ☐ No

9.25 Are the following elements appropriately incorporated into the instructional components of the program?
(a) Systematic planning.
☒ Yes ☐ No
(b) Well-defined instructional objectives.
☒ Yes ☐ No
(c) The selection and use of appropriate and current learning materials.
☒ Yes ☐ No
(d) Appropriate modes of instructional delivery.
☒ Yes ☐ No
(e) The use of appropriate assessment strategies.
☒ Yes ☐ No
(f) The use of appropriate experiences.
☒ Yes ☐ No

9.26 Are all faculty assigned to teach in no more than three fields of instruction, with no more than five preparations?
☒ Yes ☐ No

9.27 Do the faculty members' qualifications meet the minimum requirements outlined in the *Accreditation Criteria,* and are their qualifications academically and experientially appropriate to the subject matter they teach and the level of the credential awarded?
☒ Yes ☐ No

9.28 Is the size of the faculty appropriate to the total student enrollment?
☒ Yes ☐ No

9.29 Is an adequate core of full- and part-time faculty employed to ensure sound direction and continuity of development for the program?
☒ Yes ☐ No

9.30 Are teaching loads reasonable?
☒ Yes ☐ No

9.31 Do all instructors teach no more than 32 hours per week (except for an overload of one subject allowed with additional compensation)?
☒ Yes ☐ No

9.32 What is the current student/teacher ratio?
The current student/teacher ratio in the Diploma in Medical Assisting program is 4:1.

9.33 Is the current student-teacher ratio reasonable for the mode of delivery and course content?
☒ Yes ☐ No

9.38 Is the number of hours required to complete the program at least 60 semester hours, 90 quarter hours, or their equivalent, earned over a period of four semesters, six quarters, or the equivalent?
☒ Yes ☐ No

9.39 Is there a minimum of 30 semester hours, 45 quarter hours, or their equivalent in courses within the area of concentration?
☒ Yes ☐ No

9.40 Does the curriculum quantitatively and qualitatively approximate the standards at other collegiate institutions offering the same degree?
☒ Yes ☐ No

9.41 Is enrollment in the second academic year of the two-year program sufficient to support regularly scheduled classes?
☐ Yes ☐ No ☒ Not Applicable (no students in the second year)

9.42 Are the second-year courses based upon appropriate first-year prerequisites?
☒ Yes ☐ No ☐ Not applicable

GENERAL COMMENTS:
As previously stated, the following citation in Section 5 of this report impacts the Medical Assisting program students:
(Section 3-1-516(a)(i)): There is not appropriate documentation to evidence the 10-hour, 1-credit lecture component of the MEDI299 externship course is scheduled appropriately or to verify that students are meeting regularly with an instructor to satisfy the contact hours needed for the granting of 1 quarter credit. See item 5.18 in Section 5. Educational Activities of the report for a more detailed explanation.

COMMENDATIONS:
Externship site supervisors who were interviewed were highly pleased with the students doing externships in their facilities.

SUMMARY

The campus is not in compliance with the *Accreditation Criteria* in the following areas:

Number	Citation	Summary Statement
1.	**Sections 3-1-111 and 3-1-441(c)**	Follow-up studies on graduates and employers are not being conducted by the institution at specific measuring points following placement of the graduates (pages 5 and 14).
2.	**Section 3-1-513(b)**	The prerequisite system for the Medical Assisting programs does not assure that students are provided an increasing level of difficulty as they progress (page 48).
3.	**Section 3-1-516(a)(i))**	There is not appropriate documentation to evidence that students in one course are meeting for an appropriate number of contact hours (pages 17 and 51).
4.	**Section 3-1-543 and Glossary**	Appropriate documentation of professional growth and/or in-service activities is not on file for some faculty members (page 18).

RECOMMENDATIONS

The evaluation team offers the following recommendations for the institution's consideration.
(These recommendations are not included in the report seen by the Council)

- During the visit students told the team that on at least one occasion an unknown person had entered a classroom and was found there when a class was scheduled to start. Although the team could not verify this, the team did confirm that the campus issues student ID cards; but no policy statement was found requiring these cards to be displayed while in the building. Since the building is shared with another company and it appears there is no restriction or security in place to prevent anyone from entering the building and the area where the Westwood College activities are conducted, the team suggests that the campus administration consider reviewing whether some type of security system should be implemented. This may be as simple as requiring students, faculty, and staff to display their Westwood College ID cards while in the building; but it may be more complicated than this to be effective.

- The team found the on-shelf collection in the library for the Graphic Design programs to be barely adequate to satisfactorily support current programs. Therefore, the team feels campus administration should work with the program chair and campus librarian to identify and obtain more books and periodicals that pertain specifically to graphic design, animation, game design, and visual communications to be available in the onsite learning commons area.

- Mr. Josh Haycraft the "new" program chair for the school of design informed the team he is very interested in developing and implementing a plan to have more events at the campus to raise community awareness of the presence and activities of the school. Given his position, of course, his interest is primarily focused on raising the awareness of the activities, products, and projects of students in the school of design. The team encourages campus administration to work with and provide support for Mr. Haycraft's enthusiasm and efforts in this regard where feasible. An investment of some administrative time and more tangible resources may result in a variety of benefits for the school of design as well as the campus in general.

- As noted in the report, the decision by campus administration to pay for certification exams for students and faculty in the School of Technology programs has generated a high level of excitement and enthusiasm among students and faculty in those programs. Given this action has had such positive results in the Technology programs, campus administration should probably review all of the current programs offered to determine if there is opportunity to provide similar options for students in other programs.

From:	Jeanine Ford <ExchangeLabs/Exchange Administrative Group (FYDIBOHF23SPDLT)/Recipients/32d02f56164c438cb1a35377e4fec1ec-jford>
Sent:	10/21/2014 9:28:20 AM -0400
To:	Leadership Group <Leadership@acics.org>
Subject:	Looks like more problems for Globe - Pentagon after them now.

http://www.startribune.com/local/279621232.html

The Department of Defense has placed Globe University and its -sister, the Minnesota School of Business, on probation, meaning theschools can no longer accept some federal military educational benefits.

Current students can remain at the schools, but the restriction, made public this week, is the latest bad news to hit the two Minnesota-based for-profit schools. Attorney General Lori Swanson is suing them for deceptive marketing practices and fraud.

Lt. Cmdr. Nate Christensen, a Defense Department spokesman, said the Pentagon does not disclose information regarding any pending enforcement action for specific schools participating in its Voluntary Education Partnership Memorandum of Understanding.

But the program's website lists both Globe and Minnesota School ofBusiness as being on -probationary status, meaning the schools are not in compliance with the program, either because of a loss of accreditation, or because the Pentagon is investigating a complaint about the school.

Of 96 schools in Minnesota participating in the Department of Defense program, Globe and MSB are the only schools on probation, according to the website. The program monitors compliance of federal military tuition assistance programs.

The Pentagon spokesman would not talk about specifics, but the schools claim the restrictions don't affect the G.I. Bill. New active duty service students and drilling members of the National Guard and Reserve cannot receive tuition assistance while the Pentagon probe continues, the schools said.

The schools said the Pentagon's move was a direct reaction to the Minnesota attorney general's lawsuit, which it called "an unnecessary enforcement action," although the move may have come from additional complaints as well.

"While there should be an assumption of innocence until any wrongdoing is proven, unfortunately the Department of Defense has chosen to respond to the Attorney General's lawsuit in this way," the schools said in a statement.

While in a probation status, a school is not authorized to signnew students using various federal military tuition assistance programs, Christensen said.

"While in a probationary status and with a view to minimizing harm to students, an institution will be permitted to 'teach-out.' This means that current students receiving Department of Defense tuition assistance will be permitted to complete courses already in progress and enroll in new courses deemed to be part of that student's established academic program," Christensen said.

Suit claims deception

The action comes following Swanson's lawsuit, which accuses the two schools of misleading criminal-justice students about their job prospects after graduation and deceiving them about the ability to transfer credits to other colleges or universities. The attorney general also accused the schools of using high-pressure sales tactics to lure students to its programs.

Many of the students in Swanson's lawsuit are using the G.I. Bill and other federal military assistance programs to finance their education. The schools rely heavily on military tuition assistance programs. As much as 20 percent of their students have military connections, the schools have said in the past.

The Star Tribune recently documented cases of vets nearly exhausting their G.I. Bill benefits on the schools' criminal justice programs only to discover the schools did not meet the accreditation standards for state licensing.

The accusations in the lawsuit place the schools in apparent violation of several provisions of the agreement they signed with the Defense Department.

The schools said they have notified students, prospective students, and employees of the sanctions. The schools said they have offered a tuition adjustment to affected students.

"We value the hard work of our students and employees and will do whatever we can to protect their degrees, reputations and jobs," the schools said in a statement. "If the Attorney General continues to deny our requests to work with her to address the allegations she's made regarding our colleges, she will be hurting not only veterans, but thousands of Minnesota citizens who are students in our degree programs, employees of our -colleges and graduates thriving in our state's workforce."

A spokesman for the attorney general said the office is continuing to review new information to determine the full scope of the possible transgressions and pointed out the schools have been accused of similar practices since the 1980s.

"If the school is telling you it's hamstrung from ending its deceptive practices without the help of a regulatory agency, that's troubling," said Swanson spokesman Ben Wogsland.

Mark Brunswick • 612-673-4434

Jeanine Ford

Vice President of Administration

Accrediting Council for Independent Colleges and Schools

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Emailed: frc@acics.org

November 19, 2015

Ms. Katy Fisher
Manager, Accounting/Institutional Finance
Accrediting Council for Independent Colleges and Schools
750 First Street NE, Suite 980
Washington, DC 20002-4241

RE: Default Rate Improvement Plan & 2012 Draft Three-Year Cohort Default Rates — Le Cordon Bleu College of Culinary Arts, Austin, TX (21352) and its additional locations: Le Cordon Bleu College of Culinary Arts, Dallas, TX (23542), Sacramento, CA (23522), St. Peters, MO (24557) and Tukwila, WA (23929)

Dear Ms. Fisher:

As requested, attached as Exhibit #1 is a copy of our Default Prevention Plan and attached as Exhibit #2 are our 2012 Draft three-year cohort default rates.

Background and Update on our 2012 CDR Official Rate:

The official rate for the 2012 three year cohort for our OPEID (025693) is currently 30.5%.

On November 2nd, we submitted an Uncorrected Data Appeal to the Department. Based on feedback we received from the Department during the Challenge process, we have 82 uncorrected records that will be corrected through the Department's Appeal process, which will result in a revised 2012 Official rate of 29.5%.

While we await this adjustment to our 2012 Official rate, we provide you with the above mentioned materials in response to your request.

Introduction:

As I hope you will see through reading this letter, as well as reviewing our attached materials, we have put forth a significant amount of resources and focus in understanding the challenges we face and ensuring we carefully craft action plans that assist our students and improve the effectiveness of our institution. Many of the initiatives put in place are not quick fixes, but will show improvement over time. **A key benchmark of this improvement is our recently completed 2013 cohort, where unofficial rates are tracking to 20.0%, 950 basis points lower than our anticipated 2012 (post-revision) Official rates.**

Background on Our Default Management Program:

Our institution, often times in partnership with the centralized shared service staff at our parent company, Career Education Corporation ("CEC"), conducts default prevention activities across four distinct aspects of the student lifecycle. The four stages are as follows;

1. Early Stage Enrollment
2. Late Stage Enrollment
3. Grace Outreach
4. Repayment Delinquency

During each of these four periods in the student's lifecycle, we use significant resources to provide financial literacy education to our students and counsel them about responsible borrowing and student loan debt obligations. From entrance counseling to outreach during repayment, especially in the event of delinquency, we are dedicated to working with our student borrowers to prevent default.

As is described in our Default Prevention Plan (Exhibit #1), we leverage a shared service model, supported by our parent company, CEC, for our default prevention efforts. Under this model, we have designated a staff of associates tasked with outreach to borrowers. Along with that effort, this centralized department is also responsible for all cohort default rate data review, analysis and appeals. As such, the attached plan is executed in partnership between the campus and the shared services staff.

One significant trend we have identified as influencing our Cohort Default Rates as been the steady increase in zero-EFC students into our student population. From the 2009 cohort to the 2012 cohort, the proportion of students in our CDR cohorts that are zero-EFC has risen 64%. As has been demonstrated in several studies of default rate factors[1] (*What Matters in Student Loan Default*; A Review of Research Literature referenced here), there exists a strong correlation between the socio-economic status of the borrower and his or her propensity to default. We are investigating ways to help low-income students succeed despite the odds. While there are clearly no magic-bullet answers, low-income students face disadvantages not only in needing to borrow more as a result of parents who can't save or borrow on their behalf, but in not having the safety net of parents to help repay the loans, as is the case with more affluent students. The literature also points out another factor why some students default is that they don't see themselves as ever aspiring to be home-owners, which is why threats of a poor credit score and higher mortgage rates do not concern them. These findings suggest to us that we need to put additional emphasis on our financial literacy education so that borrowers fully understand the long-term impact of a student loan default.

Current Incremental Initiatives - Longer-Term Impact:

We acknowledge a need to be as effective as possible in advising against over-borrowing and as part of our focus on this we have invested in a financial literacy program that covers all aspects of saving, borrowing, investing and repayment. The program we have developed uses real-world examples to present information in a way that is meaningful to students. You can see a short overview on this program through the website below:

http://www.chefs.edu/Tuition-And-Financial-Aid/Money-Matters

In 2013, we increased utilization of these financial literacy tools across our current and former students, and moved beyond our financial aid representatives to include faculty in these efforts. Early in each student's program, we have implemented Financial Literacy curriculum, developed in conjunction with iGrad, a third party provider of Financial Literacy information, which is provided to each student attending our institution. Understanding that non-completers have the greatest propensity to default, we are excited to offer this program very early into the program.

Another initiative we have implemented that we anticipate will have long term benefits for our students and reduce over borrowing is our loan amount worksheet. Through the use of the worksheet, we require students to actively acknowledge their desire to receive funding over and above tuition, books and fees (i.e., stipends) during the financial aid packaging process. Early indications are showing promising signs of reduced student borrowing as a result of our efforts to help students distinguish between funds they may want versus those that they need. We believe that by reducing overall student debt levels, we can help students successfully manage their future finances and repayment obligations.

Current Incremental Initiatives - Shorter Term Impact:

Our shared services default prevention team has invested additional resources in assisting the institution's borrowers, including through the use of new communications tools that increase the frequency and regularity of our conversations with students and graduates. We believe that by communicating more frequently with borrowers, educating them about their repayment options and encouraging responsible repayment, we will improve the repayment outcomes of our students. Equally, if not more important than the frequency of discussions, is the quality of the discussions. We feel that clear, informative dialog that covers all of the borrowers repayment options is critical to ensuring that our students make smart repayment choices. Please refer to the enclosed examples of our call dialog and our quality assurance initiatives around these discussions, attached as Exhibit #3.

Measurable Objectives:

Throughout the above initiatives, we have a number of metrics we are tracking to ensure our efforts have an impact on reducing borrower's delinquency. Each metric is tracked over time to ensure improvement is seen. A summary of a few of the key metrics are below:

- Cohort Comparison Tool - lines up Current, Past Due, and Default categories from prior cohorts, week by week through all 156 weeks of each three year cohort; this enables very early visibility into the performance of each cohort, even before defaults begin to occur
- Actual Default Rate – used in tracking actual rates and applying standard regression modeling to project estimated rates for the future
- Contact Rates – used to monitor frequency of contact with students in a grace period and for delinquent borrowers

- Resolution Rates – used to assess our effectiveness in helping students resolve delinquency

For a more comprehensive review of our Default Prevention Plan, please review the enclosed document which is attached as Exhibit #1. Please know that we fully recognize our responsibility in educating our students to help them make better borrowing choices and to meet their repayment obligations. We know that for our graduates to fully enjoy the financial benefits of postsecondary education, they must maintain a strong payment history and achieve a high credit score.

We welcome the opportunity to meet with you to discuss our shared interest in student repayment management and default reduction.

Sincerely,

Steve Smith
President

Enclosures

1.Gross, J., Cekic O., Hossler D. & Hillman, N. (2009). What Matters in Student Loan Default; A Review of the Research Literature. *Journal of Student Financial Aid, 39(1), 19-27.*

From: Katy Fisher <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/A665AFA50EE84DF59EF7E6ED41D5759C-KATY FISHER>
Sent: 11/18/2014 10:48:08 AM -0500
To: Jeff Olszewski <ExchangeLabs/Exchange Administrative Group (FYDIBOHF23SPDLT)/Recipients/5b5c75d2faf243ad81863a2950d5c8f9-JOlszewski>
Subject: RE: CECO: Management Confident Company Has Made The Turn

We have them for CEC, are you thinking about ITT??

Katy Fisher

Manager, Accounting / Institutional Finance

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From: Jeff Olszewski
Sent: Tuesday, November 18, 2014 10:42 AM
To: Anthony Bieda; Albert C. Gray; Joseph Gurubatham
Cc: Katy Fisher
Subject: RE: CECO: Management Confident Company Has Made The Turn

Have any of you actually seen their audited statements yet?

I know I haven't.

From: Anthony Bieda
Sent: Tuesday, November 18, 2014 9:38 AM
To: Albert C. Gray; Joseph Gurubatham; Jeff Olszewski
Cc: Katy Fisher
Subject: FW: CECO: Management Confident Company Has Made The Turn

FYI.

Anthony S. Bieda

Vice President for External Affairs

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From: Trace Urdan [mailto:trace.urdan@wellsfargo.com]
Sent: Tuesday, November 18, 2014 9:25 AM
To: Anthony Bieda
Subject: CECO: Management Confident Company Has Made The Turn

CECO: Management Confident Company Has Made The Turn

Career Education Corp.

Education

Trace A. Urdan, Senior Analyst (415) 947-5470
trace.urdan@wellsfargo.com
Jeffrey Lee, Associate Analyst (415) 396-4328 *jeffrey.lee@wellsfargo.com*
Wells Fargo Securities, LLC.

- **We are reiterating our Outperform rating on CECO shares** following a day and a half of meetings with management and investors. Management asserted that it would reduce costs by an additional $40 million in 2015 and that its cash balance would reach its low water mark in 2015, comfortably above the $190 million threshold stipulated in its recently disclosed loan covenants. While our current cash flow projections are more conservative, reflecting a low water mark below $190 million, we expect, based on management's comments, that our forecast for AIU and Culinary (LCB) contributions in 2015 in particular may be too conservative. Management indicated that it would likely offer guidance in the future as to which quarter it expects to begin generating free cash.

- **Commitment to cost reduction is sincere; goal is conservative in our opinion**. The company has identified an additional $40 million in cost reductions which it expects to come from sales and marketing, G&A and educational services, though it suggested that G&A in particular remained particularly high relative to peers. Specific opportunities for cost reduction included real estate rationalization, reducing centralized marketing so that spend decisions could be more variable depending on population, and outsourcing a number of centralized functions as others have done.

- **Easier comparisons set up AIU for strong 2015**. AIU's continuing student enrollment was negatively impacted by some complications associated with the rollout of the company's adaptive learning engine Intellipath. Inadequate training led faculty to increase seat time requirements in response to the Intellipath feedback which led to a higher number of dropouts. 2014 was also impacted by a failed grant program, which management says drained $4 million in operating contribution without accomplishing its goal of improving persistence. In 2015 AIU should have easier persistence and cost comparisons as a result.

- **Multiple strategies exist for GE compliance; additional dispositions seem likely**. The company has a number of viable options for allaying Gainful Employment risk at Le Cordon Bleu (LCB) as well as at other assets likely to be impacted, including Brooks, Harrington and Briarcliffe. We believe LCB can become a viable contributor to operating overhead either through a management contract following a non-profit conversion, or by reversion to a GE-compliant certificate provider. We believe the other assets, which are generating losses, are likely to be turned around, sold, or otherwise placed on a path to compliance and contribution during 2015.

Career Education Corp. (CECO-NASDAQ) --Outperform (1)

Price as of 11/17/2014: $5.59
FY 14 EPS: $-0.68
FY 15 EPS: $-0.31
Shares Out.: 67.0 MM
Market Cap.: $374.53 MM

Sector Rating: Post Secondary, Overweight

See attached PDF for additional information, current pricing and disclosures.

From:	Albert C. Gray <EXCHANGELABS/EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/RECIPIENTS/A1A35D9F738542D48EB5F1DDABE428E0-AGRAY>
Sent:	2/1/2016 2:41:22 PM -0500
To:	Jeff Olszewski <ExchangeLabs/Exchange Administrative Group (FYDIBOHF23SPDLT)/Recipients/5b5c75d2faf243ad81863a2950d5c8f9-JOlszewski>; Katy Fisher <kfisher@acics.org>
Subject:	FW: ITT Educational Services, Inc. – Additional Reporting (Sent on behalf of Kevin M. Modany)
Attachments:	ITTESI Title IV Reconciliation YTD through DEC-15.zip; Cover Letter 02-01-16 (#32).pdf; ITT Certification for the Reconciliation of Title IV Funds Drawn as of the Last Day of December 2015.pdf

From: Robin Shapiro at HQ [mailto:RShapiro@itt-tech.edu]
Sent: Monday, February 01, 2016 2:24 PM
To: Byron.Scott@ed.gov
Cc: michael.Frola@ed.gov; Steve.Finley@ed.gov; Kevin Modany at HQ; Rocco Tarasi III at HQ; Ryan Roney at HQ; Shawn Crawford at HQ; Butner, Blain (bbutner@cooley.com); Albert C. Gray; Tiffany.Hill@ed.gov; Mick Lindvay at HQ
Subject: ITT Educational Services, Inc. – Additional Reporting (Sent on behalf of Kevin M. Modany)

Dear Mr. Scott,

Please find attached our thirty-second report of additional information from ITT Educational Services, Inc. as requested in Michael Frola's May 20, 2015 and October 19, 2015 letters. The following documents are included:

- Cover Letter
- ITT Certification for the Reconciliation of Title IV Funds drawn as of the last day of December 2015.
- ITTESI Title IV Reconciliation YTD through December 2015 - **These files are encrypted. I will send you the password for the files in a separate e-mail.**

Please feel free to contact Mick if you have any questions.

Mick Lindvay

Vice President, Student Financial Services

ITT Educational Services, Inc.

317-706-9227

mlindvay@itt-tech.edu

Sincerely,

Robin M. Shapiro

Director, Regulatory Affairs

ITT Educational Services, Inc.

317-706-9276

rshapiro@itt-tech.edu

ITT Technical Institute ITT

ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032-1404

(317) 706-9200
(877) 316-7054
www.itt-tech.edu

February 1, 2016

Mr. Byron Scott, Case Manager
Multi-Regional and Foreign School Participation Division
Federal Student Aid
U.S. Department of Education
830 First Street, N.E.
Union Center Plaza, 7th Floor
Washington, D.C. 20202-5340

Re: Additional Reporting Requirement – Reconciliation Report
OPE IDs:
00732900 – ITT Technical Institute
03071800 – ITT Technical Institute
00473100 – Daniel Webster College

Dear Mr. Scott:

ITT Educational Services, Inc. ("ITT") is providing its thirty-second report of additional information to the U.S. Department of Education as requested in Michael Frola's May 20, 2015 and October 19, 2015 letters.

Attached is documentation to substantiate ITT's reconciliation of Title IV funds drawn as of the last day of December 2015, together with the ITT signed Certification for the Reconciliation of Title IV Funds.

The attachments are encrypted and I will send you the password in a separate email. Please contact me if you have any questions. I can be reached at kmodany@ittesi.com or (317) 706-9201.

Sincerely,

Kevin M. Modany
Chief Executive Officer

ITT Technical Institute ITT

ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032-1404

(317) 706-9200
(877) 316-7054
www.itt-tech.edu

Date: February 1, 2016

To: U.S. Department of Education

From: Mick Lindvay, as an authorized agent and representative of ITT Educational Services, Inc. ("ITT")

Subject: ITT Certification for the Reconciliation of Title IV Funds Drawn as of the Last Day of December 2015.

Attached hereto is documentation to substantiate ITT's reconciliation of Title IV funds drawn as of the last day of December 2015.

By submitting this information, I certify to the best of my knowledge and belief that the information contained herein is true, complete, and accurate. I further certify that ITT is and will remain in compliance with the terms and conditions of the Program Participation Agreement under which Title IV, HEA funds have been provided. I am aware that the provision of any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me and/or ITT to criminal, civil, or administrative penalties for fraud, false statements, false claims, or other violations. (U.S. Code Title 18, Section 1001; Title 20, Section 1097; and Title 31, Sections 3729-3730 and 3801-3812).

Authorized Signature: M Lindvay

Print Name: Mick Lindvay

Title: Vice President, Student Finance

Date: 2/1/16

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October 20, 2015 ID Code 00015354

VIA E-MAIL ONLY

Mr. Shawn J. Crawford
SVP, Chief Compliance Officer
ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032

Dear Mr. Crawford:

The Council has been informed that ITT Educational Services, Inc., is subject to additional restrictions on its access to Federal Student Aid, an action taken by the U.S. Department of Education due to alleged "failure by ITT to meet its fiduciary obligations, to properly and timely reconcile Title IV program funds as per the regulations and Federal Student Aid guidance, and to meet the standards of administrative capability required of institution's participating in Title IV, HEA programs."

Furthermore, the Council has received information that ESI is the subject of a Civil Investigative Demand by the U.S. Department of Justice regarding ESI's compliance with regulations regarding compensation.

Regarding the fiduciary obligations of institutions participating in Federal Student Aid, the ACICS *Accreditation Criteria* stipulates:

> **3-1-434.** ***Administration of Student Financial Aid.*** Participation in state or federal student financial aid programs requires serious administrative responsibility. The Council expects all institutions participating in such programs to be knowledgeable of and in compliance with applicable laws and regulations.

Regarding the integrity and the administrative and organizational capacity of the institution, the *Criteria* require:

> ***3-1-200 – Organization***
> Each institution should have an organizational structure designed to promote among all staff and faculty a spirit of understanding, cooperation, and responsibility. Performance standards and monitoring controls need to be employed to insure adequate administrative functioning.

3-1-202. ***Integrity.*** The integrity of an institution is manifested by the professional competence, experience, personal responsibility, and ethical practices demonstrated by all individuals comprising the ownership, control, or management.

An institution must assume full responsibility for the actions, statements, and conduct of its representatives and must, therefore, select each of them with the utmost care, provide them with adequate training, and arrange for constant and proper supervision and evaluation of their work. The Council considers the following to be important:

(a) Emphasis shall be placed upon the efficiency and effectiveness of the overall administration of the institution. Attention shall be given to educational activities, admissions, student financial aid, financial operations, plant and equipment, student services, and compliance with applicable local, state, and federal laws.

3-1-303. ***Records.*** Careful recordkeeping is crucial to the smooth day-to-day operation of an institution. The data from these records are important to the institution for future planning, to students for informational purposes, and to evaluation teams during school visits. All such records should be maintained at each institutional site or shall be available at each site during evaluation visits. The Council expects at least the following:

(a) Adequate records shall be kept by each institution relative to administrative operations. These include financial aid activities, admissions, curriculum, accreditation and licensure, guidance, instructional resources, supplies and equipment, school plant, faculty and staff, student activities, and student personnel.

Regarding the institution's compliance with applicable federal requirements regarding compensation paid to admissions and enrollment personnel:

1-2-100 – Minimum Eligibility Requirements
To be eligible for consideration for accreditation, an institution or entity must satisfy the following minimum requirements.
(f) It shall be in compliance with all applicable laws and regulations.

The Council is required to review any adverse information regarding an institution once such information becomes known. Further, it may it may direct "a currently accredited institutions to provide a school closure plan or a formal teach-out agreement in response to adverse information." (**Section 2-2-303, *Teach-Out.***)

Therefore, ESI is directed to provide the following:

1. An explanation of the basis for the findings of the U.S. Department of Education:

   (a) Since at least the 2009-2010 award year, ITT failed to timely reconcile its Title IV, HEA program accounts;
   (b) Prior to August 27, 2015, ITT had no written policy or procedure in place to guide the reconciliation of Title IV funds; and
   (c) ITT has requested to reopen prior award years to correct additional reconciliation issues with a frequency substantially greater than that of comparable institutions.

2. Detailed remedies undertaken, if any, by ESI to remedy the findings and to bring the institution's administration of Federal Student Aid in compliance with Sections **3-1-434, 3-1-200, 3-1-202 and 3-1-303** of the ACICS *Accreditation Criteria*.

3. An explanation of the circumstances that led to the Department of Justice's Civil Investigative demand regarding compensation paid by ESI to admissions and recruitment personnel.

4. ESI's response to the DOJ's CID.

5. A contingency plan outlining the options that ESI will develop and provide to students enrolled in programs currently eligible for Federal Student Aid if the institution's participation in FSA is further constrained or terminated.

Please provide this information, including copies of appropriate materials to support your statements. The Council will expect your response on or before **Friday, Nov. 6, 2015.**

Your immediate attention to this matter is appreciated. If you have any questions, please contact me at (202) 336-6781 or abieda@acics.org.

Sincerely,

Anthony S. Bieda
Vice President of External Affairs

FORM 10-K

ITT EDUCATIONAL SERVICES INC - ESI

Filed: October 16, 2014 (period: December 31, 2013)

Annual report with a comprehensive overview of the company

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
ANNUAL REPORT

(Mark One)
☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ________ to ________

Commission file number 1-13144

ITT EDUCATIONAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**36-2061311** (I.R.S. Employer Identification No.)
13000 North Meridian Street **Carmel, Indiana** (Address of principal executive offices)	**46032-1404** (Zip Code)

Registrant's telephone number, including area code (317) 706-9200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
COMMON STOCK, $.01 PAR VALUE	NEW YORK STOCK EXCHANGE, INC.

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

$566,443,560

Aggregate market value of the voting stock held by nonaffiliates of the registrant based on the last sale price for such stock at June 28, 2013 (assuming solely for the purposes of this calculation that all Directors and executive officers of the registrant are "affiliates").

23,449,175

Number of shares of Common Stock, $.01 par value, outstanding at September 30, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

None

Table of Contents

ITT EDUCATIONAL SERVICES, INC.
Carmel, Indiana

Annual Report to Securities and Exchange Commission
December 31, 2013

Table of Contents

Table of Contents

PART I

Item 1. Business.

Forward-Looking Statements: All statements, trend analyses and other information contained in this report that are not historical facts are forward-looking statements within the meaning of the safe harbor provision of the Private Securities Litigation Reform Act of 1995 and as defined in Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements are made based on our management's current expectations and beliefs concerning future developments and their potential effects on us. You can identify those statements by the use of words such as "could," "should," "would," "may," "will," "project," "believe," "anticipate," "expect," "plan," "estimate," "forecast," "potential," "intend," "continue," and "contemplate," as well as similar words and expressions. Forward-looking statements involve risks and uncertainties and do not guarantee future performance. We cannot assure you that future developments affecting us will be those anticipated by our management. Among the factors that could cause actual results to differ materially are the following:

- *the impact of the adverse actions by the U.S. Department of Education related to our failure to submit our 2013 audited financial statements and compliance audits to it by the due date;*
- *the impact of our consolidation of a variable interest entity on us and the regulations, requirements and obligations that we are subject to;*
- *our inability to obtain further required amendments or waivers of noncompliance with covenants under our credit agreement;*
- *actions by the New York Stock Exchange to delist our common stock;*
- *our inability to remediate material weaknesses, or the discovery of additional material weaknesses, in our internal control over financial reporting;*
- *issues related to the restatement of our financial statements for the first three quarters of 2013;*
- *our exposure under our guarantees related to private education loan programs;*
- *the outcome of litigation, investigations and claims against us;*
- *changes in federal and state governmental laws and regulations with respect to education and accreditation standards, or the interpretation or enforcement of those laws and regulations, including, but not limited to, the level of government funding for, and our eligibility to participate in, student financial aid programs utilized by our students;*
- *business conditions in the postsecondary education industry and in the general economy;*
- *our failure to comply with the extensive education laws and regulations and accreditation standards that we are subject to;*
- *effects of any change in our ownership resulting in a change in control, including, but not limited to, the consequences of such changes on the accreditation and federal and state regulation of our campuses;*
- *our ability to implement our growth strategies;*
- *our failure to maintain or renew required federal or state authorizations or accreditations of our campuses or programs of study;*
- *receptivity of students and employers to our existing program offerings and new curricula; and*
- *our ability to collect internal student financing from our students.*

Readers are also directed to other risks and uncertainties discussed in "Risk Factors" and elsewhere in this Annual Report and those detailed from time to time in other documents we file with the U.S. Securities and Exchange Commission ("SEC"). We undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise.

You should keep in mind the following points as you read this report:

- *References in this document to "we," "us," "our" and "ITT/ESI" refer to ITT Educational Services, Inc., its subsidiaries and the variable interest entity ("VIE") of which it is the primary beneficiary, unless the context requires or indicates otherwise.*
- *The terms "ITT Technical Institute" or "Daniel Webster College" (in singular or plural form) refer to an individual school or campus owned and operated by ITT/ESI, including its learning sites, if any. The term "institution" (in singular or plural form) means a main campus and its additional locations, branch campuses and/or learning sites, if any.*
- *References in this document to "education programs" refer to degree or diploma programs of study that have been, or may be, offered by an ITT Technical Institute or by Daniel Webster College; and references in this document to "training programs" refer to the non-degree, short-term programs that have been, or may be, offered through the Center for Professional Development @ ITT Technical Institute.*

Table of Contents

Background

We are a Delaware corporation incorporated in 1946. Our principal executive offices are located at 13000 North Meridian Street, Carmel, Indiana 46032-1404, and our telephone number is (317) 706-9200. From 1966 until our initial public offering on December 27, 1994, we were wholly owned by ITT Corporation, an Indiana corporation, formerly a Delaware corporation and formerly known as ITT Industries, Inc. ("Old ITT"). On September 29, 1995, ITT Corporation, a Nevada corporation ("ITT"), succeeded to the interests of Old ITT in the beneficial ownership of 83.3% of our common stock. ITT's beneficial ownership of our common stock ended in February 1999.

Overview

We are a leading proprietary provider of postsecondary degree programs in the United States based on revenue and student enrollment. As of December 31, 2013, we were offering:

- master, bachelor and associate degree programs to approximately 57,000 students; and
- short-term information technology and business learning solutions for career advancers and other professionals.

As of December 31, 2013, we had 149 college locations (including 147 campuses and two learning sites) in 39 states and one training facility. In addition, during 2013 we offered one or more of our online programs to students who are located in all 50 states. All of our college locations are authorized by the applicable education authorities of the states in which they operate, and are accredited by an accrediting commission recognized by the U.S. Department of Education ("ED"). We design our education programs, after consultation with employers and other constituents, to help graduates prepare for careers in various fields involving their areas of study. We have provided career-oriented education programs since 1969 under the "ITT Technical Institute" name and since June 2009 under the "Daniel Webster College" ("DWC") name.

In August 2013, we acquired all of the membership interests of Cable Holdings, LLC ("Cable Holdings"), an education company that offers short-term information technology and business learning solutions for career advancers and other professionals. The acquisition of Cable Holdings allowed us to immediately begin operating in the short-term learning solutions market, which we hope to expand upon by:

- leveraging our relationships with employers of our ITT Technical Institute and DWC graduates, the ITT Technical Institute and DWC alumni and our facilities; and
- integrating Cable Holdings' operations into the Center for Professional Development @ ITT Technical Institute (the "CPD").

In 2013, we did not begin operations at any new ITT Technical Institute campuses or learning sites. As part of our efforts to maximize the efficiency and effectiveness of our current campus locations, during 2013, we:

- relocated five of our campuses into existing facilities of other ITT Technical Institute campuses; and
- suspended the enrollment of new students at two other ITT Technical Institute campuses and, subsequently, determined to discontinue operations at those campuses after the students who are currently attending those campuses have had an opportunity to complete their education programs at those campuses.

In 2013, we also continued our efforts to diversify our program offerings by developing education programs at different credential levels in technology and non-technology fields of study that we intend to offer at our campuses and deliver entirely in residence, entirely online over the Internet or partially in residence and partially online.

In June 2014, the Audit Committee of our Board of Directors determined that, beginning on February 28, 2013, we should have consolidated the trust (the "PEAKS Trust") that purchased, owns and collects private education loans made under the PEAKS Private Student Loan Program (the "PEAKS Program") in our consolidated financial statements (the "Consolidation"). As a result of the Consolidation, we have restated our unaudited condensed consolidated financial statements as of and for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013. Our consolidated financial statements as of and for the fiscal year ended December 31, 2013 contained in this report reflect the Consolidation. The Consolidation has resulted in a significantly different presentation in our consolidated financial statements of our transactions with the PEAKS Trust. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Notes to Consolidated Financial Statements for further information about the Consolidation.

Business Strategy

Our strategy is to pursue multiple opportunities for growth. We are implementing a growth strategy designed to:

- improve the academic outcomes of our students;
- increase the value proposition of our education programs for our students; and
- increase access to high-quality, career-based education.

We intend to pursue this strategy by:

- increasing student enrollment in existing programs at existing campuses;
- increasing the number and types of program and other educational offerings that are delivered in residence and/or online;

Table of Contents

- increasing our students' engagement in their programs of study;
- enhancing the relevancy of our educational offerings;
- assessing student achievement and learning;
- improving the flexibility and convenience of how our institutions deliver their educational offerings;
- helping our graduates obtain entry-level employment involving their fields of study at higher starting annual salaries;
- operating new campuses across the United States; and
- investing in other education-related opportunities.

The principal elements of this strategy include the following:

Enhance Results at Each Institution.

Increase Enrollments at Existing Campuses. We intend to increase recruiting efforts that are primarily aimed at delivering high-quality, career-based education to multiple adult-learner audiences.

Develop and Deliver Different Education Program Offerings. We intend to develop and deliver different education program offerings that we believe offer graduates attractive returns on their educational investments.

As part of this strategy, we intend to further diversify our offerings by developing new education programs in both technology and non-technology fields, but primarily in technology- and healthcare-related disciplines. We believe that those programs of study will be at different education levels and delivered in a variety of formats, including entirely in residence, entirely online or partially in residence and partially online. In 2013, we began offering two new education programs and increased the number of our campuses that offer bachelor degree programs from 133 to 134.

We also believe that we should increase the number of education programs that we offer to our students across our campuses. In 2013, we added a total of 348 associate and bachelor degree programs among 104 campuses.

We believe that developing new programs of study, delivering programs in different formats and increasing the number of programs from which prospective students may choose, can:

- attract more, and a broader base of, students to our institutions;
- motivate current students to extend their studies;
- help improve student outcomes;
- increase the value proposition of our programs of study to our students;
- increase access to high-quality, career-based education; and
- improve the utilization of our facilities.

Improve Student Outcomes. We strive to improve the graduation and graduate employment rates of our ITT Technical Institute and DWC students by:

- providing academic and career services;
- dedicating administrative resources to those services;
- increasing our students' engagement in their programs of study;
- enhancing the relevancy of our educational offerings;
- assessing student achievement and learning; and
- increasing our students' access to financial aid.

Provide Education-Related Services. We plan to continue to develop and provide education-related services to students and other constituencies. These services may involve a variety of activities. Through the CPD, we are offering training programs to career advancers and other professionals. We are delivering assessments, consulting and authorized and customized training programs and curricula in the areas of information technology ("IT"), information technology infrastructure library ("ITIL"), development, business analysis, project management and leadership development. On January 31, 2014, we acquired certain assets and assumed certain liabilities of Great Equalizer, Inc. and CompetenC Solutions, Inc., two companies that offered short-term IT and business learning solutions for career advancers and other professionals, primarily under the name of Ascolta. We are integrating these acquired operations in the CPD.

In August 2014, we became the education management organizer ("EMO") for a public charter high school in Michigan, which will offer high school students an opportunity to concurrently earn both a high school diploma and an associate degree. These services are being offered under The Early Career Academy @ ITT Technical Institute ("Early Career Academy") name.

Programs of Study

As of December 31, 2013, the ITT Technical Institutes were offering 52 education programs in various fields of study across the following schools of study:

- Business;
- Drafting and Design;
- Electronics Technology;

Table of Contents

- Criminal Justice;
- IT; and
- Breckinridge School of Nursing and Health Sciences.

We design our education programs to help graduates prepare for careers in various fields by offering students a broad-based foundation in a variety of skills used in those fields. The following table sets forth examples of various fields involving the subject matter of education programs within a particular school of study in which graduates have obtained entry-level positions:

School of Study	Fields
Business	accounting business administration financial services manufacturing marketing and advertising sales
Drafting and Design	architectural and construction drafting civil drafting computer-aided drafting electrical and electronics drafting industrial engineering technology interior design landscape architecture mechanical drafting multimedia communications
Electronics Technology	communications computer technology electronics product design and fabrication industrial electronics instrumentation telecommunications
Criminal Justice	corrections cyber security investigations security and policing
IT	communications network administration network technology software development systems technology technical support
Breckinridge School of Nursing and Health Sciences	health information technology medical assisting and administration nursing

At the vast majority of our campuses, we generally organize the academic schedule for education programs of study on the basis of four 12-week academic quarters in a calendar year, with new students beginning at the start of each academic quarter. At these campuses, students taking a full-time course load can complete our associate degree programs in seven or eight academic quarters, bachelor degree programs in 14 or 15 academic quarters and a master degree program in seven academic quarters. We typically offer classes in most residence education programs in:

- 3.5- to 5.5-hour sessions three days a week, Monday through Saturday, with all program courses taught entirely or partially in residence; or
- sessions that are scheduled two to three days a week, Monday through Saturday, with certain program courses taught entirely or partially online over the Internet most academic quarters.

Depending on student enrollment, class sessions at the vast majority of our ITT Technical Institute campuses are generally available during the day and evening. The courses for education programs that are taught online over the Internet are delivered through an asynchronous learning network and have a prescribed schedule for completion of the coursework. At the vast majority of our ITT Technical Institute campuses, the class schedule for our education program residence courses and the coursework completion schedule for our education program online courses generally provide students with the flexibility to maintain employment concurrently with their studies. Based on student surveys, we believe that a majority of our ITT Technical Institute students work at least part-time during their programs of study.

Table of Contents

Most of our education programs of study blend traditional academic content with applied learning concepts and have the objective of helping graduates prepare for a changing economic and/or technological environment. A significant portion of most education programs offered at our campuses involves practical study in a lab environment.

The learning objectives of most courses in each education program are substantially the same among the vast majority of our campuses to provide greater uniformity and to better enable students to transfer, if necessary, to other ITT Technical Institute campuses offering the same programs with less disruption to their education. We regularly review each curriculum to respond to changes in technology and industry needs. Each of the ITT Technical Institutes establishes an advisory committee for each field of study for education programs taught at that campus, which is comprised of representatives of local employers and other constituents. These advisory committees assist the ITT Technical Institutes in assessing curricula, equipment and laboratory design, and updating the curricula. In addition to courses directly related to a student's program of study, our education programs also include general education courses in the humanities, composition, mathematics, the sciences and the social sciences.

Gross tuition for a student entering an undergraduate residence education program at an ITT Technical Institute in December 2013 for 36 quarter credit hours (the minimum course load for a full-time student for an academic year consisting of three academic quarters) was $17,748 for all ITT Technical Institute undergraduate residence education programs, except as adjusted in one state to reflect applicable taxes and fees. Gross tuition for a student entering an undergraduate residence education program at DWC in September 2013 for 24 semester credit hours (the minimum course load for a full-time student for an academic year consisting of two academic semesters) was $15,630 for all DWC undergraduate residence education programs. The gross tuition amounts discussed above do not reflect institutional scholarships and awards, which reduce the amount of gross tuition that students pay to attend our institutions. In the academic year beginning in December 2013 and ending in September 2014, we believe that institutional scholarships and awards for ITT Technical Institute students will average approximately $3,282 per student, based on the number of students enrolled in education programs in each of the three months ended March 31, 2014, June 30, 2014 and September 30, 2014. We have not increased gross tuition rates for our ITT Technical Institute education programs of study since 2010, and we do not intend to increase gross tuition rates for our ITT Technical Institute education programs of study in 2014. The majority of students attending residence programs at our campuses lived in that campus' metropolitan area prior to enrollment. The only student housing that we provide is at the Nashua, New Hampshire campus of DWC.

As of December 31, 2013, the CPD was offering 293 training programs in the following areas:

- IT
- ITIL
- Development
- Business analysis
- Project management
- Leadership development
- Professional development
- Business software application
- Process and productivity
- Graphic design and media

The length of these programs ranges from four hours to 40 hours. These programs are taught primarily through instructor-led sessions delivered in person and virtually.

Student Recruitment

With respect to education programs offered at the ITT Technical Institute and DWC, we strive to attract students with the motivation and ability to complete the career-oriented educational programs. To generate interest among potential students, we engage in a broad range of activities to inform potential students and their parents about our campuses and the programs they offer. These activities include television, Internet and other media advertising, social media, direct mailings and high school presentations. As of December 31, 2013, we employed approximately 1,400 full- and part-time recruiting representatives to assist in recruiting efforts.

Recruiting representatives pursue expressions of interest from potential students for our residence education programs by contacting prospective students and arranging for interviews at the campus or any learning site of that campus. Occasionally, we also pursue expressions of interest from students for our residence education programs by contacting them and arranging for their attendance at a seminar providing information about the campus and its programs. We pursue expressions of interest from potential students for our online education programs by providing program and resource information on our websites and through telephone calls, electronic mail, social media and postal delivery.

Student recruitment activities are subject to substantial regulation at both the state and federal level and by our accrediting commissions. Certain states have bonding and licensing requirements that apply to many of our representatives and other employees involved in student recruitment. Our National Director of Recruitment and Regional Directors of Recruitment oversee the implementation of recruitment policies and procedures. In addition, our compliance department reviews student recruiting practices at each of our campuses on at least an annual basis.

Representatives of the CPD periodically communicate with national and local employers, primarily through face-to-face meetings, phone calls and emails, to identify their training needs. These needs arise through new IT systems implementations,

Table of Contents

employee turnover, and a desire by employers and employees to expand their skills. The CPD also hosts informational webinars and conferences that help identify training opportunities. Additionally, individuals and employers contact the CPD through information found on its website.

Student Admission and Retention

We require all applicants for admission to any of our campus' education programs to have a high school diploma or a recognized equivalent. Depending on the program of study and the campus, applicants may also be required to:

- pass an admission examination;
- possess a designated number of credit hours or degree with a specified overall cumulative grade point average from an accredited postsecondary educational institution;
- complete the Scholastic Assessment Test or American College Testing examination; and
- tour the campus.

The following table sets forth the demographics of students at the ITT Technical Institutes as of the dates indicated:

	Approximate Percent of Student Census	
Student Demographics	**December 31, 2013**	**December 31, 2012**
Age		
19 or less	3%	4%
20 through 24	25%	27%
25 through 30	29%	29%
31 or over	43%	40%
Gender		
Male	72%	72%
Female	28%	28%
Race		
Caucasian	43%	45%
Other (1)	57%	55%

(1) Based on applicable federal classifications.

The faculty and staff at each of our campuses strive to help students overcome obstacles to the completion of their education programs. As is the case in other postsecondary institutions, however, students often fail to complete their education programs for a variety of personal, financial or academic reasons. Student withdrawals prior to education program completion not only affect the students, they also have a negative regulatory and financial effect on the campus and the entire institution. To minimize these student withdrawals, each of our campuses devotes staff resources to assist and advise students regarding academic and financial matters. We encourage academic advising and tutoring in the case of students experiencing academic difficulties. We also offer assistance and advice to students in our residence education programs who are looking for part-time employment and housing.

The CPD assesses a prospective student's skill set and goals to determine the program that would best meet the individual's objectives and experience before enrolling a student in a program.

Graduate Employment

We believe that the success of our ITT Technical Institute and DWC graduates who begin their careers in fields involving their education programs is critical to the ability of our campuses to continue to recruit students for our education programs. We try to obtain data on the number of students employed following graduation from an ITT Technical Institute or DWC. The reliability of such data depends largely on information that students and employers report to us. Based on this information, we believe that approximately 70% of the Employable Graduates (as defined below) in 2013 had obtained employment by April 30, 2014 in positions that required the direct or indirect use of skills taught in their education programs, compared to approximately 66% of the Employable Graduates in 2012 who had obtained employment by April 30, 2013.

"Employable Graduates" are defined in accordance with the graduate employment metrics that we are required to report by one of the accrediting commissions that accredits our institutions and include all of the graduates from the ITT Technical Institutes' education programs in the applicable year, except for those graduates who:

- were pregnant, died or suffered other health-related conditions that prevented them from working;
- continued their education;
- were engaged in active U.S. military service;
- moved out of the United States with a spouse or parent who was engaged in active U.S. military service;
- were incarcerated in a correctional institution (other than a half-way house) for more than 30 consecutive days; or
- possessed visas that did not permit them to work in the United States following graduation.

Table of Contents

Each of our campuses employs personnel to offer career services to students and graduates from our education programs. These persons assist in job searches, solicit employment opportunities from employers and provide information on job search techniques, where to access employer information, writing resumes and how to prepare for, appear at and conduct oneself during job interviews.

Based on information from graduates and employers who responded to our inquiries, the reported annualized salaries initially following graduation averaged approximately $33,398 for the Employable Graduates in 2013 who, as of April 30, 2014, had obtained employment in positions that required the direct or indirect use of skills taught in their education programs, compared to approximately $32,612 for the Employable Graduates in 2012 who, as of April 30, 2013, had obtained employment in positions that required the direct or indirect use of skills taught in their education programs. The average annual salary initially following graduation for our Employable Graduates may vary significantly among the ITT Technical Institutes depending on local employment conditions and each Employable Graduate's particular education program, background, prior work experience and willingness to relocate. Initial employers of Employable Graduates from education programs at the ITT Technical Institutes include small, medium and large companies and governmental agencies.

Faculty

We hire faculty members for our education programs in accordance with criteria established by us, the accrediting commissions that accredit our campuses and the state education authorities that regulate our campuses. We hire faculty with relevant work experience and/or academic credentials to teach most technical subjects. Faculty members for our education programs at each campus typically include the chairperson for each school or education program and various categories of instructors, including full-time and adjunct.

Administration and Employees

Each of our campuses is managed by a person who has overall responsibility for the operation of the campus. The administrative staff of each campus also includes managers in the major functional areas of that campus, including recruitment, finance, registration, academics and career services. As of December 31, 2013, we had approximately 4,900 full-time and 4,600 part-time employees. None of our employees are represented by labor unions.

Our headquarters provides centralized services to all of our campuses in the following areas:

- accounting
- marketing
- public relations
- curricula development
- management information systems
- purchasing
- legal
- regulatory
- legislative affairs
- real estate
- human resources
- compliance/internal audit

In addition, national managers of each of the following major campus functions reside at our headquarters and develop policies and procedures to guide these functions at our ITT Technical Institute campuses:

- recruiting
- financial aid
- academic affairs
- career services
- learning resources
- registration

Managers located at our headquarters monitor the operating results of each of our campuses and regularly conduct on-site reviews.

Competition

The postsecondary education and professional training markets in the United States are highly fragmented and competitive, with no single private or public institution enjoying a significant market share. Our campuses compete for students with associate, bachelor and graduate degree-granting institutions, which include public and nonprofit private colleges and proprietary institutions, as well as with alternatives to higher education such as military service or immediate employment. We believe competition among educational institutions is based on the:

- quality and reliability of the institution's programs and student services;
- reputation of the institution and its programs and student services;
- type and cost of the institution's programs;
- employability of the institution's graduates;
- ability to provide easy and convenient access to the institution's programs and courses;
- quality and experience of the institution's faculty; and
- time required to complete the institution's programs.

Certain public and private colleges may offer programs similar to those offered by our campuses at a lower tuition cost due in part to government subsidies, foundation grants, tax deductible contributions, tax-exempt status or other financial resources not available to proprietary institutions. Other proprietary institutions offer programs that compete with those offered by our campuses. Certain of our competitors in both the public and private sectors have greater financial and other resources than we do.

Table of Contents

The CPD competes primarily with local and national providers of IT and business skills training. We believe competition among training providers is based on the:

- quality and reliability of the training provider's programs;
- reputation of the training provider and its programs;
- type and cost of the training provider's programs;
- ability to provide easy and convenient access to the training provider's courses;
- quality and experience of the training provider's instructors; and
- time required to complete the training provider's programs.

Federal and Other Financial Aid Programs

In 2013, approximately 82% of our revenue determined on a cash accounting basis under the "90/10 Rule" calculation was from the federal student financial aid programs under Title IV (the "Title IV Programs") of the Higher Education Act of 1965, as amended (the "HEA"). See "Risk Factors—Risks Related to Our Highly Regulated Industry – *One or more of our institutions may lose its eligibility to participate in Title IV Programs, if the percentage of its revenue derived from those programs is too high*" for a description of the 90/10 Rule. Our institutions' students also rely on scholarships and awards, family contributions, personal savings, employment, state financial aid programs, veterans' and military benefits, internal student financing offered by us, private education loan programs and other resources to pay their educational expenses associated with their education programs. The primary Title IV Programs from which the students at our campuses received grants, loans and other aid to fund the cost of their education programs in 2013 included:

- the William D. Ford Federal Direct Loan (the "FDL") program, which represented, in aggregate, approximately 58% of our cash receipts; and
- the Federal Pell Grant (the "Pell") program, which represented, in aggregate, approximately 24% of our cash receipts.

Other sources of financial aid used by our students to help pay the cost of their education in 2013 associated with their education programs included:

- state financial aid programs, veterans' and military service member benefit programs and other sources, which represented, in aggregate, approximately 15% of our cash receipts;
- employment, personal savings and family contributions, which represented, in aggregate, approximately 3% of our cash receipts; and
- private education loan programs, which represented an insignificant amount of our cash receipts.

Institutional scholarships and awards, which our students use to help reduce their educational expenses, amounted to, in aggregate, approximately $171.2 million in 2013. Institutional scholarships and awards for ITT Technical Institute students averaged approximately $2,836 per student in the year ended December 31, 2013, based on the number of students enrolled in education programs in each of the three months ended March 31, 2013, June 30, 2013, September 30, 2013 and December 31, 2013. We also provided internal student financing to our students in 2013, which consists of non-interest bearing, unsecured credit extended to our students. The amount of internal student financing that we have provided has decreased and will continue to decrease significantly, as the amount of institutional scholarships and awards that our students receive increases.

We believe that the employers of the vast majority of individuals enrolled in the training programs offered through the CPD pay for the individuals' costs of those programs either directly to the CPD or through employee reimbursements.

Highly Regulated Industry

The training programs offered through the CPD require approval from certain state education agencies and the accrediting commission that accredits our ITT Technical Institutes. Individuals who enroll in the training programs offered by the CPD are not eligible to receive funds under the Title IV Programs for those training programs. The discussion in the remainder of this section applies to the ITT Technical Institutes and DWC, and the education programs offered by those institutions.

Our institutions are subject to extensive regulation by the ED, the state education and professional licensing authorities (collectively, the "SAs") and the accrediting commissions that accredit our institutions (the "ACs"). The statutes, regulations and standards applied by the ED, SAs and ACs are periodically revised and the interpretations of existing requirements are periodically modified. We cannot predict how any of the statutes, regulations and standards applied by the ED, SAs and ACs will be interpreted and implemented.

At the federal level, the HEA and the regulations promulgated under the HEA by the ED set forth numerous, complex standards that institutions must satisfy in order to participate in Title IV Programs. To participate in Title IV Programs, an institution must:

- receive and maintain authorization by the appropriate SAs;
- be accredited by an accrediting commission recognized by the ED; and
- be certified as an eligible institution by the ED.

Table of Contents

The purposes of these standards are to, among other things:

- limit institutional dependence on Title IV Program funds;
- prevent institutions with unacceptable student loan default rates from participating in Title IV Programs; and
- in general, require institutions to satisfy certain criteria related to educational value, administrative capability and financial responsibility.

Most of the ED's requirements are applied on an institutional basis, with an institution defined by the ED as a main campus and its additional locations, if any. Under the ED's definition, we had three institutions as of December 31, 2013, comprised of two ITT Technical Institute main campuses and one DWC main campus. All of the remaining ITT Technical Institute campuses and the two learning sites are additional locations of the ITT Technical Institute main campuses under the ED's regulations. As of December 31, 2013, one ITT Technical Institute institution had 142 additional locations and two learning sites and the second ITT Technical Institute institution had two additional locations. The HEA requires each institution to periodically renew its certification by the ED to continue its participation in Title IV Programs. As of December 31, 2013, all 147 of our campuses and both learning sites participated in Title IV Programs.

One of the ED's regulations applicable to our institutions is that each institution must submit to the ED its audited, consolidated financial statements and a compliance audit of the institution's administration of the Title IV Programs in which it participates ("Compliance Audit"), in each case with respect to a fiscal year within six months of the following year. Our institutions did not submit their 2013 audited consolidated financial statements and Compliance Audits to the ED by June 30, 2014 and, as a result, the ED determined that our institutions are not financially responsible, which resulted in, among other things, our institutions being:

- required to submit a letter of credit payable to the ED;
- placed on heightened cash monitoring by the ED, instead of the ED's standard advance payment method; and
- provisionally certified by the ED to participate in Title IV Programs.

See "Risk Factors – Risks Related to our Highly Regulated Industry — *Our institutions' failure to submit their audited consolidated financial statements and Compliance Audits to the ED by the due date resulted in sanctions imposed by the ED on our institutions that include, among other things, our institutions having to post a letter of credit, being placed on heightened cash monitoring and being provisionally certified.*"

Any one or more of the sanctions or actions described above could have a material adverse effect on our financial condition, results of operations and cash flows. Further, we cannot assure you that we will be able to submit a letter of credit payable to the ED in the amount and for the term required by the ED, or that we will be able to provide the cash collateral required to maintain the letter of credit throughout the required term.

As of December 31, 2013, we operated one or more campuses in 39 states and our campuses recruited students in all 50 states. Each of our campuses must be authorized by the applicable SAs to operate. The state laws and regulations that we must comply with in order to obtain authorization from the SAs are numerous and complex. As of December 31, 2013, each of our campuses had received authorization from one or more SAs.

Campuses that confer bachelor or master degrees must, in most cases, meet additional regulatory standards. Raising the curricula of our existing campuses to the bachelor and/or master degree level requires the approval of the applicable SAs and the ACs.

State education laws and regulations affect our operations and may limit our ability to introduce programs or obtain authorization to operate in some states. If any one of our campuses lost its state authorization to operate in the state in which it is physically located, the campus would be unable to offer postsecondary education and we would be forced to close the campus. Closing multiple campuses for any reason could have a material adverse effect on our financial condition, results of operations and cash flows.

Most of the states in which our institutions are authorized to operate have laws or regulations that require institutions to demonstrate annually that they are financially stable. As a result of the delay in the submission of our 2013 audited consolidated financial statements to our Florida SA, our Florida SA determined on August 5, 2014 that our 13 campuses in Florida are not financially stable. Based on this determination, our Florida SA:

- changed the authorization to operate for each of our Florida campuses from an annual license to a provisional license;
- will conduct an on-site visit of each of our Florida campuses to determine the campus' compliance with the Florida SA's regulations;
- will require each of our Florida campuses to correct any deficiencies noted during our Florida SA's on-site visit of the campus;
- required us to submit to our Florida SA any correspondence that we or any of our institutions have with the ED or the AC of our Florida campuses, within 15 days of the submission or receipt of that correspondence;

Table of Contents

- required each of our Florida campuses to submit a train-out plan to our Florida SA on or before September 4, 2014; and
- required us to report to our Florida SA, at its September 2014 meeting, on the stability of our Florida campuses and any changes that may further affect our stability or operations.

Each campus' provisional license extends through July 31, 2015. Upon the satisfaction of all of the requirements specified above, however, each campus may apply to our Florida SA to have the campus' authorization changed back to an annual license. We cannot assure you, however, that our Florida campuses will be able to satisfy all of the requirements specified above, or that our Florida SA will change any of the campuses back to an annual license. See "Risk Factors – Risks Related to Our Highly Regulated Industry – *Failure of our campuses to comply with the extensive regulatory requirements for school operations could result in financial penalties, restrictions on our operations, loss of federal and state financial aid funding for our students or loss of our authorization to operate our campuses*."

State authorization and accreditation by an accrediting commission recognized by the ED are required for an institution to become and remain eligible to participate in Title IV Programs. In addition, some states require institutions operating in the state to be accredited as a condition of state authorization. Both of our ITT Technical Institute institutions are accredited by the Accrediting Council for Independent Colleges and Schools (the "ACICS"). DWC is accredited by the Commission on Institutions of Higher Education of the New England Association of Schools and Colleges (the "NEASC"). Both the ACICS and the NEASC are accrediting commissions recognized by the ED. The HEA specifies a series of criteria that each recognized accrediting commission must use in reviewing institutions. For example, accrediting commissions must assess the length of each academic program offered by an institution in relation to the objectives of the degrees or diplomas offered. Further, accrediting commissions must evaluate each institution's success with respect to student achievement.

Under the ACICS standards, if the student retention or graduate placement rates:

- of a campus fall below the ACICS benchmark standards, the campus must develop and implement a campus improvement plan and periodically report its results to the ACICS;
- of a campus fall below the ACICS compliance standards, the campus must come into compliance within a specified time period, or the ACICS may withdraw the campus' inclusion in the institution's grant of accreditation;
- of a program offering at a campus fall below the ACICS benchmark standards, the campus must develop and implement a program improvement plan for that program offering; or
- of a program offering at a campus fall below the ACICS compliance standards, the program offering must come into compliance within a specified time period, or the ACICS may withdraw its authorization of that program offering.

Under the ACICS standards, if the Licensure Examination Pass Rate (as defined below) of a program offering that is subject to that standard at a campus falls below the ACICS:

- benchmark standards, the campus is required to develop and implement a program improvement plan for that program offering; or
- compliance standards, the program offering is required to come into compliance within a specified time period, or the ACICS may withdraw its authorization of that program offering.

A program offering is subject to the Licensure Examination Pass Rate standard, if graduates of the program of study who seek employment are required to have a certificate, licensure or registration based on an industry-sponsored examination in the applicable field.

A campus that falls below the ACICS:

- benchmark standards is not required to obtain permission from the ACICS prior to applying to add a new program offering; or
- compliance standards is required to obtain permission from the ACICS prior to applying to add a new program offering.

The ACICS has classified one of our ITT Technical Institute institutions, which consists of a main campus and 142 additional locations and two learning sites, as a centrally controlled institution under the ACICS criteria (the "Centrally Controlled Institution"). During 2013, the ACICS evaluated the Centrally Controlled Institution for a renewal grant of accreditation. In April 2013, the ACICS extended the Centrally Controlled Institution's current grant of accreditation through December 31, 2017. In 2013, the ACICS also approved 15 ITT Technical Institute locations for inclusion in the Centrally Controlled Institution's grant of accreditation. Neither of our two ITT Technical Institute institutions are on probation with the ACICS, but:

- 49 ITT Technical Institute locations are subject to a campus improvement plan and reporting requirements with respect to the locations' Student Retention Rates (as defined below) by the ACICS;
- 63 ITT Technical Institute locations are subject to a campus improvement plan and reporting requirements with respect to the locations' Graduate Placement Rates (as defined below) by the ACICS;
- one ITT Technical Institute location needs to raise its Student Retention Rate to at least 60% by November 1, 2015, or the ACICS may withdraw that location's inclusion in the institution's grant of accreditation;

Table of Contents

- five ITT Technical Institute locations need to raise their Graduate Placement Rates to at least 60% by November 1, 2015, or the ACICS may withdraw those locations' inclusion in the institution's grant of accreditation;
- a total of 351 program offerings at 124 ITT Technical Institute locations are subject to a program improvement plan with respect to the Student Retention Rates of those program offerings by the ACICS;
- a total of 476 program offerings at 129 ITT Technical Institute locations are subject to a program improvement plan with respect to the Graduate Placement Rates of those program offerings by the ACICS;
- a total of eight program offerings at eight ITT Technical Institute locations are subject to a program improvement plan with respect to the Licensure Examination Pass Rates of those program offerings by the ACICS;
- a total of 87 program offerings at 61 ITT Technical Institute locations need to raise their Student Retention Rates to at least 60% by November 1, 2015, or the ACICS may withdraw its authorization of those program offerings (although we have discontinued and are no longer enrolling new students in 18 of those program offerings);
- a total of 158 program offerings at 86 ITT Technical Institute locations need to raise their Graduate Placement Rates to at least 60% by November 1, 2015, or the ACICS may withdraw its authorization of those program offerings (although we have discontinued and are no longer enrolling new students in 141 of those program offerings); and
- a total of four program offerings at four ITT Technical Institute locations need to raise their Licensure Examination Pass Rates to at least 60% by November 1, 2015, or the ACICS may withdraw its authorization of those program offerings.

In November 2013, the ACICS began considering mitigating circumstances when applying its Student Retention Rate, Graduate Placement Rate and the Licensure Examination Pass Rate compliance standards to its accredited institutions' campuses and programs ("Mitigating Circumstances"). The Mitigating Circumstances include, among others:

- the impact on the Student Retention Rate of certain demographics of more than 50% of the students attending the campus or program;
- the impact on the Student Retention Rate of withdrawing students who re-enroll in the affected campus or program within a certain period of time;
- at least 30% of the graduates of the campus or program having less than six months from their date of graduation or licensure receipt, until the ACICS reporting date for the Graduate Placement Rate; and
- the three-year average (weighted based on student enrollment) of the campus' or program's Student Retention Rate, Graduate Placement Rate or Licensure Examination Pass Rate being above that rate's compliance standard percentage.

If the ACICS determines that its Mitigating Circumstances apply to an institution's campus or program, the ACICS waives the application of the compliance standard to the institution's campus or program. The ACICS has granted Mitigating Circumstances waivers to a total of:

- one ITT Technical Institute location with respect to the Student Retention Rate compliance standard;
- nine ITT Technical Institute locations with respect to the Graduate Placement Rate compliance standard;
- six program offerings at six ITT Technical Institute locations with respect to the Student Retention Rate compliance standard; and
- four program offerings at three ITT Technical Institute locations with respect to the Graduate Placement Rate compliance standard.

The number of ITT Technical Institute locations and program offerings that received Mitigating Circumstances waivers from the ACICS are not included in the number of ITT Technical Institute locations and program offerings specified above that are subject to having the locations' inclusion in the institution's grant of accreditation withdrawn or the program offerings' authorizations withdrawn for failure to comply with the Student Retention Rate and Graduate Placement Rate compliance standards.

"Student Retention Rate" is defined by the ACICS as Adjusted Total Enrollment (as defined below), less All Other Withdrawals (as defined below), divided by Adjusted Total Enrollment. "Adjusted Total Enrollment" is defined by the ACICS as total student enrollment in the program of study during the reporting period, less the number of any of those students who withdrew to enroll in another institution under common ownership. "All Other Withdrawals" is defined by the ACICS as the number of students enrolled in the program of study during the reporting period who withdrew from the program of study for a reason other than the student's:

- call to active duty in the U.S. military;
- enrollment in another institution under common ownership;
- incarceration; or
- death.

"Graduate Placement Rate" is defined by the ACICS as the number of Employable Graduates who were employed in a position that required the direct or indirect use of the skills taught in the program of study during the reporting period, divided by the total number of Employable Graduates.

Table of Contents

"Licensure Examination Pass Rate" is defined by the ACICS as the number of graduates or completers of a program of study that is subject to the Licensure Examination Pass Rate standard who attempted the examination and received a score necessary to obtain the required certificate, licensure or registration during a calendar year, divided by the number of graduates or completers of that program of study who attempted the applicable examination during that calendar year.

If any of our ITT Technical Institute locations and/or program offerings fall below the Student Retention Rate, Graduate Placement Rate or Licensure Examination Pass Rate compliance standards and we are unable to timely bring those locations and/or program offerings into compliance, we may have to close those locations and reduce the offerings of those programs, which could have a material adverse effect on our expansion plans, financial condition, results of operations and cash flows.

DWC was subject to a notice of concern from the NEASC with respect to DWC's financial condition from June 2009, when we acquired DWC, until April 2011. The NEASC reinstated the notice of concern with respect to DWC's financial condition in March 2013. During 2013 and the first quarter of 2014, the NEASC evaluated DWC in connection with its financial condition, but the NEASC did not remove the notice of concern.

The statutes, regulations and standards applied by the ED, SAs and ACs cover the vast majority of our operations, including our:

- academic affairs;
- educational programs;
- facilities;
- academic and administrative staff;
- administrative procedures;
- marketing;
- student recruitment;
- compensation practices; and
- financial operations and financial condition.

These requirements also affect our ability to:

- add new campuses and learning sites;
- add new, or revise or expand our existing, educational programs; and
- change our corporate structure and ownership.

Each of the campuses that we added from 2010 through 2012 constitutes an additional location under the ED's regulations. The HEA requires a proprietary institution to operate for two years before it can qualify to participate in Title IV Programs. If an institution that is certified to participate in Title IV Programs establishes an additional location and receives all of the necessary SA and AC approvals for that location, that additional location can participate in Title IV Programs immediately upon being reported to the ED, unless the institution will offer at least 50% of an entire educational program at that location and any one of the following restrictions applies, in which case the ED must approve the additional location before it can participate in Title IV Programs:

- the institution is provisionally certified to participate in Title IV Programs;
- the institution receives Title IV Program funds under the ED's heightened cash monitoring or reimbursement system of payment;
- the institution acquired the assets of another institution that provided educational programs at that location during the preceding year and participated in Title IV Programs during that year;
- the institution would be subject to loss of eligibility to participate in Title IV Programs, because the additional location lost its eligibility to participate in Title IV Programs as a result of high student loan cohort default rates under the Federal Family Education Loan ("FFEL") and/or the FDL programs; or
- the ED previously notified the institution that it must apply for approval to establish an additional location.

Due to our institutions' failure to submit their 2013 audited consolidated financial statements and Compliance Audits to the ED by June 30, 2014, all of our institutions are provisionally certified to participate in the Title IV Programs. See "Risk Factors—Risks Related to Our Highly Regulated Industry – *Our institutions' failure to submit their audited consolidated financial statements and Compliance Audits to the ED by the due date resulted in sanctions imposed by the ED on our institutions that include, among other things, our institutions having to post a letter of credit, being placed on heightened cash monitoring and being provisionally certified.*" Our institutions' participation in Title IV Programs will remain provisional, until at least November 4, 2019. In August 2014, the ED determined that our institutions did not satisfy the ED's eligibility standards relating to financial responsibility, because our institutions failed to submit their 2013 audited consolidated financial statements and Compliance Audits to the ED by June 30, 2014.

The HEA and its implementing regulations require each institution to periodically reapply to the ED for continued certification to participate in Title IV Programs. The ED recertifies each institution deemed to be in compliance with the HEA and the ED's regulations for a period of six years or less. Before that period ends, the institution must apply again for

Table of Contents

recertification. The current provisional certifications of our three institutions expire on June 30, 2017. If an institution successfully participates in Title IV Programs during its period of provisional certification, but fails to satisfy the full certification criteria, the ED may renew the institution's provisional certification. The ED has informed our institutions that, due to their failure to submit their 2013 audited consolidated financial statements and Compliance Audits to the ED by June 30, 2014, the ED will not consider our institutions to have satisfied the ED's eligibility standards relating to financial responsibility before November 4, 2019. As a result, our institutions' participation in the Title IV Programs will continue to be provisional, if our institutions are recertified when their current provisional certifications expire on June 30, 2017.

The ED may revoke an institution's provisional certification without advance notice, if the ED determines that the institution is not fulfilling all material requirements. If the ED revokes an institution's provisional certification, the institution may not apply for reinstatement of its eligibility to participate in Title IV Programs for at least 18 months. If the ED does not recertify the institution following the expiration of its provisional certification, the institution loses eligibility to participate in Title IV Programs, until the institution reapplies to participate and the ED certifies the institution to participate.

The HEA and applicable regulations permit students to use Title IV Program funds only to pay the cost associated with enrollment in an eligible program offered by an institution participating in Title IV Programs. A proprietary institution that is eligible to participate in Title IV Programs can generally add a new educational program without the ED's approval, if that new program:

- leads to an associate level or higher degree and the institution already offers programs at that level; or
- prepares students for gainful employment in the same or a related occupation as an educational program that had been previously designated as an eligible program at the institution and meets minimum length requirements.

Otherwise, the proprietary institution has to obtain the ED's approval before it can disburse Title IV Program funds to students enrolled in the new program. Any institution provisionally certified by the ED, however, must apply for and receive approval by the ED for any substantial change before the institution can award, disburse or distribute Title IV Program funds based on the substantial change. Substantial changes generally include, but are not limited to:

- the establishment of an additional location;
- an increase in the level of academic offering beyond those listed in the institution's Eligibility and Certification Approval Report with the ED;
- an addition of any eligible non-degree education program or short-term training program; or
- an addition of a degree program by a proprietary institution.

If an institution applies for the ED's approval of a substantial change, the institution must demonstrate that it has the financial and administrative resources necessary to assure the institution's continued compliance with the ED's standards of financial responsibility and administrative capability.

If we are unable to obtain the required approvals from the ED for any new campuses or learning sites, or any new program offerings, or to obtain those approvals in a timely manner, our ability to operate the new campuses, add the learning sites or offer new programs as planned would be impaired, which could have a material adverse effect on our expansion plans. See "Risk Factors—Risks Related to Our Highly Regulated Industry – *We cannot operate new campuses, add learning sites or offer new programs, if they are not timely authorized by our regulators, and we may have to repay Title IV Program funds disbursed to students enrolled at any of those locations or in any of those programs, if we do not obtain prior authorization.*"

The accreditation standards of our ACs generally permit an institution's main campus to establish additional campuses. Our campuses that are treated as additional locations of the main campus under the ED's regulations and the ACICS accreditation standards are treated as branch campuses under the accreditation standards of the NEASC. Our learning sites are classified as additional locations of the main campus under the ED's regulations, as campus additions under the ACICS accreditation standards, and as instructional locations of the main or branch campus under the NEASC accreditation standards.

The laws and regulations in most of the states in which our campuses are located treat each of our campuses as a separate, unaffiliated institution and do not distinguish between main campuses and additional locations or branch campuses, although many states recognize other locations within the state where educational activities are conducted and/or student services are provided as learning sites, teaching sites, satellite campuses or otherwise. In some states, the requirements to obtain state authorization limit our ability to establish new campuses, add learning sites or instructional locations, offer new programs, recruit and offer online programs.

The internal audit function of our compliance department reviews our campuses' compliance with Title IV Program requirements and conducts an annual compliance review of each of our campuses. The review addresses numerous compliance areas, including:

- student tuition refunds and return of Title IV Program funds;
- student academic progress;
- student admission;
- student attendance;

Table of Contents

- student financial aid applications;
- student financial aid awards and disbursements; and
- graduate employment.

Each of our institutions' administration of Title IV Program funds must also be audited annually by an independent accounting firm, and the resulting audit report must be submitted to the ED for review.

Due to the highly regulated nature of the postsecondary education industry, we are subject to audits, reviews, inquiries, complaints, investigations, claims of non-compliance or lawsuits by federal and state governmental agencies, guaranty agencies, the ACs, present and former students and employees, shareholders and other third parties, which may allege violations of statutes, regulations or accreditation standards or common law causes of action (collectively, "Claims"). If the results of any Claims are unfavorable to us, we may be required to pay money damages or be subject to fines, penalties, injunctions, operational limitations, loss of eligibility to participate in federal or state financial aid programs, debarments, additional oversight and reporting, other civil and criminal penalties or other censure that could have a material adverse effect on our financial condition, results of operations and cash flows. Even if we satisfactorily resolve the issues raised by a Claim, we may have to expend significant financial and management resources, which could have a material adverse effect on our financial condition, results of operations and cash flows. Adverse publicity regarding a Claim could also negatively affect our business.

See "Risk Factors – Risks Related to Our Highly Regulated Industry" for a discussion of particular risks associated with our highly regulated industry.

Shareholder Information

We make the following materials available free of charge through our website at www.ittesi.com as soon as reasonably practicable after such materials are electronically filed with or furnished to the SEC under the Exchange Act:

- our annual reports on Form 10-K and all amendments thereto;
- our quarterly reports on Form 10-Q and all amendments thereto;
- our current reports on Form 8-K and all amendments thereto; and
- various other filings that we make with the SEC.

You should be aware that this Annual Report on Form 10-K was filed with the SEC after the applicable filing deadline. In addition, the filing deadlines for our Quarterly Report on Form 10-Q for the fiscal quarter ended:

- March 31, 2014 ("2014 First Quarter Form 10-Q"), was May 12, 2014; and
- June 30, 2014 ("2014 Second Quarter Form 10-Q"), was August 11, 2014.

We have not yet filed the 2014 First Quarter Form 10-Q or 2014 Second Quarter Form 10-Q with the SEC. We are working diligently to finalize and file the 2014 First Quarter Form 10-Q and 2014 Second Quarter Form 10-Q as soon as practicable, but we cannot assure you as to the actual filing date. We have also amended our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, due to our restatement of the unaudited condensed consolidated financial statements contained therein. Failure to timely file our quarterly reports with the SEC and the fact that we have restated our consolidated financial statements may have negative consequences. See "Risk Factors – Risks Related to Recent Developments."

We also make the following materials available free of charge through our website at www.ittesi.com:

- our Corporate Governance Guidelines;
- the charter for each of the Audit, Compensation, and Nominating and Corporate Governance Committees of our Board of Directors; and
- our Code of Business Conduct and Ethics ("Code").

We will provide a copy of the following materials without charge to anyone who makes a written request to our Investor Relations Department at ITT Educational Services, Inc., 13000 North Meridian Street, Carmel, Indiana 46032-1404 or by e-mail through our website at www.ittesi.com:

- our annual report on Form 10-K for the year ended December 31, 2013, excluding certain of its exhibits;
- our Corporate Governance Guidelines;
- the charter for each of the Audit, Compensation, and Nominating and Corporate Governance Committees of our Board of Directors; and
- the Code.

We also intend to promptly disclose on our website at www.ittesi.com any amendments that we make to, or waivers for our Directors or executive officers that we grant from, the Code.

Table of Contents

Item 1A. Risk Factors.

In addition to the other information contained in this report, you should consider carefully the following risk factors in evaluating us and our business before making an investment decision with respect to any shares of our common stock. This report contains certain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on the beliefs of, as well as assumptions made by and information currently available to, our management. All statements which are not statements of historical fact are intended to be forward-looking statements. The forward-looking statements contained in this report reflect our or our management's current views and are subject to certain risks, uncertainties and assumptions, including, but not limited to, those set forth in the following Risk Factors. Should one or more of those risks or uncertainties materialize or should underlying assumptions prove incorrect, our actual results, performance or achievements in 2014 and beyond could differ materially from those expressed in, or implied by, those forward-looking statements.

Risks Related to Recent Developments

Our management has identified material weaknesses in our internal control over financial reporting, which could, if not remediated, result in material misstatements in our future financial statements and may adversely affect our business and stock price. Our management is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"), as defined in Rule 13a-15(f) under the Exchange Act. As disclosed in Part II, Item 9A, "Controls and Procedures" of this Annual Report on Form 10-K, our management identified material weaknesses in our ICFR related to:

- the assessment of events that could affect the determination of whether we are the primary beneficiary of variable interest entities in which we hold a variable interest;
- the assessment of the completeness and accuracy of the data maintained by the servicer of the private education loans that are owned by a variable interest entity that we were required to consolidate;
- the review of assumptions and methodologies developed by third-party consultants to project guarantee obligations under the 2009 RSA (as defined below); and
- the timely identification and communication of information relevant to the private education loan programs to those members of our management who are responsible for our financial reporting processes.

A material weakness is defined as a deficiency, or combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of the material weaknesses discussed above, our management concluded that our ICFR was not effective as of December 31, 2013. We cannot assure you that additional material weaknesses in our ICFR will not be identified in the future. Although we are implementing remedial measures designed to address the identified material weaknesses, if our remedial measures are insufficient to address the material weaknesses, or if additional material weaknesses or significant deficiencies in our ICFR are discovered or occur in the future, our consolidated financial statements may contain material misstatements. These misstatements could result in additional restatements of our consolidated financial statements, cause us to fail to meet our reporting obligations, lead to a default under our credit agreement, reduce our ability to obtain financing, increase the cost of any financing that we obtain or cause investors to lose confidence in our reported financial information, which could lead to a decline in our stock price.

Although we are working to remedy the ineffectiveness of our ICFR, there can be no assurance as to when the remediation plan will be fully implemented or the aggregate cost of implementation. Until our remediation plan is fully implemented and considered complete, our management will continue to devote significant time and attention to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk that we will be unable to timely file future periodic reports with the SEC and that our future consolidated financial statements could contain errors that will be undetected. For more information relating to our ICFR (and disclosure controls and procedures) and the remediation plan undertaken by us, see Part II, Item 9A, "Controls and Procedures."

Matters relating to or arising from our review of accounting matters related to two third-party private education loan programs made available to our students may adversely affect our business, results of operations and cash flows. As previously disclosed, a number of factors, including SEC's investigation of us related to our actions and accounting associated with, among other things, two third-party private education loan programs made available to our students, have led to us conducting additional analyses and reviews with respect to accounting matters related to those programs. As a result of such additional analyses and reviews, the Audit Committee of our Board of Directors concluded that the PEAKS Trust should have been consolidated in our consolidated financial statements beginning on February 28, 2013, and that our previously issued unaudited condensed consolidated financial statements as of and for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013 should be restated. To date, we have incurred significant expenses related to legal, accounting and other professional services in connection with the SEC's investigation of us, the accounting analyses and the restatement and related matters, and may continue to incur significant additional expenses with regard to those matters and our remediation efforts. In addition, our Chief Executive Officer and Chief Financial Officer, as well as senior members of our finance and accounting departments, have spent substantial amounts of time and effort with regard to all of those matters. The significant amount of time and effort spent by our management team on those matters has diverted, and is expected to continue to divert, their attention from the operation of our business. The expenses incurred, and expected to be incurred, on those matters, and the diversion of the attention of the management team which has occurred and is expected to continue, have had, and could continue to have, a material adverse effect on our business, financial condition, results of operations and/or cash flows.

We have restated our prior unaudited condensed consolidated financial statements as of and for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, which may lead to additional risks and uncertainties, including shareholder litigation, loss of investor confidence and negative impacts on our stock price. As a result of the determination in June 2014 that the PEAKS Trust should have been consolidated in our consolidated financial statements as of February 28, 2013, we have restated our unaudited condensed consolidated financial statements as of and for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013. We have incurred significant costs and expenses, and our management's attention has been diverted, due to the restatements. Restatements may also increase the risk of additional shareholder litigation against us. In addition, the fact that we have restated our unaudited condensed consolidated financial statements may lead to a loss of investor confidence and have negative impacts on the trading price of our common stock.

The New York Stock Exchange could commence procedures to delist our common stock. As a result of our failure to timely file this Annual Report on Form 10-K with the SEC, on March 19, 2014, we received a notice from the New York Stock Exchange ("NYSE") that we were subject to the procedures set forth in the NYSE's listing standards related to late filings. In accordance with the NYSE's procedures, we initially had six months following March 18, 2014 to file this Annual Report on Form 10-K with the SEC. On September 18, 2014, however, the NYSE granted our request for a listing extension, through November 15, 2014. Although we have filed this Annual Report on Form 10-K with the SEC within the extension period, the listing standards of the NYSE provide the NYSE with broad discretion regarding delisting matters. One of the factors described in the NYSE's listing standards that could lead to a company's delisting is the failure of the company to make timely, adequate and accurate disclosures of information to its shareholders and the investing public. We have not yet filed with the SEC our 2014 First Quarter Form 10-Q, which was due on May 12, 2014, or our 2014 Second Quarter Form 10-Q, which was due on August 11, 2014, and we have restated our unaudited condensed consolidated financial statements as of and for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013. We cannot assure you that the NYSE will not commence delisting procedures with respect to our common stock as a result of those and other factors related to us. If the NYSE were to delist our common stock, the delisting could:

- decrease trading in our common stock;
- adversely affect the market liquidity of our common stock;
- decrease the trading price of our common stock;
- increase the volatility of our common stock price;
- decrease analyst coverage of our common stock;
- decrease investor demand and information available concerning trading prices and volume of our common stock;
- make it more difficult for investors to buy or sell our common stock; and
- harm our ability to obtain financing on acceptable terms.

Our failure to prepare and timely file our periodic reports with the SEC limits our access to the public markets to raise debt or equity capital, and could have negative consequences related to our credit agreement. We did not file this Annual Report on Form 10-K, our 2014 First Quarter Form 10-Q and our 2014 Second Quarter Form 10-Q within the timeframe required by the SEC. As a result of our late filings, we may be limited in our ability to access the public markets to raise debt or equity capital, which could prevent us from pursuing transactions or implementing business strategies that we believe would be beneficial to our business. We are ineligible to use shorter and less costly filings, such as Form S-3, to register our securities for sale for a period of 12 months following the month in which we regain compliance with our SEC reporting obligations. Further, if we are not able to furnish to our lenders our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarters ended March 31, 2014 and June 30, 2014 by November 15, 2014, or our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarter ended September 30, 2014 by December 15, 2014, we would be in breach of our credit agreement, which could give rise to material adverse consequences to us. See "*— If we default under our Amended Credit Agreement, any borrowings must be repaid, we may be prevented from further borrowings and from obtaining or maintaining a letter of credit and/or the Amended Credit Agreement may be terminated by the lenders, which could have a material adverse effect on our liquidity and ability to comply with our obligations.*"

As a result of the Consolidation, our consolidated financial statements are materially different from those that we have previously issued, which could have negative implications for our credit agreement and guarantee obligations and regulatory compliance. Prior to the Consolidation, the PEAKS Trust was not included in our consolidated financial statements. As a result of the Consolidation, beginning on February 28, 2013, our consolidated financial statements are substantially different from the consolidated financial statements that we would present, if we were not required to consolidate the PEAKS Trust. The Consolidation and other factors have resulted in violations of covenants under our credit agreement. Although we have obtained waivers and amendments relating to those violations, we cannot assure you that the financial impact of the Consolidation on our consolidated financial statements in future periods will not violate the covenants under our credit agreement. We may not be able to obtain additional amendments to, or waivers of, those covenants. The Consolidation also negatively impacted our compliance with the ED's financial responsibility measurements, primarily our institutions' composite score and our compliance with the financial requirements of certain SAs. The financial impact of the Consolidation on our consolidated financial statements in future periods could also negatively impact our compliance with those measurements and requirements in the future. See "—Risks Related to Our Highly Regulated Industry – *We may be subject to sanctions, including, without limitation, an increase in the amount of the ED Letter of Credit and other limitations in order to continue our campuses'*

Table of Contents

participation in Title IV Programs, state authorization and accreditation, if we or our campuses do not meet the financial standards of the ED, SAs or ACs," for a discussion of the impact of the Consolidation on our consolidated financial statements. Further, the Consolidation negatively impacted the financial metrics to which we are subject under the private education loan programs under which we have provided guarantees, resulting in materially increased payment amounts. The financial impact of the Consolidation on our consolidated financial statements in future periods could negatively impact our compliance with those financial metrics in the future, resulting in materially increased payment amounts. Any of these factors could have a material adverse effect on our results of operations, financial condition and/or cash flows.

We believe that we will be required to consolidate the 2009 Entity into our consolidated financial statements in the foreseeable future, which could have a material adverse effect on our consolidated financial statements and our compliance with covenants and metrics to which we are subject. In addition to the PEAKS Trust, we hold a variable interest in an unaffiliated entity (the "2009 Entity") with which we entered into a risk sharing agreement on February 20, 2009 (the "2009 RSA"). Under the 2009 RSA, we guarantee the repayment of the principal amount (including capitalized origination fees) and accrued interest payable on private education loans that are charged off above a certain percentage, based on the annual dollar volume, of the private education loans made under a program that made private education loans available to our students to help pay our students' cost of education that student financial aid from federal, state or other sources did not cover (the "2009 Loan Program"). We may become the primary beneficiary of the 2009 Entity and, as a result, be required to consolidate the 2009 Entity in our consolidated financial statements, if the entity that performs the servicing activities for the private education loans made under the 2009 Loan Program on behalf of the 2009 Entity (the "2009 Loan Program Servicer") fails to meet certain performance criteria specified in the servicing agreement that governs the servicing activities of those loans (the "2009 Servicing Agreement"). If the 2009 Loan Program Servicer fails to meet those performance criteria, we have the right to terminate the 2009 Servicing Agreement and, therefore, would be considered to have the power to direct the activities of the 2009 Entity that most significantly impact the economic performance of the 2009 Entity. If that occurs, we would be required to consolidate the 2009 Entity into our consolidated financial statements.

Based on preliminary loan performance data as of September 30, 2014 that we have received regarding the private education loans made under the 2009 Loan Program, we believe that, as of September 30, 2014, the 2009 Loan Program Servicer may not have met the performance criteria specified in the 2009 Servicing Agreement. As a result, it appears likely that the 2009 Loan Program Servicer either has failed, or within the foreseeable future will fail, to meet the performance criteria in the 2009 Servicing Agreement. Once that occurs, following a cure period and that assuming that no cure occurs, we will have the right to terminate the 2009 Servicing Agreement. As a result of that right, we will be required to consolidate the 2009 Entity into our consolidated financial statements. We believe that our right to terminate the 2009 Servicing Agreement will become operative in late 2014 or early 2015. At this time, we are unable to quantify the impact of the consolidation of the 2009 Entity into our consolidated financial statements, but it could have material adverse effect on our consolidated financial statements. Further, the consolidation of the 2009 Entity into our consolidated financial statements could cause us to violate certain covenants under our credit agreement, financial standards of the ED, SAs and ACs and financial metrics under the 2009 RSA and PEAKS Program to which we are subject. Any of those violations could have a material adverse effect on our results of operations, financial condition and/or cash flows.

If we default under our Amended Credit Agreement, any borrowings must be repaid, we may be prevented from further borrowings and from obtaining or maintaining a letter of credit and/or the Amended Credit Agreement may be terminated by the lenders, which could have a material adverse effect on our liquidity and ability to comply with our obligations. On March 21, 2012, we entered into a credit agreement and on March 31, 2014, May 29, 2014, June 30, 2014, July 30, 2014 and September 15, 2014, we entered into amendments to the credit agreement. The credit agreement, as so amended, is referred to herein as the "Amended Credit Agreement." The Amended Credit Agreement contains, among other things, covenants, representations and warranties and events of default customary for credit facilities. We are required to maintain compliance with a maximum leverage ratio, a minimum fixed charge coverage ratio, a minimum liquidity amount, and several covenants related to the ED's regulations. The Amended Credit Agreement also requires us, among other things, to timely deliver our consolidated financial statements to the lenders. In addition, we would be in default under the Amended Credit Agreement, if we default under our obligations associated with:

- our guarantee of the payment of the principal, interest and, prior to February 2013, certain call premiums owed on the senior debt issued by the PEAKS Trust in the aggregate principal amount of $300.0 million (the "PEAKS Senior Debt") to investors, the administrative fees and expenses of the PEAKS Trust and a minimum required ratio of assets of the PEAKS Trust to outstanding PEAKS Senior Debt (the "PEAKS Guarantee"); or
- the 2009 RSA.

The PEAKS Guarantee and 2009 RSA are collectively referred to herein as the "RSAs." We would also be in default under the Amended Credit Agreement if, among other things, the ED imposes a delay of more than five days in our receipt of Title IV Program funds. See "*—Our institutions' failure to submit their audited consolidated financial statements and Compliance Audits to the ED by the due date resulted in sanctions imposed by the ED on our institutions that include, among other things, our institutions having to post a letter of credit, being placed on heightened cash monitoring and, being provisionally certified.*" Further, the Amended Credit Agreement reduces the amount of secured indebtedness that we are permitted to incur and further limits our ability to dispose of or encumber our assets.

Table of Contents

The Consolidation, restatement of our unaudited condensed consolidated financial statements as of and for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, delay in the completion of our 2013 audited consolidated financial statements and first and second quarter 2014 unaudited condensed consolidated financial statements, and other factors, have required us to obtain waivers and amendments of various provisions of the Amended Credit Agreement. Although we have obtained waivers and amendments relating to those violations, we cannot assure you that the financial impact of the Consolidation in future periods, actions taken by the ED affecting us or other factors relating to recent or future events affecting us, will not violate the covenants, or constitute a default by us, under the Amended Credit Agreement. We may not be able to obtain additional amendments to, or waivers of, those covenants or events of default. If we are unable to obtain a waiver of those events of default or an amendment to the Amended Credit Agreement that would allow us to be in compliance with those covenants or otherwise not be in default under the Amended Credit Agreement, the lenders would have various remedies, including:

- the lending commitments under the Amended Credit Agreement may be terminated;
- our ability to request the issuance of letters of credit and to obtain amendments, extensions or renewals of letters of credit already issued under the Amended Credit Agreement may be terminated;
- all then outstanding borrowings and other amounts owed under the Amended Credit Agreement may be declared immediately due and payable; and
- we could be required to provide cash collateral (in an amount equal to 109% of the face amount of a letter of credit issued for the benefit of the ED and 103% of the face amount of all other issued letters of credit) for our obligations with respect to outstanding letters of credit, if that cash collateral has not already been posted.

We may not be able to repay outstanding borrowings or other amounts, or be able to post the required cash collateral. In the event that we, or our subsidiary guarantor, do not pay in full, upon demand, all of our outstanding borrowings and other amounts owed under the Amended Credit Agreement or do not provide, upon demand, the cash collateral for our letter of credit obligations, the lenders would be entitled to recourse against the collateral security that we and our subsidiary guarantor have provided to obtain payment of amounts we owe or are required to provide, as cash collateral. The collateral security consists of:

- substantially all of our and our subsidiary guarantor's personal property; and
- all of the real property owned by us (other than the real property used by DWC), which consists of 30 separate parcels of land, and all of the improvements thereto and fixtures thereon.

In addition, even if we were able to repay the outstanding borrowings under the Amended Credit Agreement, the use of funds to make that repayment would have a material adverse effect on our cash position and would significantly reduce the amount of funds available to us to satisfy our obligations under the PEAKS Guarantee and the 2009 RSA, which could result in a default by us under those arrangements. Any of these events could have a material adverse effect on our business, ability to meet our obligations, ability to comply with regulatory requirements, financial condition and cash flows.

A default by us under the Amended Credit Agreement could also lead to a determination by:

- the ED that our institutions are not financially responsible;
- the ACs that our institutions are not financially stable; and/or
- one or more of the SAs that our institutions do not satisfy the SAs' financial requirements.

If the ED, ACs and/or SAs determines that our institutions do not satisfy the applicable financial requirements, these agencies could:

- impose monetary fines or penalties on our campuses;
- terminate or limit our campuses' operations or ability to award credentials;
- restrict or revoke our campuses' accreditation;
- limit, terminate or suspend our campuses' eligibility to participate in Title IV Programs or state financial aid programs;
- require our campuses to repay funds received under Title IV Programs or state financial aid programs;
- require us to post a letter of credit or increase the amounts of existing letters of credit;
- subject our institutions to heightened cash monitoring by the ED;
- transfer our institutions from the ED's advance system of receiving Title IV Program funds to its reimbursement system, which would significantly delay our institutions' receipt of Title IV Program funds; and
- subject us or our campuses to other penalties.

Each of these sanctions could adversely affect our financial condition, results of operations and cash flows, and impose significant operating restrictions on us. If any of our campuses lost its state authorization, the campus would be unable to offer postsecondary education and we would be forced to close the campus.

Table of Contents

In addition, the Amended Credit Agreement expires on March 21, 2015. We cannot assure you that we will be able to extend the term of the Amended Credit Agreement or refinance outstanding borrowings, which could have a material adverse effect on our business, ability to meet our obligations, ability to comply with regulatory requirements, financial condition and cash flows.

Risks Related to Our Highly Regulated Industry

Failure of our campuses to comply with the extensive regulatory requirements for school operations could result in financial penalties, restrictions on our operations, loss of federal and state financial aid funding for our students or loss of our authorization to operate our campuses. To participate in Title IV Programs, an institution must receive and maintain authorization by the appropriate SAs, be accredited by an AC recognized by the ED and be certified as an eligible institution by the ED. As a result, our ITT Technical Institute and DWC campuses are subject to extensive regulation by the ED, SAs and ACs, which cover the vast majority of our operations. The ED, SAs and ACs periodically revise their requirements and modify their interpretations of existing requirements. We cannot predict with certainty how all of the requirements applied by these agencies will be interpreted or implemented or whether all of our campuses will be able to comply with all of the requirements in the future.

If our campuses failed to comply with any of these regulatory requirements, these agencies could:

- impose monetary fines or penalties on our campuses;
- terminate or limit our campuses' operations or ability to award credentials;
- restrict or revoke our campuses' accreditation;
- limit, terminate or suspend our campuses' eligibility to participate in Title IV Programs or state financial aid programs;
- require our campuses to repay funds received under Title IV Programs or state financial aid programs;
- require us to increase the amount of the letter of credit that we are required to submit to the ED;
- subject our institutions to heightened cash monitoring by the ED;
- transfer our institutions from the ED's advance system of receiving Title IV Program funds to its reimbursement system, which would significantly delay our institutions' receipt of Title IV Program funds; and
- subject us or our campuses to other civil or criminal penalties.

See "Business – Highly Regulated Industry," for a discussion of the sanctions imposed on us by our Florida SA as a result of its determination that our 13 campuses in Florida are not financially stable. The sanctions imposed by our Florida SA or any sanctions described above that could be imposed by other agencies could adversely affect our financial condition, results of operations and cash flows and impose significant operating restrictions on us. If any of our campuses lost its state authorization, the campus would be unable to offer postsecondary education and we would be forced to close the campus.

If any of our campuses lost its accreditation, it would lose its eligibility to participate in Title IV Programs and, in some states, its ability to operate. If we could not arrange for alternative financing sources for the students attending a campus that lost its eligibility to participate in Title IV Programs, we could be forced to close that campus. Closing multiple campuses could have a material adverse effect on our financial condition, results of operations and cash flows. See "Business – Highly Regulated Industry."

The following are some of the specific risk factors related to our highly regulated industry:

Our institutions' failure to submit their audited consolidated financial statements and Compliance Audits to the ED by the due date resulted in sanctions imposed by the ED on our institutions that include, among other things, our institutions having to post a letter of credit, being placed on heightened cash monitoring and being provisionally certified. Our institutions are subject to extensive regulation by the ED. One of the ED's regulations applicable to our institutions is that each institution must submit to the ED its audited, consolidated financial statements and a Compliance Audit, in each case with respect to a fiscal year within six months of the following year. Our institutions did not submit their 2013 audited consolidated financial statements and Compliance Audits to the ED by June 30, 2014 and, as a result, the ED determined on August 21, 2014 that our institutions are not financially responsible. Based on this determination, the ED, among other things:

- requires our institutions to submit a letter of credit payable to the ED in the amount of $79.7 million (the "ED Letter of Credit");
- placed our institutions on heightened cash monitoring by the ED, instead of the ED's standard advance payment method;
- provisionally certified our institutions to participate in Title IV Programs;
- requires our institutions to provide the ED with information about certain oversight and financial events, as described further below;
- requires us to be able to demonstrate to the ED that, for our two most recent fiscal years, we were current on our debt payments and our institutions have met all of their financial obligations, pursuant to the ED's standards; and
- could require our institutions, in future years, to submit their audited financial statements and Compliance Audits to the ED earlier than six months following the end of their fiscal year.

Table of Contents

We are required to submit the ED Letter of Credit on or before November 4, 2014. The term of the ED Letter of Credit must be for a period that ends on November 4, 2019. We will be required to adjust the amount of the ED Letter of Credit annually to 10% of the Title IV Program funds received by our institutions in the immediately preceding fiscal year. The ED may terminate our institutions' eligibility to participate in Title IV Programs, which would have a material adverse effect on our business, financial condition, results of operations and cash flows, if we fail to:

- submit an irrevocable letter of credit payable to the ED in the required amount and for the appropriate term on or before November 4, 2014; or
- annually adjust the amount of the letter of credit to the appropriate amount.

Under heightened cash monitoring ("HCM"), before any of our institutions can request or draw down Title IV Program funds from the ED, the institution must:

- make disbursements to students and parents for the amount of Title IV Program funds that those students and parents are eligible to receive; and
- compile borrower-level records with respect to the disbursement of Title IV Program funds to each student and parent.

Once the HCM requirements are satisfied, our institutions may request or draw down Title IV Program funds from the ED in an amount equal to the actual disbursements made by our institutions. Our institutions will be subject to HCM until at least November 4, 2019. Although we have implemented procedures to address the HCM requirements, and believe that compliance with those requirements will not impact the timing of our institutions' receipt of Title IV Program funds by more than one business day, we cannot assure you that there will not be future delays in our institutions' receipt of Title IV Program funds or that our institutions will not request or draw down Title IV Program funds from the ED before the HCM requirements are satisfied. If any of our institutions request or draw down Title IV Program funds from the ED before the HCM requirements are satisfied, the ED could impose additional sanctions on our institutions that could have a material adverse effect on our business, financial condition, results of operations and cash flows, including, among other things:

- monetary fines or penalties;
- limiting, terminating or suspending our institutions' eligibility to participate in Title IV Programs; and/or
- transferring our institutions from the HCM method of receiving Title IV Program funds to the ED's reimbursement system, which would significantly delay our institutions' receipt of Title IV Program funds.

Any significant delay in our institutions' receipt of Title IV Program funds could adversely affect our financial condition, results of operations and cash flows, and could cause us to be in default of the Amended Credit Agreement. See "*—If we default under our Amended Credit Agreement, any borrowings must be repaid, we may be prevented from further borrowings and from obtaining or maintaining a letter of credit and/or the Amended Credit Agreement may be terminated by the lenders, which could have a material adverse effect on our liquidity and ability to comply with our obligations.*"

Our institutions will be provisionally certified by the ED to participate in Title IV Programs until at least November 4, 2019. Any institution provisionally certified by the ED must apply for and receive approval by the ED for any substantial change, before the institution can award, disburse or distribute Title IV Program funds based on the substantial change. Substantial changes generally include, but are not limited to:

- the establishment of an additional location;
- an increase in the level of academic offering beyond those listed in the institution's Eligibility and Certification Approval Report with the ED;
- an addition of any eligible non-degree education program or short-term training program; or
- an addition of a degree program by a proprietary institution.

If an institution applies for the ED's approval of a substantial change, the institution must demonstrate that it has the financial and administrative resources necessary to assure the institution's continued compliance with the ED's standards of financial responsibility and administrative capability. If we are unable to obtain the required approvals from the ED for any new campuses or learning sites, or any new program offerings, or to obtain those approvals in a timely manner, our ability to operate the new campuses, add the learning sites or offer new programs as planned would be impaired, which could have a material adverse effect on our expansion plans. See "*—We cannot operate new campuses, add learning sites or offer new programs, if they are not timely authorized by our regulators, and we may have to repay Title IV Program funds disbursed to students enrolled at any of those locations or in any of those programs, if we do not obtain prior authorization.*"

We are required to provide information to the ED about any of the following events within 10 days of its occurrence:

- any adverse action, including probation or similar action, taken against any of our institutions by its AC, any of its SAs or any federal agency;
- any event that causes us to realize any liability that was noted as a contingent liability in our most recent audited financial statements;
- any violation by us of any loan agreement;

Table of Contents

- any failure by us to make a payment in accordance with our debt obligations that results in a creditor filing suit to recover funds under those obligations;
- any withdrawal of our shareholders' equity or net assets by any means, including the declaration of a dividend;
- any extraordinary loss by us, as defined under Accounting Principles Board Opinion No. 30; or
- any filing of a petition by us for relief in bankruptcy court.

Our notice to the ED of the occurrence of any of the above events, must include the details of the circumstances surrounding the event and, if applicable, the steps we have taken, or plan to take, to resolve the issue.

The sanctions imposed on us by the ED described above could have a material adverse effect on our financial condition, results of operations, cash flows and ability to meet our contractual and regulatory obligations. Further, we cannot assure you that we will be able to submit the ED Letter of Credit in the amount and for the term required by the ED, that we will be able to provide the cash collateral required to maintain the ED Letter of Credit or that we will be able to obtain any required annual increases in the amount of the ED Letter of Credit. Our provision of the cash required under the Amended Credit Agreement to collateralize the ED Letter of Credit will have a material adverse effect on our liquidity, and will significantly reduce the amount of cash that we will have available for other purposes, including to satisfy our future payment obligations under the RSAs. The fact that a significant amount of our cash will be held in connection with the ED Letter of Credit could also negatively affect our ability to satisfy the financial metrics of the ED, SAs and ACs to which we are subject.

Action by the U.S. Congress to revise the laws governing the federal student financial aid programs or reduce funding for those programs could reduce our student population and increase our costs of operation. Political and budgetary concerns significantly affect Title IV Programs. The U.S. Congress enacted the HEA to be reauthorized on a periodic basis, which most recently occurred in 2008. If our efforts to comply with the provisions of the HEA are inconsistent with how the ED interprets the HEA or implements its regulations under the HEA, or with other regulations, we may be found to be in noncompliance with those provisions and the ED could impose monetary penalties, place limitations on our operations and/or condition or terminate our eligibility to participate in Title IV Programs.

In addition, the U.S. Congress can change the laws affecting Title IV Programs in the annual federal appropriations bills and other laws it enacts between the HEA reauthorizations. We cannot predict all of the changes that the U.S. Congress will ultimately make. Since a significant percentage of our revenue is indirectly derived from Title IV Programs, any action by the U.S. Congress that significantly reduces Title IV Program funding or the ability of our campuses or students to participate in Title IV Programs could have a material adverse effect on our financial condition, results of operations and cash flows.

If one or more of our ITT Technical Institute or DWC campuses lost its eligibility to participate in Title IV Programs, or if the U.S. Congress significantly reduced the amount of available Title IV Program funding, we would try to arrange or provide alternative sources of financial aid for the students at the affected campuses. It is unlikely that private organizations would be willing to provide loans to students attending those campuses or that the interest rate and other terms of those loans would be as favorable as for Title IV Program loans. In addition, the private organizations could provide a discounted disbursement amount to us on the student loans and/or require us to guarantee all or part of this assistance on unfavorable terms, and we might incur other additional costs. If we provided more direct financial assistance to our students, we would incur additional costs and assume increased credit risks.

Legislative action may also increase our administrative costs and burden and require us to modify our practices in order for our campuses to comply fully with the legislative requirements, which could have a material adverse effect on our financial condition, results of operations and cash flows.

One or more of our institutions may lose its eligibility to participate in Title IV Programs, if its federal student loan cohort default rates are too high. Under the HEA, an institution may lose its eligibility to participate in some or all Title IV Programs, if the rates at which the institution's students default on their federal student loans exceed specified percentages. The ED calculates these rates for each institution on an annual basis, based on the number of students who have defaulted, not the dollar amount of such defaults. Each institution that participated in the FFEL program and/or FDL program receives a FFEL/FDL cohort default rate for each federal fiscal year ("FFY") based on defaulted FFEL and FDL program loans. A FFY is October 1 through September 30. The ED calculates an institution's annual cohort default rate as the rate at which borrowers scheduled to begin repayment on their loans in one FFY default on those loans by the end of the second succeeding FFY ("Three-Year CDR").

The ED began calculating a Three-Year CDR for each institution for FFY 2009. If an institution's Three-Year CDR is:

- 30% or greater for three consecutive FFYs, the institution loses eligibility to participate in the FDL program and the Pell program for the remainder of the FFY in which the ED determines that the institution has lost its eligibility and for the two subsequent FFYs; or
- greater than 40% for one FFY, the institution loses eligibility to participate in the FDL programs for the remainder of the FFY in which the ED determines that the institution has lost its eligibility and for the two subsequent FFYs.

Table of Contents

None of our institutions had a Three-Year CDR of 30% or greater for the FFYs 2010 or 2011, which are the most recent FFYs for which official Three-Year CDRs have been issued by the ED. The following table sets forth the average of our institutions' Three-Year CDRs for the FFYs indicated:

FFY	Three-Year CDR Average
2011	22.4%
2010	28.5%
2009	32.9%(a)

(a) Reduced by the ED from 34.2% as a result of an uncorrected data adjustment.

We believe that the higher Three-Year CDR average for FFYs 2010 and 2009 compared to the Three-Year CDR average for FFY 2011 was primarily due to the servicing on the FFEL program loans that were purchased by the ED from the lenders (the "Purchased Loans") during 2009 and 2010. The Purchased Loans were initially serviced by the FFEL program lenders that made those loans, until the Purchased Loans were sold to the ED. Upon receipt of the Purchased Loans, the ED transferred the servicing of those loans to the servicer of the FDL program loans. Shortly thereafter, the ED replaced the servicer of the FDL program loans with four different servicers, and servicing of the Purchased Loans was distributed among the new servicers of the FDL program loans. We believe that the changes in the servicers of the Purchased Loans had a negative impact on the servicing of those loans, which could have resulted in a higher Three-Year CDR average with respect to those loans. We appealed the ITT Technical Institute institutions' official Three-Year CDRs for FFY 2009 on the basis that those Purchased Loans were improperly serviced. We have not yet received the ED's final determination of the ITT Technical Institute institutions' Three-Year CDRs for FFY 2009 in response to our loan servicing appeal. We anticipate that the result of this appeal will not significantly change the average Three-Year CDR for FFY 2009 shown above. We did not appeal the ITT Technical Institute institutions' official Three-Year CDRs for FFYs 2010 or 2011.

The ED may place an institution on provisional certification status, if the institution's official Three-Year CDR is 30% or greater for at least two of the three most recent FFYs. The ED may more closely review an institution that is provisionally certified, if it applies for approval to open a new location or offer a new program of study that requires approval, or makes some other significant change affecting its eligibility. Provisional certification does not otherwise limit an institution's participation in Title IV Programs.

An institution can appeal its loss of eligibility due to high Three-Year CDRs. During the pendency of any such appeal, the institution remains eligible to participate in the FDL and Pell programs. If an institution continues its participation in the FDL programs during the pendency of any such appeal and the appeal is unsuccessful, the institution must pay the ED the amount of interest, special allowance, reinsurance and any related payments paid by the ED (or which the ED is obligated to pay) with respect to the FDL program loans made to the institution's students or their parents that would not have been made if the institution had not continued its participation (the "Direct Costs"). If a substantial number of our campuses were subject to losing their eligibility to participate in the FDL and Pell programs because of our institutions' Three-Year CDRs, the potential amount of the Direct Costs for which we would be liable if our appeals were unsuccessful would prevent us from continuing some or all of the affected campuses' participation in the FDL program during the pendency of those appeals, which would have a material adverse effect on our financial condition, results of operations and cash flows.

Current and future economic conditions in the United States could also adversely affect our institutions' Three-Year CDRs. Increases in interest rates, declines in individuals' incomes and job losses for our students and graduates or their parents have contributed to, and could continue to contribute to, higher default rates on student loans.

The servicing and collection efforts of student loan servicers help to lower our institutions' Three-Year CDRs. We supplement their efforts by attempting to contact students to advise them of their responsibilities and any deferment, forbearance or alternative repayment plans for which they may qualify.

If any of our institutions lost its eligibility to participate in FDL and Pell programs and we could not arrange for alternative financing sources for the students attending the campuses in that institution, we would probably have to close those campuses, which would have a material adverse effect on our financial condition, results of operations and cash flows.

If the ED's proposed new gainful employment regulations are promulgated by the ED in a manner that withstands challenge, and if any of our programs of study fail to qualify as programs that lead to gainful employment in a recognized occupation under those regulations, students attending those programs of study will be unable to use funds from Title IV Programs to help pay their education costs. On June 13, 2011, the ED issued final regulations that were to become effective on July 1, 2012, specifying requirements related to a program of study that leads to gainful employment in a recognized occupation (the "2011 GE Rule"). On June 30, 2012, the U.S. District Court for the District of Columbia vacated all of the 2011 GE Rule, except for those portions pertaining to certain institutional disclosures and reporting requirements. On March 25, 2014, the ED published proposed new gainful employment regulations ("New GE Rule"). If the ED publishes a final version of the New GE Rule on or before November 1, 2014, it would take effect on July 1, 2015.

Table of Contents

The proposed New GE Rule includes some metrics that are similar to those originally set forth in the 2011 GE Rule, as well as additional provisions and other metrics, some of which are more restrictive than the terms of the 2011 GE Rule, including:

- Two debt-to-earnings rates (the "D/E Rates"), consisting of a debt-to-discretionary earnings ("dDTE") rate and a debt-to-earnings ("aDTE") rate.
    - The dDTE rate is the percentage that (i) the annual loan payment required on the median student loan debt incurred by students receiving funds from the Title IV Programs who completed the program represents of (ii) the higher of the mean or median of those students' discretionary earnings approximately two to three years after they graduate.
    - The aDTE rate is the percentage that (i) the annual loan payment required on the median student loan debt incurred by students receiving funds from the Title IV Programs who completed the program represents of (ii) the higher of the mean or median of those students' actual annual earnings approximately two to three years after they graduate.
    - A program must achieve an aDTE rate at or below 8%, or a dDTE rate at or below 20%, to be considered "passing." A program with an aDTE rate greater than 8%, but less than or equal to 12%, or a dDTE rate greater than 20%, but less than or equal to 30%, is considered "in the zone." A program with an aDTE rate greater than 12%, or a dDTE rate greater than 30%, is considered "failing."
    - A program will cease to be eligible for students to use Title IV Program funds, if its aDTE rate and dDTE rate are failing in two out of any three consecutive award years or not passing in one out of any four consecutive award years. An award year under the Title IV Programs begins on July 1st and ends on June 30th of the immediately succeeding calendar year.
- A program level Three-Year CDR ("pCDR") that would be calculated in the same manner as an institution's Three-Year CDR, but based solely on the performance of former students in the particular program.
    - A program will cease to be eligible for students to use Title IV Program funds, if its pCDR is higher than 30% for three consecutive FFYs.

If a program could become ineligible for students to use Title IV Program funds based on its D/E Rates for the next award year or pCDR for the next FFY, the institution must:

- provide a written warning to current and prospective students in that program which, among other things, states that students may not be able to use Title IV Program funds to attend the program; and
- not enroll, register or enter into a financial commitment with a prospective student in the program, until three business days after (a) the written warning is provided to the prospective student, or (b) a second written warning is provided to the prospective student, if more than 30 days have passed since the written warning was first provided to the prospective student.

The proposed New GE Rule also requires institutions to make additional public disclosures and report additional information to the ED with respect to each program that leads to gainful employment in a recognized occupation. The additional disclosure and reporting requirements would be administratively burdensome, would increase our compliance costs, and could cause fewer students to enroll in our programs of study.

If a program becomes ineligible for students to use Title IV Program funds, the institution cannot seek to reestablish the eligibility of that program, or establish the eligibility of a program with a classification of instructional program ("CIP") code that has the same first four digits as the CIP code of an ineligible program, until three years following the date on which the program became ineligible.

We cannot be sure of the outcome of this rulemaking, nor can we predict with any certainty which or how many of our programs of study would be ineligible or subject to student warnings under a New GE Rule. We are evaluating the potential impact of the proposed New GE Rule, which may be significantly different in its final version. We cannot predict with certainty the form or impact of a New GE Rule on our operations. Compliance with a New GE Rule could reduce our enrollments, increase our cost of doing business, and have a material adverse effect on our business, financial condition, results of operations and cash flows.

In response to the vacated 2011 GE Rule, we made significant changes to the programs of study that we offer. The vacated 2011 GE Rule also put downward pressure on tuition prices, to help prevent students from incurring debt that exceeded the levels required for a program to remain eligible under Title IV Programs. This, in turn, increased the percentage of our revenue that is derived from Title IV Programs and, therefore, could adversely impact our compliance with other ED regulations. We have also limited enrollment in certain programs of study and substantially increased our efforts to promote student loan repayment. A New GE Rule would likely result in the continuation of any or all of these factors. Any or all of these factors could reduce our enrollment and/or increase our cost of doing business, perhaps materially, which could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows and stock price.

Table of Contents

We may be subject to sanctions, including, without limitation, an increase the amount of the ED Letter of Credit, and other limitations in order to continue our campuses' participation in Title IV Programs, state authorization and accreditation, if we or our campuses do not meet the financial standards of the ED, SAs or ACs. The ED, SAs and ACs prescribe specific financial standards that an institution must satisfy to participate in Title IV Programs, operate in a state and be accredited. The ED evaluates institutions for compliance with its standards each year, based on the institution's annual audited financial statements, as well as following any change of control of the institution and when the institution is reviewed for recertification by the ED. In evaluating an institution's compliance with the financial responsibility standards, the ED may examine the financial statements of the individual institution, the institution's parent company or any party related to the institution. Historically, the ED has evaluated the financial condition of our institutions on a consolidated basis, based on our financial statements at the parent company level. The most significant financial responsibility measurement is the institution's composite score, which is calculated by the ED based on three ratios:

- the equity ratio, which measures the institution's capital resources, ability to borrow and financial viability;
- the primary reserve ratio, which measures the institution's ability to support current operations from expendable resources; and
- the net income ratio, which measures the institution's ability to operate at a profit.

The ED assigns a strength factor to the results of each of these ratios on a scale from negative 1.0 to positive 3.0, with negative 1.0 reflecting financial weakness and positive 3.0 reflecting financial strength. The ED then assigns a weighting percentage to each ratio and adds the weighted scores for the three ratios together to produce a composite score for the institution (the "Composite Score"). The Composite Score must be at least 1.5 for the institution to be deemed financially responsible by the ED without the need for further oversight. Our institutions' Composite Score, based on our fiscal year consolidated financial statements at the parent company level, was 1.8 in 2012. In calculating our institutions' 2013 Composite Score, there are two exclusions that might be available under the ED's regulations, which would cause our 2013 Composite Score to be higher than if the exclusions were not permitted. The potential exclusions are:

- the unusual, one-time charge related to the Consolidation; and
- the effect of a change in accounting estimate related to the 2009 RSA.

See Note 10 – Variable Interest Entities and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a more detailed discussion of these factors. The ED may not agree with either or both of these exclusions. If the ED determines that:

- both the unusual, one-time charge and the effect of a change in accounting estimate cannot be excluded from the calculation of our institutions' 2013 Composite Score, our institutions' 2013 Composite Score would be 0.9, which could require us to post a letter of credit, or increase the amount of any existing letter of credit, payable to the ED, as discussed below;
- the unusual, one-time charge can be excluded, but the effect of a change in accounting estimate cannot be excluded, from the calculation of the our institutions' 2013 Composite Score, our institutions' 2013 Composite Score would be 1.6;
- the effect of a change in accounting estimate can be excluded, but the unusual, one-time charge cannot be excluded, from the calculation of the our institutions' 2013 Composite Score, our institutions' 2013 Composite Score would be 1.8; or
- both the unusual, one-time charge and the effect of a change in accounting estimate can be excluded from the calculation of our institutions' 2013 Composite Score, our institutions' 2013 Composite Score would be 1.9.

If the ED determines that an institution does not satisfy the ED's financial responsibility standards (including, without limitation, having a Composite Score that is less than 1.5), the institution may establish its financial responsibility on one of several alternative bases, including:

- a letter of credit alternative, pursuant to which the institution must submit a letter of credit payable to the ED in an amount equal to at least 50% of the Title IV Program funds received by the institution during its most recently completed fiscal year;

- a provisional certification alternative for no more than three consecutive years, pursuant to which the institution:
  - must submit a letter of credit payable to the ED in an amount equal to at least 10% of the Title IV Program funds received by the institution during its most recently completed fiscal year;
  - must demonstrate to the ED that, for its two most recent fiscal years, the institution was current on its debt payments and has met all of its financial obligations to the ED;
  - would be placed on HCM or the reimbursement system of payment by the ED, instead of the ED's standard advance payment method;
  - would be subject to certain additional reporting requirements; and
  - could be required to submit its audited financial statements and Compliance Audit to the ED earlier than six months following the end of its fiscal year; or
- a zone alternative, if the institution is not financially responsible solely because its Composite Score is in the range of 1.0 to 1.4 for no more than three consecutive years, pursuant to which the institution:
  - would be placed on HCM or the reimbursement system of payment by the ED, instead of the ED's standard advance payment method;
  - would be subject to certain additional reporting requirements; and
  - could be required to submit its audited financial statements and Compliance Audit to the ED earlier than six months following the end of its fiscal year.

Table of Contents

The letter of credit that the ED has already required us to post might be accepted to satisfy any additional letter of credit requirement, but there can be no assurance that the ED would not require us to increase the amount of any then-existing letter of credit based on our institutions' 2013 Composite Scores. Any of the alternatives to establishing financial responsibility described above could have a material adverse effect on our financial condition, results of operations and cash flows. Any significant delay in our institutions' receipt of Title IV Program funds could adversely affect our financial condition, results of operations and cash flows, and could cause us to be in default of the Amended Credit Agreement. See "—*If we default under our Amended Credit Agreement, any borrowings must be repaid, we may be prevented from further borrowings and from obtaining or maintaining a letter of credit and/or the Amended Credit Agreement may be terminated by the lenders, which could have a material adverse effect on our liquidity and ability to comply with our obligations.*" Further, in the event that the ED requires our institutions to submit a letter of credit payable to the ED in an amount equal to at least 10% or 50% of the Title IV Program funds received by our institutions during its most recently completed fiscal year, we cannot assure you that our institutions would be able to submit a letter of credit payable to the ED in the amount required by the ED, or that we would be able to provide the cash collateral necessary to maintain any letter of credit.

The SA's financial standards include a variety of financial metrics and ratios, including, without limitation, positive net working capital, positive net worth, operating profit, one-to-one ratio of assets to liabilities and/or one-to-one ratio of current assets to current liabilities. Our institutions violated the financial standards of the SAs in Florida, Pennsylvania, Tennessee and West Virginia, due to:

- the Consolidation;
- our institutions' failure to submit their 2013 audited consolidated financial statements to the SAs by the applicable due dates; and/or
- other factors.

As a result of these violations our:

- Florida SA:
  - changed the authorization to operate for each of our 13 campuses in Florida from an annual license to a provisional license, through June 31, 2015;
  - will conduct an on-site visit of each of our Florida campuses to determine the campus' compliance with our Florida SA's regulations;
  - will require each of our Florida campuses to correct any deficiencies noted during our Florida SA's on-site visit of the campus;
  - required us to submit to our Florida SA any correspondence that we or any of our institutions have with the ED or the AC of our Florida campuses, within 15 days of the submission or receipt of that correspondence;
  - required each of our Florida campuses to submit a train-out plan to our Florida SA on or before September 4, 2014; and
  - required us to report to our Florida SA, at its September 2014 meeting, on the stability of our Florida campuses and any changes that may further affect our stability or operations;
- Pennsylvania SA could:
  - place each of our seven campuses in Pennsylvania on quarterly financial reporting;
  - require each of our Pennsylvania campuses to submit to our Pennsylvania SA a teach-out plan with respect to all of the campus' programs;
  - require each of our Pennsylvania campuses to submit to our Pennsylvania SA a business plan with respect to the campus' operations;
  - raise the required amount of the surety bond that each of our Pennsylvania campuses are required to post for the benefit of our Pennsylvania SA; and/or
  - suspend or revoke each of our Pennsylvania campuses' authorization to operate as an educational institution in Pennsylvania;
- Tennessee SA could:
  - assess monetary fines against each of our five campuses in Tennessee;
  - require each of our Tennessee campuses to submit to our Tennessee SA an audit of the campus' financial stability that is conducted in accordance with generally accepted auditing standards in the United States;
  - revoke or change each of our Tennessee campuses' authorization to operate as an educational institution in Tennessee; and/or
  - suspend or terminate all or any portion of our Tennessee campuses' operations in Tennessee, including, without limitation, new student enrollment, advertising and/or teaching specific programs; and
- West Virginia SA could:
  - raise the amount of the surety bond that our one campus in West Virginia needs is required to post for the benefit of our West Virginia SA;
  - call the surety bond that our West Virginia campus posted for the benefit of our West Virginia SA;
  - suspend, withdraw or revoke our West Virginia campus' authorization to operate or solicit students in West Virginia;
  - change our West Virginia campus' authorization to operate in West Virginia to a probationary authorization;
  - require our West Virginia campus to refund its students' tuition and fees; and/or

- take any other action against our West Virginia campus that our West Virginia SA deems appropriate.

Table of Contents

If some or all of the sanctions described above were imposed on many of the affected campuses, those sanctions would have a material adverse effect on our financial condition, results of operations and cash flows.

One or more of our institutions may have to post a letter of credit or be subject to other sanctions if it does not correctly calculate and return within the required time frame Title IV Program funds for, or refund monies paid by or on behalf of, students who withdraw before completing their program of study. The HEA and its implementing regulations impose limits on the amount of Title IV Program funds withdrawing students can use to pay their education costs (the "Return Policy"). The Return Policy permits a student to use only a pro rata portion of the Title IV Program funds that the student would otherwise be eligible to use, if the student withdraws during the first 60% of any period of enrollment. For the vast majority of our campuses, a period of enrollment is generally an academic quarter. The institution must calculate and return to the ED any Title IV Program funds that the institution receives on behalf of a withdrawing student in excess of the amount the student can use for such period of enrollment. The institution must return those unearned funds in a timely manner which is generally within 45 days of the date the institution determined that the student had withdrawn. If the unearned funds are not properly calculated and timely returned, we may have to post a letter of credit in favor of the ED or be otherwise sanctioned by the ED. An institution is required to post a letter of credit with the ED in an amount equal to 25% of the total dollar amount of unearned Title IV Program funds that the institution was required to return with respect to withdrawn students during its most recently completed fiscal year, if the institution is found in an audit or program review to have untimely returned unearned Title IV Program funds with respect to 5% or more of the students in the audit or program review sample of withdrawn students, in either of its two most recently completed fiscal years. As of December 31, 2013, no audit or review had found that any of our institutions violated the ED's standard on the timely return of unearned Title IV Program funds. The requirement to post a letter of credit or other sanctions by the ED could increase our cost of regulatory compliance and adversely affect our results of operations. Further, we cannot assure you that our institutions would be able to submit a letter of credit payable to the ED in the amount required by the ED, or that we would be able to provide the cash collateral required to maintain any letter of credit.

The standards of most of the SAs and the ACs limit a student's obligation to an institution for tuition and fees, if a student withdraws from the institution (the "Refund Policies"). The specific standards vary among the SAs. Depending on when, during an academic term, a student withdraws and the applicable Refund Policies, in many instances the student remains obligated to the campus for some or all of the student's education costs that were paid by the Title IV Program funds returned under the Return Policy. In these instances, many withdrawing students are unable to pay all of their education costs, unless the students have access to other sources of financial aid. Our experience has been that many of our affected students do not have access to other sources of financial aid and that we have been unable to collect a significant portion of many withdrawing students' education costs that would have been paid by Title IV Program funds that were returned, which, in the aggregate, have had and may continue to have a material adverse effect on our results of operations and cash flows.

One or more of our institutions may lose its eligibility to participate in Title IV Programs, if the percentage of its revenue derived from those programs is too high. Under a provision of the HEA commonly referred to as the 90/10 Rule, a proprietary institution may be sanctioned if, on a cash accounting basis, the institution derives more than 90% of its applicable revenue in a fiscal year from Title IV Programs. If an institution exceeds the 90% threshold for any single fiscal year, the ED would place that institution on provisional certification status for the institution's following two fiscal years, unless the institution's participation in Title IV Programs ends sooner. In addition, if an institution exceeds the 90% threshold for two consecutive fiscal years, it would be ineligible to participate in Title IV Programs as of the first day of the following fiscal year and would be unable to apply to regain its eligibility until the end of the second subsequent fiscal year. Furthermore, if one of our institutions exceeded the 90% threshold for two consecutive fiscal years and became ineligible to participate in Title IV Programs but continued to disburse Title IV Program funds, the ED would require the institution to repay, with limited exceptions, all Title IV Program funds disbursed by the institution after the effective date of the loss of eligibility.

For our 2013 fiscal year, none of our institutions derived more than approximately 83% of its applicable revenue on a cash accounting basis from Title IV Programs under the 90/10 Rule calculation. Any changes in federal law that increase Title IV Program grant or loan limits, or that count funds other than Title IV Program funds toward the 90% limit, may result in an increase in the percentage of revenue that we indirectly derive from Title IV Programs, which could make it more difficult for us to satisfy the 90/10 Rule.

We regularly monitor compliance with the 90/10 Rule to minimize the risk that any of our institutions would derive more than the maximum allowable percentage of its applicable revenue from Title IV Programs for any fiscal year. If an institution appeared likely to approach the maximum percentage threshold, we would consider making changes in student financing to comply with the 90/10 Rule, but we cannot assure you that we would be able to do this in a timely manner or at all. Further, one of the components of the 90/10 Rule calculation requires us to deduct, from the amount of applicable revenue that we can apply toward the 10% portion of the rule, the principal portion of the payments that we make under the 2009 RSA, in the fiscal year in which those payments are made. This component of the 90/10 Rule calculation increases the uncertainty of whether any of our

Table of Contents

institutions will derive more than 90% of its applicable revenue from Title IV Programs in future fiscal years. If any of our institutions lost its eligibility to participate in Title IV Programs and we could not arrange for alternative financing sources for the students attending the campuses in that institution, we would probably have to close those campuses, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Failure by one or more of our institutions to satisfy the ED's administrative capability requirements could result in financial penalties, limitations on the institution's participation in Title IV Programs, or loss of the institution's eligibility to participate in Title IV Programs. To participate in Title IV Programs, an institution must satisfy criteria of administrative capability prescribed by the ED. These criteria include requirements that the institution:

- demonstrate a reasonable relationship between the length of its programs and the entry-level job requirements of the relevant fields of employment;
- comply with all of the applicable Title IV Program regulations prescribed by the ED;
- have capable and sufficient personnel to administer the institution's participation in Title IV Programs;
- define and measure the satisfactory academic progress of its students within parameters specified by the ED;
- provide adequate financial aid counseling to its students who receive Title IV Program funds; and
- timely submit all required reports and financial statements to the ED.

If the ED determines that an institution is not capable of adequately administering its participation in any of the Title IV Programs, the ED could:

- impose monetary fines or penalties on the institution;
- require the institution to repay funds received under Title IV Programs;
- transfer the institution from the advance method of payment of Title IV Program funds to HCM or the reimbursement system of payment; or
- limit or terminate the institution's eligibility to participate in Title IV Programs.

Each of these sanctions could adversely affect our financial condition, results of operations and cash flows and impose significant operating restrictions on us. In addition, for 2014 and subsequent years, an institution is deemed by the ED to lack administrative capability if its Three-Year CDR equals or exceeds 30% for at least two of the three most recent federal fiscal years for which such rates have been published. If an institution's administrative capability is impaired solely because its Three-Year CDRs equal or exceed the applicable percentage, the institution can continue to participate in Title IV Programs, but the ED may place the institution on provisional certification.

We are subject to sanctions, if we pay impermissible commissions, bonuses or other incentive payments to individuals involved in certain recruiting, admission or financial aid activities. The ED's regulations prohibit an institution participating in Title IV Programs from providing any commission, bonus or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruitment or admission activity or in making decisions regarding the awarding of Title IV Program funds (the "Incentive Compensation Prohibition"). We believe that the Incentive Compensation Prohibition:

- does not establish clear criteria for compliance in all circumstances, and the ED will not entertain a request by an institution for the ED to review and assess its individual compensation plan;
- may subject us to qui tam lawsuits for alleged violations of the False Claims Act, 31 U.S.C. § 3729 *et seq.* ("False Claims Act");
- adversely affects our ability to compensate our employees based on their performance of their job responsibilities, which makes it more difficult to attract and retain highly-qualified employees; and
- impairs our ability to sustain and grow our business.

We cannot be sure that the compensation that we have paid our employees will not be determined to violate the Incentive Compensation Prohibition. If the ED determines that our compensation practices violate the Incentive Compensation Prohibition, the ED could subject us to substantial monetary fines or penalties or other sanctions. We could also be subjected to qui tam lawsuits for alleged violations of the False Claims Act related to the Incentive Compensation Prohibition. Those sanctions and lawsuits could have a material adverse effect on our financial condition, results of operations, cash flows and future growth.

We cannot operate new campuses, add learning sites or offer new programs, if they are not timely authorized by our regulators, and we may have to repay Title IV Program funds disbursed to students enrolled at any of those locations or in any of those programs, if we do not obtain prior authorization. Our expansion plans assume that we will be able to continue to obtain the necessary authorization from the ED, ACs and SAs to establish new campuses, add learning sites to our existing campuses and expand or revise program offerings in a timely manner. If we are unable to obtain the required authorizations from the ED, ACs or SAs for any new campuses or learning sites, or any new or revised program offerings, or to obtain such authorizations in a timely manner, our ability to operate the new campuses, add the learning sites or offer new or revised programs as planned would be impaired, which could have a material adverse effect on our expansion plans.

Table of Contents

The process of obtaining any required SA and ACs authorizations can also delay our operating new campuses, adding learning sites or offering new programs. The status of our institutions and the state laws and regulations in effect in the states where we are located or anticipate establishing a new location or the ACs standards may limit our ability to establish new campuses and learning sites and expand the programs offered at a campus, which could have a material adverse effect on our expansion plans.

In addition, an institution that is eligible to participate in Title IV Programs may add a new location or education program without the ED's approval only if certain requirements are met. Otherwise, the institution must obtain the ED's approval before it may disburse Title IV Program funds to students in the new location or education program. If we were to erroneously determine that a new location or education program is eligible for Title IV Program funding, we would likely be liable for repayment of the Title IV Program funds provided to students in that location or program. See "Business – Highly Regulated Industry."

Due to our institutions' failure to submit their 2013 audited consolidated financial statements and Compliance Audits to the ED by June 30, 2014, all of our institutions are provisionally certified to participate in the Title IV Programs. See "*—Our institutions' failure to submit their audited consolidated financial statements and Compliance Audits to the ED by the due date resulted in sanctions imposed by the ED on our institutions that include, among other things, our institutions having to post a letter of credit, being placed on heightened cash monitoring and being provisionally certified.*" Any institution provisionally certified by the ED must apply for and receive approval by the ED for any substantial change before the institution can award, disburse or distribute Title IV Program funds based on the substantial change. Substantial changes generally include, but are not limited to:

- the establishment of an additional location;
- an increase in the level of academic offering beyond those listed in the institution's Eligibility and Certification Approval Report with the ED;
- an addition of any eligible non-degree education program or short-term training program; or
- an addition of a degree program by a proprietary institution.

See "Business – Highly Regulated Industry," for a further discussion of the ED's provisional certification of an institution to participate in Title IV Programs. See also "*—If the ED's proposed new gainful employment regulations are promulgated by the ED in a manner that withstands challenge, and if any of our programs of study fail to qualify as programs that lead to gainful employment in a recognized occupation under those regulations, students attending those programs of study will be unable to use funds from Title IV Programs to help pay their education costs,*" regarding additional program approval requirements that are contained in the draft regulations under the New GE Rule.

Failure by any of our campuses or program offerings to satisfy the ACICS compliance standards with respect to Student Retention Rates, Graduate Placement Rates or Licensure Examination Pass Rates could cause us to close those campuses and reduce the offerings of those programs. Under the ACICS standards, if the Student Retention Rate or Graduate Placement Rate:

- of a campus falls below the ACICS benchmark standards, the campus is required to develop and implement a campus improvement plan and periodically report its results to the ACICS;
- of a campus falls below the ACICS compliance standards, the campus is required to come into compliance within a specified time period, or the ACICS may withdraw the campus' inclusion in the institution's grant of accreditation;
- of a program offering at a campus falls below the ACICS benchmark standards, the campus is required to develop and implement a program improvement plan for that program offering; or
- of a program offering at a campus falls below the ACICS compliance standards, the program offering is required to come into compliance within a specified time period, or the ACICS may withdraw its authorization of that program offering.

The ACICS has also implemented standards related to Licensure Examination Pass Rates that apply to programs of study that have graduates who, if they seek employment, are required to have a certificate, licensure or registration based on an industry-sponsored examination in the applicable field. Under the ACICS standards, if the Licensure Examination Pass Rate:

- of a program offering at a campus falls below the ACICS benchmark standards, the campus is required to develop and implement a program improvement plan for that program offering; or
- of a program offering at a campus falls below the ACICS compliance standards, the program offering is required to come into compliance within a specified time period, or the ACICS may withdraw its authorization of that program offering.

A campus that falls below the ACICS:

- benchmark standards is not required to obtain permission from the ACICS prior to applying to add a new program offering; or
- compliance standards is required to obtain permission from the ACICS prior to applying to add a new program offering.

One ITT Technical Institute location needs to raise its Student Retention Rate to at least 60% by November 1, 2015, or the ACICS may withdraw that location's inclusion in the institution's grant of accreditation. Five ITT Technical Institute locations

Table of Contents

need to raise their Graduate Placement Rates to at least 60% by November 1, 2015, or the ACICS may withdraw those locations' inclusion in the institution's grant of accreditation. A total of 87 program offerings at 61 ITT Technical Institute locations need to raise their Student Retention Rates to at least 60% by November 1, 2015, or the ACICS may withdraw its authorization of those program offerings (although we have discontinued and are no longer enrolling new students in 18 of those program offerings). A total of 158 program offerings at 86 ITT Technical Institute locations need to raise their Graduate Placement Rates to at least 60% by November 1, 2015, or the ACICS may withdraw its authorization of those program offerings (although we have discontinued and are no longer enrolling new students in 141 of those program offerings). A total of four program offerings at four ITT Technical Institute locations need to raise their Licensure Examination Pass Rates to at least 60% by November 1, 2015, or the ACICS may withdraw its authorization of those program offerings.

If the ACICS determines that its Mitigating Circumstances apply to an institution's campus or program, the ACICS waives the application of the compliance standard to the institution's campus or program. The ACICS has granted Mitigating Circumstances waivers to a total of:

- one ITT Technical Institute location with respect to the Student Retention Rate compliance standard;
- nine ITT Technical Institute locations with respect to the Graduate Placement Rate compliance standard;
- six program offerings at six ITT Technical Institute locations with respect to the Student Retention Rate compliance standard; and
- four program offerings at three ITT Technical Institute locations with respect to the Graduate Placement Rate compliance standard.

The number of ITT Technical Institute locations and program offerings that received Mitigating Circumstances waivers from the ACICS are not included in the number of ITT Technical Institute locations and program offerings specified in the immediately preceding paragraph that are subject to having the locations' inclusion in the institution's grant of accreditation withdrawn or the program offerings' authorizations withdrawn for failure to comply with the Student Retention Rate and Graduate Placement Rate compliance standards.

If any of our ITT Technical Institute locations and/or program offerings fall below the Student Retention Rate, Graduate Placement Rate or Licensure Examination Pass Rate compliance standards and we were unable to timely bring those locations and/or program offerings into compliance, we may have to close those locations and reduce the offerings of those programs, which could have a material adverse effect on our expansion plans, financial condition, results of operations and cash flows.

The failure of our programs of study offered in any state to qualify as credit hour programs, as opposed to clock hour programs, under the ED's regulations would likely result in our students, who attend those programs, receiving less funds from Title IV Programs, may result in fewer students attending those programs and could result in financial penalties. The ED's regulations related to determining when a program of study is required to measure student progress in clock hours, as opposed to credit hours, are unclear. Students attending credit hour programs of study that are required to be measured in clock hours will likely receive less funds from Title IV Programs to pay their cost of education with respect to those programs of study. Students interested in those programs of study may have to use more expensive private financing to pay their cost of education or may be unable to enroll in those programs of study. Students may determine that they do not qualify for private financing or that the private financing costs make borrowing too expensive, which may cause students to abandon or delay their education. Any or all of these factors could reduce our enrollment, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and stock price. If we were to erroneously determine that a program of study is not required to measure student progress in clock hours, we would likely be liable for repayment of a portion of the Title IV Program funds provided to students in that program of study based on the difference between the amount of funds those students received and the amount they were eligible to receive.

Government and regulatory agencies and third parties have brought, and may bring additional, investigations, claims or actions against us based on alleged violations of the extensive regulatory requirements applicable to us, which could require us to pay monetary damages, receive other sanctions and expend significant resources to defend those claims or actions. We are subject to investigations and claims of non-compliance with regulatory standards and other actions brought by regulatory agencies, students, shareholders and other parties. Some of the more significant pending investigations, claims and actions are described below. If the results of any investigations, claims and/or actions are unfavorable to us, we may be required to pay money damages or be subject to fines, penalties, injunctions, operational limitations, loss of eligibility to participate in federal or state financial aid programs, debarments, additional oversight and reporting, or other civil and criminal sanctions. Those sanctions could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, we have incurred, and expect to continue to incur, significant legal and other expenses in connection with investigations, claims and actions, which could have a material adverse effect on our financial condition, results of operations and cash flows. Investigations, claims and actions have and will continue to cause a substantial diversion of our management's attention and resources from our ongoing business operations, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Adverse publicity regarding any of those investigations, claims and/or actions could also negatively affect our business and the market price of our common stock. Further, the fact that investigations, claims and actions are pending against us has resulted in, and could in the future result in, increased scrutiny, the withholding of authorizations and/or the imposition of other sanctions by SAs, the ACs and other regulatory agencies governing us. See "Business – Highly Regulated Industry."

Table of Contents

On May 18, 2012, we received a Civil Investigative Demand (the "Original CID") from the U.S. Consumer Financial Protection Bureau (the "CFPB"). In September 2013, the CFPB withdrew the Original CID and we received a new Civil Investigative Demand (the "New CID") from the CFPB. Both the Original CID and the New CID provided that the purpose of the CFPB's investigation was, in part, "to determine whether for-profit post-secondary companies, student loan origination and servicing providers, or other unnamed persons have engaged or are engaging in unlawful acts or practices relating to the advertising, marketing, or origination of private student loans." Both the Original CID and the New CID contained broad requests for oral testimony, production of documents and written reports related to private education loans made to our students, internal financing provided to our students and certain other aspects of our business. We provided documentation and other information to the CFPB, while preserving our rights to object to its inquiry.

On February 26, 2014, the CFPB filed a complaint against us in the United States District Court for the Southern District of Indiana under the following caption: *Consumer Financial Protection Bureau v. ITT Educational Services, Inc.* (the "CFPB Litigation"). The complaint alleges, among other things, that we violated:

- Section 1036(a)(1) of the Consumer Financial Protection Act of 2010 (the "CFPA"), 12 U.S.C. § 5536(a)(1), which prohibits unfair, deceptive and abusive acts and practices, from July 21, 2011 through December 2011, by:
  - subjecting consumers to undue influence or coercing them into taking out private education loans through a variety of unfair acts and practices designed to interfere with the consumers' ability to make informed, uncoerced choices;
  - taking unreasonable advantage of consumers' inability to protect their interest in selecting or using private education loans; and
  - taking unreasonable advantage of consumers' reasonable reliance on us to act in the consumers' interests; and
- the Truth in Lending Act, 15 U.S.C. §§ 1601 *et seq*., and Regulation Z thereunder, 12 C.F.R. Part 1026, which require certain disclosures to be made in writing to consumers in connection with the extension of consumer credit, since March 2009, by failing to disclose a discount that constituted a finance charge.

On April 28, 2014, we filed a motion to dismiss the CFPB Litigation for, among other reasons, lack of jurisdiction and failure to state a claim upon which relief can be granted. We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

On October 30, 2012, we received a Civil Investigative Demand ("CID") from the Massachusetts Office of the Attorney General ("MAG"). The MAG's CID provides that the MAG is investigating allegations that we may have violated Massachusetts General Laws, Chapter 93A, Section 2(a) by "engaging in unfair or deceptive practices in connection with marketing and advertising job placement and student outcomes, the recruitment of students, and the financing of education." The MAG's CID contains broad requests for production of documents related to our students in Massachusetts, including the financial aid available to those students, our recruitment of those students, the career services that we offer to those students, our marketing and advertising, the retention and graduation rates of those students and many other aspects of our business. We are cooperating with the MAG in its investigation, and we have provided documentation, communications and other information to the MAG in response to the CID. The ultimate outcome of the MAG investigation, however, could have a material adverse effect on our financial condition, results of operations and/or cash flows.

In January, February, April and May 2014, we received subpoenas and/or CIDs from the Attorneys General of Arkansas, Arizona, Colorado, Connecticut, Hawaii, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Tennessee and Washington under the authority of each state's consumer protection statutes. The Attorney General of the Commonwealth of Kentucky has informed us that it will serve as the point of contact for the multistate group to respond to questions relating to the subpoenas and CIDs. The subpoenas and CIDs contain broad requests for information and the production of documents related to our students and practices, including marketing and advertising, recruitment, financial aid, academic advising, career services, admissions, programs, licensure exam pass rates, accreditation, student retention, graduation rates and job placement rates, as well as many other aspects of our business. We believe that several other companies in the proprietary postsecondary education sector have received similar subpoenas and CIDs. We are cooperating with the Attorneys General of the states involved. The ultimate outcome of the state Attorneys General investigation, however, could have a material adverse effect on our financial condition, results of operations and/or cash flows.

On February 27, 2014, the New Mexico Attorney General filed a complaint against us in the District Court of New Mexico under the following caption: *State of New Mexico, ex rel. Gary K King, Attorney General v. ITT Educational Services, Inc., et al.* (the "New Mexico Litigation"). On April 4, 2014, we removed the New Mexico Litigation to the U.S. District Court for the District of New Mexico. The complaint alleges, among other things, that we engaged in a pattern and practice of exploiting New Mexico consumers by using deceptive, unfair, unconscionable and unlawful business practices in the marketing, sale, provision and financing of education goods and services in violation of New Mexico's Unfair Practices Act. In particular, the complaint contains allegations that:

- we misrepresented matters related to our nursing education program, including, without limitation, its programmatic accreditation status, the transferability of credits earned in the program and the curriculum of the program;

Table of Contents

- we misrepresented the terms of the financial aid available to students and the cost of our programs;
- we engaged in unfair or deceptive trade practices;
- we failed to issue refunds; and
- our form enrollment agreement contained unenforceable and unconscionable provisions.

The complaint seeks:

- an order declaring portions of our enrollment agreement illusory, unconscionable and unenforceable;
- preliminary and permanent injunctive relief;
- disgorgement of unjust enrichment amounts;
- unspecified civil penalty amounts;
- restitution; and
- reasonable costs, including investigative costs.

We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

On February 8, 2013, we received the first of many subpoenas from the SEC. In a letter accompanying each of the subpoenas, the SEC states that it is conducting an investigation of us. The SEC's subpoenas requested the production of documents and communications that, among other things, relate to our actions and accounting associated with:

- agreements that we entered into with the 2009 Entity to create the 2009 Loan Program, including, without limitation, the 2009 RSA;
- agreements that we entered into with unrelated parties on January 20, 2010 to create the PEAKS Program, which made private education loans available to our students to help pay the students' cost of education that student financial aid from federal, state and other sources did not cover, pursuant to which:
  - an unrelated lender originated private education loans to our eligible students and, subsequently, sold those loans to the PEAKS Trust;
  - the PEAKS Trust issued the PEAKS Senior Debt in the aggregate principal amount of $300.0 million to investors; and
  - under the PEAKS Guarantee, we guarantee payment of the principal, interest and, prior to February 2013, certain call premiums owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and a minimum required ratio of assets of the PEAKS Trust to outstanding PEAKS Senior Debt (the "Asset/Liability Ratio");
- certain accounting-related documents associated with the 2009 Loan Program, the PEAKS Program and internal student financing; and
- our board of directors-related materials associated with the 2009 Loan Program, the PEAKS Program and internal student financing.

We have provided the information requested, including testimony of senior employees. On August 7, 2014, we received a "Wells Notice" from the staff of the Division of Enforcement (the "Staff") of the SEC notifying us that the Staff had made a preliminary determination to recommend that the SEC file an enforcement action against us. According to the Staff, the enforcement action would allege violations of Sections 10(b), 13(a) and 13(b)(2) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13 and 13a-15 under the Exchange Act. The proposed action relates primarily to certain disclosures and accounting surrounding the two loan programs noted above. The SEC's notice said that the Staff's recommendation may:

- involve a civil injunctive action, public administrative proceeding and/or cease-and-desist proceeding against us; and
- seek remedies that include an injunction, a cease-and-desist order and monetary relief, including civil monetary penalties.

A Wells Notice is neither a formal allegation nor a finding of wrongdoing. Instead, it is a preliminary determination by the Staff to recommend that the SEC file a civil enforcement action or administrative proceeding against the recipient. Under the SEC's procedures, a recipient of a Wells Notice has an opportunity to respond in the form of a Wells submission that seeks to persuade the SEC that such an action should not be brought. Accordingly, we made a submission to the Staff in response to the Wells Notice setting forth why the factual record does not support the enforcement action recommended by the Staff and that any perceived shortcomings were made in good faith. Although we intend to defend ourselves vigorously should the SEC authorize any legal action that does not comport with our view of the facts, we cannot predict the outcome of any legal action or whether the matters will result in any settlement. The ultimate outcome of the SEC investigation, any legal action by the SEC or any settlement could have a material adverse effect on our financial condition, results of operations and/or cash flows.

Investigations, claims and actions against companies in our industry could adversely affect our business and stock price. Like us, the operations of a number of companies in the postsecondary education industry have been subject to intense regulatory scrutiny. In some cases, allegations of wrongdoing have resulted in reviews or investigations by the U.S. Department of Justice, SEC, ED, CFPB, Government Accountability Office, Department of Veterans Affairs, Federal Trade Commission, Department of Defense, state education and professional licensing authorities, states' attorney general offices or other state agencies. These investigations and actions have alleged, among other things, deceptive trade practices and noncompliance with regulations. These allegations have attracted adverse media coverage that may negatively affect public perceptions of proprietary education institutions, including the ITT Technical Institutes and Daniel Webster College. Adverse media coverage regarding other companies in the proprietary education sector or regarding us directly could damage our reputation, could result in lower enrollments, revenue and profit, and could have a negative impact on our stock price. These allegations, reviews, investigations and enforcement actions and the accompanying adverse publicity could also result in increased scrutiny of, and have a negative impact on, us and our industry.

Changes in the amount or availability of veterans' educational benefits or Department of Defense tuition assistance programs could materially and adversely affect our business. Certain members of the U.S. Congress and the Obama Administration have increased their focus on Department of Defense tuition assistance and veterans educational benefits that are used for programs of study offered at proprietary education institutions, particularly distance education programs of study. On April 27, 2012, President Obama signed Executive Order 13607, Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members (the "EO"). The EO requires an institution to agree to comply with the principles of excellence described in the EO in order for the institution to participate in the Yellow Ribbon Program for Veterans under the Post-9/11 GI Bill or the Tuition Assistance Program for active duty service members. Among other things, the principles of excellence include a requirement that institutions implement a refund policy for veterans and service members that is aligned with the Return Policy. In addition, federal legislation has been introduced that would revise the 90/10 Rule to count Department of Defense tuition assistance and veterans' educational benefits toward the 90% limit. To the extent that any laws, regulations or other requirements are adopted that limit or condition the amount of educational benefits that veterans and active duty service members can use toward their costs of education at proprietary education institutions or in distance education programs, or that limit or condition the participation of proprietary education institutions or distance education programs in veteran or military tuition assistance programs or in Title IV Programs with respect to veteran or military tuition assistance programs, our enrollments, results of operations and financial condition could be materially and adversely affected.

If the graduates of some of our programs are unable to obtain licensure in their chosen professional fields of study, the enrollment in and the revenue derived from those programs could decrease and claims could be made against us that could be costly to defend. Graduates of certain of our programs of study offered through our Breckinridge School of Nursing and Health Sciences seek professional licensure in their chosen field following graduation. Their success in obtaining licensure depends on several factors, including:

- the merits of the individual student; and
- whether the campus and the program were authorized by the appropriate SAs and/or approved by an accrediting commission and/or professional association.

Certain SAs refuse to license students who graduate from programs that do not meet specific types of programmatic accreditation, residency or other state requirements. In the event that one or more SAs refuses to recognize our graduates for professional licensure in the future based on factors relating to our campuses or their programs, student enrollment in those programs would be negatively impacted which could have an adverse effect on our results of operations. In addition, we could be exposed to claims that would force us to incur legal and other expenses that could have a material adverse effect on our results of operations.

Laws and regulations relating to marketing practices could limit our marketing activities or cause us to discontinue the marketing activities that we currently use or plan to use, and failure to comply with such laws and regulations could result in statutory damages or lawsuits against us. We rely on a variety of direct-to-consumer marketing techniques, including telemarketing, email marketing and postal mailings, and we are subject to various laws and regulations which govern marketing and advertising practices. For example, the Telephone Consumer Protection Act of 1991, the Telemarketing Sales Rule, the CAN-SPAM Act of 2003 and various other federal and state laws and regulations impose requirements on the manner and extent to which we can market our programs to prospective students. A recent amendment to the Telephone Consumer Protection Act requires, among other things, that we receive prior express written consent from consumers in order to place telemarketing calls to wireless phones using certain technology. Efforts to comply with the new regulations may negatively affect our ability to contact prospective students and, therefore, our revenue and profitability. Newly-adopted or amended laws and regulations relating to telemarketing, and increased enforcement of such laws and regulations by governmental agencies or by private litigants, could adversely affect our business, operating results and financial condition. Our failure to comply with laws and regulations applicable to our marketing activities could also result in statutory damages and class action lawsuits against us.

The Early Career Academy is highly regulated, may require significant expenditures by us and may not be a successful business endeavor. To date, we have become the EMO for only one public charter high school. As such, the Early Career Academy is in the initial stages, and we cannot assure you that it will be a successful endeavor for us in the foreseeable future or at all. The Early Career Academy business is subject to extensive regulation, and we believe that it may require significant expenditures by us. Some of the factors that could have an adverse effect on the business of the Early Career Academy include, among others:

- a reduction in government funding for, or a loss of tax-exempt status or funding eligibility by, public charter high schools;
- the poor performance or misconduct by the Early Career Academy or operators of other public charter high schools;
- legal claims challenging various aspects of public charter high schools; and
- non-compliance with applicable regulations.

Risks Related to Our Business

Our guarantee obligations under the private education loan programs have had, and could continue to have, a material adverse effect on us. We have entered into risk sharing and guarantee agreements with entities related to private education loans provided to our students to help pay the students' cost of education that student financial aid from federal, state and other sources does not cover. We settled all of our guarantee obligations under a risk sharing agreement that we entered into in 2007 (the "2007 RSA") through a payment of $46.0 million in January 2013. Under the 2009 RSA, we guarantee the repayment of any private education loans that are charged off above a certain percentage of the private education loans made under the 2009 RSA, based on dollar volume. Under the PEAKS Guarantee, we guarantee:

- the payment of principal (i.e., approximately $214.5 million as of June 30, 2014) and interest on the outstanding PEAKS Senior Debt;
- the payment of administrative fees and expenses to the PEAKS Trust; and
- a minimum required Asset/Liability Ratio.

Our obligations under the PEAKS Guarantee will remain in effect until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full. Our obligations under the 2009 RSA will remain in effect, until all private education loans made under the 2009 Loan Program are paid in full or charged off. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Private Education Loan Program Obligations," for information regarding the guarantee payments, the payments on behalf of student borrowers that we made under the PEAKS Program to avoid defaults by those borrowers on their PEAKS Trust Student Loans ("Payments on Behalf of Borrowers") and the payments that we made related to the RSAs in 2013. See also Note 10 – Variable Interest Entities and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements.

The repayment performance of the private education loans under the RSAs has been significantly worse, and the charge-off rate on those loans has been significantly higher, than we originally projected when we entered into the RSAs and our subsequent projections. Further, under the PEAKS Guarantee, due to the Consolidation and other factors, we were not in compliance with certain financial metrics under the PEAKS Program, which resulted in an increase in the required minimum Asset/Liability Ratio and a requirement that we make higher payments under the PEAKS Guarantee. As a result of the higher charge-off rates of the private education loans made under both the 2009 Loan Program and PEAKS Program and the increased Asset/Liability Ratio, we have made payments related to the RSAs that have been significantly higher than we initially anticipated, and we currently estimate that we will be required to make payments in material amounts under the RSAs in 2014 and future years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Private Education Loan Program Obligations" and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for the amount of payments that we currently estimate we will be required to make through the remaining terms of the RSAs.

As a consequence of the restatement of our unaudited condensed consolidated financial statements in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, certain quarterly reports that we were required to deliver to the indenture trustee of the PEAKS Trust under the PEAKS Guarantee were inaccurate. We delivered corrected quarterly reports to the indenture trustee on October 9, 2014. If we had delivered accurate quarterly reports, or with respect to periods in 2014 through June 30, 2014, delivered quarterly reports, to the indenture trustee of the PEAKS Trust, we believe the indenture trustee would have made payment demands beginning in April 2013, requiring us to make additional payments under the PEAKS Guarantee totaling approximately $60.3 million in the aggregate, in order to maintain an Asset/Liability Ratio of 1.40/1.00. On October 9, 2014, we made a guarantee payment of $50.0 million, which payment, along with other payments that we have made to the PEAKS Trust in recent months, included amounts that would have become due between April 2013 and September 2014, had we delivered accurate quarterly reports. The delivery of inaccurate quarterly reports constituted a breach of the PEAKS Guarantee and an event of default under the indenture under the PEAKS Program (the "PEAKS Indenture"). In the event of a default under the PEAKS Indenture, the payment of the entire amount of the PEAKS Senior Debt could be accelerated, which would trigger our obligation to pay the full amount of the PEAKS Senior Debt pursuant to our obligations under the PEAKS Guarantee, additional remedies could be sought against us and there could be a cross-default under the Amended Credit Agreement, any of which would have a material adverse effect on our results of operations, financial condition and cash flows. We believe that the delivery of the corrected quarterly reports and making the additional guarantee payments satisfied our obligations under the PEAKS Guarantee with respect to these matters and cured the event of default under the PEAKS Indenture. We cannot predict, however, whether the holders of the PEAKS Senior Debt will assert other breaches of the PEAKS Guarantee by us or assert that any breach of the PEAKS Guarantee or event of default under the PEAKS Indenture was not properly cured.

Table of Contents

We have offset approximately $9.1 million against amounts owed to us by the 2009 Entity under a revolving promissory note (the "Revolving Note"), instead of making additional payments under the 2009 RSA in that amount. We understand the 2009 Entity's position to be that the offset was improper and, as a result, we are in default under the 2009 RSA. In the event of a default by us under the 2009 RSA related to the offset, we may be required to pay to the 2009 Entity approximately $8.6 million, representing the amount of the offset, net of approximately $0.5 million of recoveries from charged-off loans that are owed, but have not been paid, to us. If the 2009 Entity instead were to withdraw cash collateral in that amount from the restricted bank account maintained to hold collateral to secure our obligations under the 2009 RSA, we would be required to deposit that amount of cash in the account to maintain the required level of collateral under the 2009 RSA.

As a consequence of the restatement of our unaudited condensed consolidated financial statements in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, certain quarterly compliance certificates that we were required to deliver to the 2009 Entity under the 2009 RSA were inaccurate. Those inaccuracies did not affect our compliance with the financial ratio covenants in the 2009 RSA as of March 31, 2013. We were not, however, in compliance with the financial ratio covenants in the 2009 RSA as of June 30, 2013 and subsequent measurement dates. Further, due to our failure to timely file our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2014 and June 30, 2014, we did not timely deliver the required compliance certificates under the 2009 RSA with respect to those periods. As a result of our noncompliance with the financial ratio covenants as of June 30, 2013 and subsequent measurement dates, the amount of collateral required to be maintained in the restricted bank account has been increased by approximately $2.6 million. We intend to make in October 2014 a deposit in that amount to the restricted bank account to be held as additional collateral under the 2009 RSA.

In addition, at the end of each reporting period, we assess whether we should recognize a contingent liability related to the 2009 RSA and, prior to February 28, 2013, the PEAKS Program. Due to a number of factors, primarily the significant charge-off rate of the private education loans under the 2009 Loan Program, the amount of the contingent liability that we recorded related to the 2009 RSA as of December 31, 2013 increased substantially to approximately $116.9 million. Further, the amount of the contingent liability that we record related to the 2009 RSA in periods after December 31, 2013 could further increase substantially. The amount of the contingent liability that we record related to the 2009 RSA has negatively impacted, and could continue to negatively impact, our compliance with covenants under the Amended Credit Agreement, the financial metrics under the RSAs and the requirements of the ED, SAs and ACs.

Even if the charge-off rates of the private education loans made under the 2009 Loan Program and PEAKS Program remain at levels similar to the charge-off rates that we are currently utilizing in our estimates of future payment amounts under the RSAs and the contingent liability amount related to the 2009 RSA, those payment amounts and the contingent liability amount could have a material adverse effect on our liquidity, cash flows and financial position, and could cause us to violate the requirements of the ED, SAs and ACs and/or our covenants under the Amended Credit Agreement.

Under the 2009 RSA, we have an obligation to make the monthly payments due and unpaid on those private education loans that have been charged off above a certain percentage ("Regular Payments"). Instead of making Regular Payments, however, we may elect to:

- pay the then outstanding balance (plus accrued and unpaid interest) of those private education loans that have been charged off above a certain percentage and, with respect to which, an amount equal to at least ten monthly payments has been paid; or
- pay the then outstanding balance (plus accrued and unpaid interest) of those private education loans that have been charged off above a certain percentage and, with respect to which, an amount equal to at least ten monthly payments has not been paid, plus any interest that would otherwise have been payable until ten monthly payments had been made, discounted at the rate of 10% per annum,

(collectively, "Discharge Payments"). Our estimates of the future payment amounts under the 2009 RSA and the timing of those payments, assume, among other factors, that we make Discharge Payments to the fullest extent possible in 2018 and later years. If we do not make the Discharge Payments as assumed in 2018 and later years, due to an inability to make payments in those amounts or for any other reason, we estimate that we will have to pay significantly larger amounts under the 2009 RSA over the remaining term of that agreement.

Table of Contents

Our estimates of the future charge-off rates of the private education loans made under the 2009 Loan Program and PEAKS Program and of other factors that we utilize in our projections are based on numerous assumptions which may not prove to be correct and involve a number of risks and uncertainties. We would be required to pay additional material amounts under the RSAs and we could be required to make payments under the RSAs earlier than currently projected and record a higher contingent liability amount related to the 2009 RSA, in the event that:

- the charge-off rates on the private education loans are higher than we are currently estimating;
- other factors utilized in our projections are worse than currently estimated; and/or
- other factors negatively impact our compliance with the financial metrics to which we are subject under the RSAs.

Any of these events could have a material adverse effect on us, including, among others, on our:

- results of operations, financial condition and cash flows;
- liquidity and ability to pay our obligations as they become due;
- ability to comply with the requirements of the ED, SAs and ACs to which we are subject, resulting in significant negative consequences;
- ability to comply with our covenants under the Amended Credit Agreement, resulting in a default thereunder, which could have a material adverse effect on our results of operations, financial condition, cash flows, liquidity and ability to comply with our other obligations; and
- ability to make required payments under the RSAs, resulting in a default thereunder, which, in the case of a default under the PEAKS Guarantee, could result in an acceleration of the entire amount of the PEAKS Senior Debt and our obligations to pay the full amount of the PEAKS Senior Debt pursuant to the terms of the PEAKS Guarantee, additional remedies against us and there could be a cross-default under the Amended Credit Agreement, any of which would have a material adverse effect on our results of operations, financial condition and cash flows.

If we fail to effectively identify, establish and operate new campuses and learning sites, our growth may be slowed. As part of our business strategy, we anticipate operating new campuses and adding learning sites to existing campuses at locations throughout the United States. Establishing new campuses and learning sites poses challenges and requires us to make investments in management and capital expenditures, incur marketing and advertising expenses and devote other resources that are different, and in some cases greater, than those required with respect to the operation of existing campuses. To operate a new campus or add a learning site, we would be required to obtain the appropriate authorizations from the applicable SAs and ACs, which may be conditioned or delayed in a manner that could significantly affect our growth plans. In addition, to be eligible to participate in Title IV Programs, a new campus or learning site must be certified by the ED, either before or after it starts disbursing Title IV Program funds to its students. We cannot be sure that we will be able to identify suitable expansion opportunities to help maintain or accelerate our current geographic expansion or that we will be able to successfully integrate or profitably operate any new campuses or learning sites. Any failure by us to effectively identify, establish and manage the operations of newly established campuses or learning sites could slow our growth, make any newly established campuses or learning sites more costly to operate than we had planned and have a material adverse effect on our expansion plans and results of operations.

Our success depends, in part, on our ability to effectively identify, develop, obtain approval to offer and teach new programs at different levels in a cost-effective and timely manner. Part of our business strategy also includes increasing the number, levels, lengths and disciplines of programs offered at our campuses. Developing and offering new programs pose challenges and require us to make investments in research and development, management and capital expenditures, to incur marketing and advertising expenses and to devote other resources that are in addition to, and in some cases greater than, those associated with our current program offerings. In order to offer new programs at different levels at our campuses, we may be required to obtain the appropriate authorizations from the ED, SAs, ACs and, in certain circumstances, specialized programmatic accrediting commissions, which may be conditioned or delayed in a manner that could affect the programs offered at our campuses. We cannot be sure that we will be able to identify new programs to help maintain or accelerate our current geographic expansion, that we will be able to obtain the requisite authorizations to offer new programs at different levels at our campuses or that students will enroll in any new programs that we offer at our campuses. Any failure by us to effectively identify, develop, obtain authorization to offer and teach new programs at our campuses could have a material adverse effect on our expansion plans and results of operations. See "Business – Business Strategy – *Enhance Results at Each Institution*" and "—*If the ED's proposed new gainful employment regulations are promulgated by the ED in a manner that withstands challenge, and if any of our programs of study fail to qualify as programs that lead to gainful employment in a recognized occupation under those regulations, students attending those programs of study will be unable to use funds from Title IV Programs to help pay their education costs*."

Our success depends, in part, on our ability to keep pace with changing market needs and technology. Increasingly, prospective employers of our graduates demand that their entry-level employees possess appropriate technical skills and also appropriate soft skills, such as communication, critical thinking and teamwork skills. The skills that employees need may evolve rapidly in a changing economic and technological environment. Accordingly, it is important for our programs to evolve in response to those economic and technological changes. The expansion of our existing programs and the development of new programs may not be accepted by prospective students or the employers of our graduates. Even if we are able to develop acceptable new programs, we may not be able to begin offering those new programs as quickly as required by the employers we serve or as quickly as our competitors offer similar programs. If we are unable to adequately respond to changes in market requirements due to regulatory or financial constraints, technological changes or other factors, our ability to attract and retain students could be impaired and the rates at which our graduates obtain jobs involving their fields of study could suffer.

Our financial performance depends, in part, on our ability to continue to develop awareness and acceptance of our programs among working adults and recent high school graduates. The awareness of our programs among working adults and recent high school graduates is important to the success of our campuses. If we were unable to successfully market or advertise our programs, our ability to attract and enroll prospective students in our programs would be adversely affected and, consequently, our ability to increase revenue or maintain profitability would be impaired. The following are some of the factors that could prevent us from successfully marketing or advertising our programs:

- student dissatisfaction with our programs and services;
- employer dissatisfaction with our programs and services;
- high costs of certain types of advertising media;
- adverse publicity regarding us, our competitors or proprietary education generally; and
- our failure to maintain or expand our brands or other factors related to our marketing or advertising practices.

Increases in institutional scholarships and internal student financing could have a material adverse effect on our cash flows, revenue and student population. During the fourth quarter of 2012, we introduced an institutional scholarship program, called the Opportunity Scholarship, which is intended to help reduce the cost of an ITT Technical Institute education and increase student access to our programs of study. By June 30, 2013, the Opportunity Scholarship was being offered to students at all of the ITT Technical Institute campuses. We believe that the Opportunity Scholarship has, and will continue to, reduce our students' need and use of private education loans, as well as decrease the internal student financing that we provide to our students. As an institutional scholarship, our revenue is reduced by the amount of the Opportunity Scholarship awarded. In addition, no cash payments are received and students will not be obligated to make payments to us of the amounts awarded under the Opportunity Scholarship. Therefore, the amounts receivable from students to us, as well as our revenue, decreased in 2013 and in the six months ended June 30, 2014 and, we believe, may continue to decrease in the remainder of 2014.

The increased amount of internal student financing that we provided to our students over the last few years has negatively impacted our liquidity and exposed us to greater credit risk. The internal student financing that we provide to our students consists of non-interest bearing, unsecured credit extended to our students. Internal student financing typically provides for payment to us by our students by the end of the student's academic year or enrollment, whichever occurs first, compared to payments from private education loan programs, which we typically received at the beginning of a student's academic year. This change in the timing of payments had a material adverse effect on our cash flows from operations in 2012 and 2013. In addition, we have the risk of collection with respect to our internal student financing, which caused us to increase our allowance for doubtful accounts in 2012 and 2013 and resulted in an increase in our bad debt expense as a percentage of revenue in 2012 and 2013. The increase in internal student financing was the primary cause of the increase in our days sales outstanding and the decrease in our deferred revenue in 2012, primarily due to the decrease in the amount of funds received from private education loans made to our students by third-party lenders.

We plan to continue to offer the Opportunity Scholarship to eligible students which we believe will reduce the amount of internal student financing that we provide to our students. The increased use of institutional scholarships and awards by our students and any additional internal student financing provided to our students could result in a continuation of the adverse factors that are described above, including a material adverse effect on our financial condition and cash flows.

If we experience losses in excess of the amounts that we have accrued with respect to the significant amount of internal student financing that we have provided to our students, it could have a material adverse effect on our financial condition, results of operations and cash flows. We offer internal student financing to help students pay the portion of their cost of education that is not covered by financial aid or other funds. These balances are unsecured and not typically guaranteed. These balances have increased significantly in the last few years as a result of the number of our students who did not qualify for private education loans from third parties due to their prior credit history and the limited funding available under private education loan programs for which those students could qualify. The introduction of the Opportunity Scholarship has reduced, and will continue to reduce, our students' need for internal student financing. Internal student financing adversely affects our cash flows and exposes us to greater credit risk. Although we have accrued for estimated losses related to unpaid student balances, losses in excess of the amount we have accrued for bad debts could have a material adverse effect on our financial condition and results of operations.

High interest rates and tightening of the credit markets could adversely affect our ability to attract and retain students and could increase our risk exposure. Since much of the financing our students receive is tied to floating interest rates, higher interest rates cause a corresponding increase in the cost to our existing and prospective students of financing their education, which could result in a reduction in the number of students attending our campuses and, consequently, in our revenue. Higher interest rates could also contribute to higher default rates with respect to our students' repayment of Title IV Program and private education loans. High default rates may, in turn, adversely impact our eligibility to participate in Title IV Programs, trigger our guarantee obligations with respect to private education loan programs and/or negatively affect the willingness of private lenders to make private education loan programs available to our students, which could result in a reduction in the number of students attending our campuses and could have a material adverse effect on our financial condition, results of operations and cash flows. As a result of those adverse effects on our students' ability to finance their cost of education, our receivables could increase and/or our student population could decrease, which could have a material adverse effect on our financial condition, results of operations and cash flows.

The ability of the CPD to provide education-related services depends, in large part, on obtaining authorizations from vendors and trade associations to use their content in the CPD's education-related services. Part of our business strategy includes developing and providing education-related services to students and other constituencies. Through the CPD, we are developing and providing education-related services, including training programs, curricula, assessments and consulting. The majority of the content of the education-related services provided by the CPD is authorized under agreements between the CPD and vendors or trade associations (the "Content Agreements"). We cannot be sure that we will be able to maintain or renew the existing Content Agreements or enter into new Content Agreements. Any failure by us to effectively identify or develop content for education-related services, or maintain, renew or obtain Content Agreements with respect to our education-related services, could have a material adverse effect on our expansion plans and results of operations.

The search for, and transition of, a new chief executive officer could adversely affect us, and our inability to attract, hire or retain key personnel could harm our business. Our success to date has depended, and will continue to depend, largely on the skills, efforts and motivation of our executive officers. As previously disclosed, Kevin M. Modany, our Chief Executive Officer, will resign from that position on February 4, 2015, subject to an extension by up to three months, or earlier termination, at our option. Our Board of Directors is conducting a search for a replacement Chief Executive Officer. The planned resignation of Mr. Modany may cause disruption in our business, strategic and employee relationships, which may significantly delay or prevent the achievement of our business objectives, and may cause a loss of key employees or declines in the productivity of existing employees. The search for a permanent Chief Executive Officer may take many months or more, further exacerbating these factors. Competition for senior management personnel is intense and we cannot assure you that we will be able to select and employ a new Chief Executive Officer in a timely manner. Identifying and hiring an experienced and qualified Chief Executive Officer is typically difficult, and may be even more difficult under the circumstances affecting us at this time. Further, we may not be able to effectively compete with compensation packages offered by other companies that are recruiting senior executive officers, due to the limitations imposed on us by the Incentive Compensation Prohibition. We may be unable to attract a suitably qualified individual for the Chief Executive Officer position, or we may be required to pay increased base salary compensation in order to do so. Any or all of these risks could adversely affect our business, operating results or financial condition.

Our search for a new Chief Executive Officer may also adversely affect our business or impose additional risks, such as the following:

- disruption of our business or distraction of our employees and management;
- difficulty recruiting, hiring, motivating and retaining other talented and skilled personnel;
- increased stock price volatility; and
- difficulty in establishing, maintaining or negotiating business or strategic relationships or transactions.

We cannot assure you that the transition to a new Chief Executive Officer will be smooth or successful. Leadership transitions can be inherently difficult to manage and may cause uncertainty or a disruption to our business or may increase the likelihood of turnover in other key officers and employees. Changes to strategic or operating goals with the appointment of new executives may, themselves, prove to be disruptive. Periods of transition in senior management leadership are often difficult as the new executives gain detailed knowledge of the company's operations and may result in cultural differences and friction due to changes in strategy and style. During the Chief Executive Officer transition period, there may be uncertainty among investors, employees, creditors and others concerning our future direction and performance. Any disruption or uncertainty could have a material adverse effect on our results of operations and financial condition and the market price of our common stock.

During our search for, and transition of, a new Chief Executive Officer, it is important that we retain key personnel. All of our officers and other employees are at-will employees, which means they can terminate their employment relationship with us at any time, and their knowledge of our business and industry would be difficult to replace. If we lose the services of key personnel, especially during this period of leadership transition, or do not hire or retain other personnel for key positions, including the Chief Executive Officer position, our business, results of operations and stock price could be adversely affected.

Our success also depends in large part on our ability to attract and retain highly qualified faculty, school administrators and corporate management. We face competition in the attraction and retention of personnel who possess the skill sets that we seek. In addition, key personnel may leave us and subsequently compete against us. Furthermore, we do not currently carry "key man" life insurance. The loss of the services of any of our key personnel, especially during this period of leadership transition, or our failure to attract and retain other qualified and experienced personnel on acceptable terms, could impair our ability to successfully manage our business.

In order to support revenue growth, we need to hire, retain, develop and train employees who are responsible for student recruiting, financial aid, registration, teaching and career services. Our ability to develop a strong team of employees with these responsibilities may be affected by a number of factors, including:

- our ability to timely and effectively train and motivate our employees in order for them to become productive;
- restrictions imposed by regulatory bodies on the method of compensating employees, such as the Incentive Compensation Prohibition;
- our ability to attract enough prospective students to our program offerings; and
- our ability to effectively manage a multi-institutional and multi-location educational organization.

If we are unable to hire, retain, develop and train employees who are responsible for student recruiting, financial aid, registration, teaching and career services, our operations would be adversely affected.

Recent and ongoing adverse matters affecting us and our industry, including, without limitation, investigations, claims and lawsuits, and the negative publicity associated with those matters, may make it significantly more difficult for us to attract, motivate and retain employees at all levels of our organization. In addition, volatility or lack of performance in our stock price may also affect our ability to attract and retain key employees, including a new Chief Executive Officer. Our key executives may be more inclined to leave us, because the exercise prices of their stock options are significantly below the market price of our common stock or the perceived value of their restricted stock units continues to decline.

Competition could decrease our market share or force us to increase spending. The postsecondary education market in the United States is highly fragmented and competitive, with no single private or public institution enjoying a significant market share. Our campuses compete for students with degree- and non-degree-granting institutions, which include public and private nonprofit colleges and proprietary institutions, as well as with alternatives to higher education, such as military service or immediate employment. Certain public and private colleges offer programs similar to those offered by our campuses at a lower tuition cost due in part to government subsidies, foundation grants, tax deductible contributions or other financial resources not available to proprietary institutions. Other proprietary institutions offer programs that compete with those of our campuses. Certain of our competitors in both the public and private sectors have greater financial and other resources than we do. All of these factors could affect the success of our marketing efforts and enable our competitors to recruit prospective students more effectively.

We may be required to increase spending in response to competition in order to retain or attract students or pursue new market opportunities. As a result, our financial condition, results of operations and cash flows may be negatively affected. We cannot be sure that we will be able to compete successfully against current or future competitors or that competitive pressures faced by us will not adversely affect our business, financial condition, results of operations or cash flows.

We may be unable to successfully complete or integrate acquisitions. In August 2013, we acquired Cable Holdings, and in January 2014, we acquired Great Equalizer, Inc. and CompetenC Solutions, Inc. We may consider additional selective acquisitions of schools or education-related businesses in the future. We may not be able to complete acquisitions on favorable terms or, even if we do, we may not be able to successfully integrate the acquired businesses into our business. Acquisition challenges include, among others:

- regulatory approvals;
- significant capital expenditures;
- assumption of known and unknown liabilities;
- our ability to control costs; and
- our ability to integrate new personnel.

The successful integration of acquisitions may also require substantial attention from our senior management and the senior management of the acquired business, which could decrease the time that they devote to the day-to-day management of our business. If we do not successfully address risks and challenges associated with acquisitions, including integration, acquisitions could harm, rather than enhance, our operating performance.

In addition, if we consummate an acquisition, our capitalization and results of operations may change significantly. An acquisition could result in:

- the incurrence of debt and contingent liabilities;
- an increase in interest expense, amortization expenses, goodwill and other intangible assets;
- charges relating to integration costs; and
- an increase in the number of shares outstanding.

These results could have a material adverse effect on our results of operations or financial condition or result in dilution to current stockholders.

Table of Contents

Terrorist attacks and other acts of violence or war could have an adverse effect on our operations. Terrorist attacks and other acts of violence or war could disrupt our operations. Attacks or armed conflicts that directly impact our physical facilities or ability to recruit and retain students and employees could adversely affect our ability to deliver our programs of study to our students and, thereby, impair our ability to achieve our financial and operational goals. Furthermore, violent acts and threats of future attacks could adversely affect the U.S. and world economies. Finally, future terrorist acts could cause the United States to enter into a wider armed conflict that could further impact our operations and result in prospective students, as well as our current students and employees, entering military service. These factors could cause significant declines in the number of students who attend our campuses and have a material adverse effect on our results of operations.

Natural disasters and other acts of God could have an adverse effect on our operations. Hurricanes, earthquakes, floods, tornados and other natural disasters and acts of God could disrupt our operations. Natural disasters and other acts of God that directly impact our physical facilities or ability to recruit and retain students and employees could adversely affect our ability to deliver our programs of study to our students and, thereby, impair our ability to achieve our financial and operational goals. Furthermore, natural disasters could adversely affect the economy and demographics of the affected region, which could cause significant declines in the number of students who attend our campuses in that region and have a material adverse effect on our results of operations.

Anti-takeover provisions in our charter documents and under Delaware law, as well as required approvals by the ED, the ACs and most of the SAs, could make an acquisition of us more difficult. Certain provisions of Delaware law, our Restated Certificate of Incorporation and our By-Laws could have the effect of making it more difficult for a third party to acquire, or discouraging a third party from attempting to acquire, control of us. Those provisions could:

- limit the price that certain investors might be willing to pay in the future for shares of our common stock;
- discourage or prevent certain types of transactions involving an actual or threatened change in control of us (including unsolicited takeover attempts), even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price;
- make it more difficult for stockholders to take certain corporate actions; and
- have the effect of delaying or preventing a change in control of us.

Certain of those provisions authorize us to:

- issue "blank check" preferred stock;
- divide our Board of Directors into three classes expiring in rotation;
- require advance notice for stockholder proposals and nominations;
- prohibit stockholders from calling a special meeting; and
- prohibit stockholder action by written consent.

In addition, the ED, the ACs and most of the SAs have requirements pertaining to the change in ownership and/or control (collectively "change in control") of institutions, but these requirements do not uniformly define what constitutes a change in control and are subject to varying interpretations as to whether a particular transaction constitutes a change in control. If we or any of our campuses experience a change in control under the standards of the ED, the ACs or the SAs, we or the affected campuses must seek the approval of the relevant regulatory agencies. Transactions or events that constitute a change in control for one or more of our regulatory agencies include:

- the acquisition of a school from another entity;
- significant acquisitions or dispositions of our common stock; and
- significant changes to the composition of our, or any campus, Board of Directors.

Some of these transactions or events may be beyond our control. Our failure to obtain, or a delay in obtaining, a required approval of any change in control from the relevant regulatory agencies could impair our ability or the ability of the affected campuses to participate in Title IV Programs, or could require us to suspend our recruitment of students in one or more states until we receive the required approval. A material adverse effect on our financial condition, results of operations and cash flows would result if we had a change in control and a material number of our campuses:

- failed to timely obtain the approvals of the SAs required prior to or following a change in control;
- failed to timely regain approval by the ACs for inclusion in their institution's grant of accreditation or have their inclusion in that accreditation temporarily continued or reinstated by the ACs;
- failed to timely regain eligibility to participate in Title IV Programs from the ED or receive temporary certification to continue to participate in Title IV Programs pending further review by the ED; or
- were subjected by the ED to restrictions that severely limited for a substantial period of time the number of new additional locations and/or new programs of study that are eligible to participate in Title IV Programs.

The fact that a change in control would require approval of the relevant regulatory agencies, and the uncertainty and potential delay related to obtaining such approvals, could have the effect of making it more difficult for a third party to acquire, or discouraging a third party from attempting to acquire, control of us.

Table of Contents

If we are unable to conclude successfully litigation against us, our business, financial condition and results of operations could be adversely affected. We are subject to various lawsuits, investigations and claims, covering a wide range of matters, including, but not limited to, alleged violations of federal and state laws, claims involving students or graduates and routine employment matters. We cannot predict the ultimate outcome of these matters and have incurred, and expect to incur, significant defense costs and other expenses in connection with these matters. Those costs and expenses have had, and could continue to have, a material adverse effect on our business, financial condition, results of operations and cash flows and the market price of our common stock. These matters have and will continue to cause substantial diversion of our management's attention and resources from our ongoing business operations, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may be required to pay substantial damages or settlement costs in excess of our insurance coverage related to these matters, or may be required to pay substantial fines or penalties, any of which could have a further material adverse effect on our business, financial condition, results of operations and cash flows. An adverse outcome in any of these matters could also materially and adversely affect our authorizations, licenses, accreditations and eligibility to participate in Title IV programs. See "Legal Proceedings."

The personal information that we collect may be vulnerable to breach, theft or loss that could adversely affect our reputation and operations. Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. In the ordinary course of our business, we collect, use and retain large amounts of personal information regarding prospective students, students, their families and employees. Some of this personal information is held and managed by certain of our vendors. Although we use security and business controls to limit access and use of personal information, a third party may be able to circumvent those security and business controls, which could result in a breach of student or employee privacy. In addition, errors in the storage, use or transmission of personal information could result in a breach of student or employee privacy. Possession and use of personal information in our operations also subjects us to legislative and regulatory burdens that could require notification of data breaches and restrict our use of personal information. We cannot assure you that a breach, loss or theft of personal information will not occur. A major breach, theft or loss of personal information regarding our students and their families or our employees that is held by us or our vendors could subject us to costly claims or litigation, have a material adverse effect on our reputation and results of operations and result in further regulation and oversight by federal and state authorities and increased costs of compliance. Potential new federal or state laws and regulations also may increase our costs of compliance or limit our ability to use personal information to recruit students.

Security breaches or system interruptions or delays involving our computer networks could disrupt our operations, damage our reputation, limit our ability to attract and retain students and require us to expend significant resources. The performance and reliability of our computer systems are critical to our information management, reputation and ability to attract and retain students. Any system error or failure, or a sudden and significant increase in traffic, could disrupt the provision of education to students attending our campuses. We cannot assure you that we will be able to expand the infrastructure of our computer systems on a timely basis sufficient to meet demand. Our computer systems and operations could be vulnerable to interruption or malfunction due to events beyond our control, including natural disasters and telecommunications failures. Any interruption to our computer systems could have a material adverse effect on our operations and ability to attract and retain students. These factors could affect the number of students who attend our campuses and have a material adverse effect on our results of operations.

Our computer systems may be vulnerable to unauthorized access, computer hackers, computer viruses and other security problems. A user who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of those security breaches or to alleviate problems caused by those breaches. These factors could affect the number of students who attend our campuses and have a material adverse effect on our results of operations.

We rely on exclusive proprietary rights and intellectual property that may not be adequately protected under current laws, and we may encounter disputes from time to time relating to our use of intellectual property of third parties. Our success depends in part on our ability to protect our proprietary rights. We rely on a combination of copyrights, trademarks, service marks, trade secrets, domain names and agreements to protect our proprietary rights. We rely on service mark and trademark protection in the United States to protect our rights to distinctive marks associated with our services. We rely on agreements under which we obtain rights to use the "ITT" and related marks and course content developed by our faculty, our other employees and third party content experts. We cannot assure you that those measures will be adequate, that we have secured, or will be able to secure, appropriate protections for all of our proprietary rights, or that third parties will not infringe upon or violate our proprietary rights. Despite our efforts to protect those rights, unauthorized third parties may attempt to duplicate or copy the proprietary aspects of our names, curricula and other content. Our management's attention may be diverted by those attempts and we may need to use funds in litigation to protect our proprietary rights against any infringement or violation.

We may encounter disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in those disputes. In certain instances, we may not have obtained sufficient rights in the content or mode of delivery of a course or a program of study. Third parties may raise a claim against us alleging an infringement or violation of the intellectual property of that third party. Some third party intellectual property rights, such as certain patent rights, may be extremely broad,

Table of Contents

and it may not be possible for us to conduct our operations in such a way as to avoid infringing upon those intellectual property rights. Any such intellectual property claim could subject us to costly litigation, regardless of whether the claim has merit. Our insurance coverage may not cover potential claims of this type adequately or at all, and we may be required to alter the content or mode of delivery of our courses or programs of study, or pay significant monetary damages, any of which could have a material adverse effect on our results of operations.

Risk Related to Our Common Stock

The trading price of our common stock may fluctuate substantially in the future. The trading price of our common stock has fluctuated, and may continue to fluctuate, substantially as a result of a number of factors, some of which are not within our control. Those factors include, among others:

- our ability to meet or exceed our own forecasts or expectations of analysts or investors;
- quarterly variations in our operating results;
- changes in federal and state laws and regulations and accreditation standards, or changes in the way that laws, regulations and accreditation standards are interpreted and applied;
- the initiation, pendency or outcome of litigation, regulatory reviews and investigations, and any adverse publicity related thereto;
- the effects of financial reporting matters, such as material weaknesses in internal control over financial reporting, restatements and the Consolidation;
- actions by the NYSE, or uncertainty related to possible actions by the NYSE, related to the continued listing of our common stock;
- negative media reports with respect to us and/or our industry;
- changes in our own forecasts or earnings estimates by analysts;
- price and volume fluctuations in the overall stock market, which have affected the market prices of many companies in the proprietary, postsecondary education industry in recent periods;
- the amount and availability of financing for our students;
- the short interest in our stock at any point in time;
- the loss of key personnel; and
- general economic conditions.

Those factors could adversely affect the trading price of our common stock and could prevent an investor from selling shares of our common stock at or above the price at which those shares were purchased.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

As of December 31, 2013, we:

- leased 130 facilities used by our campuses and learning sites;
- owned 42 facilities used by our campuses; and
- leased one facility that is intended to be used by a new campus in the future.

Thirteen of the owned facilities and three of the leased facilities are used by DWC. One of the leased facilities is used by the CPD. We also own our headquarters building in Carmel, Indiana, which represents approximately 43,000 square feet of office space. Our facilities are located in 39 states.

Our obligations under the Amended Credit Agreement and for certain related bank products are secured by mortgages on 30 separate parcels of land owned by us, including all of the improvements thereto and fixtures thereon (the "Mortgaged Property"). These parcels of real property consist of all of the real property owned by us, other than the 13 parcels owned by us that are used by DWC. See "Management's Discussion and Analysis of Financial Condition and Results of the Operations – Financial Condition, Liquidity and Capital Resources – *Financing*" and Note 13 – Debt of the Notes to Consolidated Financial Statements, for a further discussion of the Amended Credit Agreement.

We generally locate our campuses in suburban areas near major population centers. We generally house our campus facilities in modern, air conditioned buildings, which include classrooms, laboratories, student break areas and administrative offices. Our campuses typically have accessible parking facilities and are generally near a major highway. The facilities at our locations range in size from approximately 10,000 to 58,000 square feet. The initial lease terms of our leased facilities range from two to 15 years. The average remaining lease term of our leased facilities is approximately three years. If desirable or necessary, a campus may be relocated to a new facility reasonably near the existing facility at the end of the lease term.

Table of Contents

Item 3. Legal Proceedings.

We are subject to various claims and contingencies in the ordinary course of our business, including those related to litigation, government investigations, business transactions, employee-related matters and taxes, among others. We cannot assure you of the ultimate outcome of any litigation or investigations involving us. Any litigation alleging violations of education or consumer protection laws and/or regulations, misrepresentation, fraud or deceptive practices may also subject our affected campuses to additional regulatory scrutiny.

On December 22, 2008, we were served with a qui tam action that was filed on July 3, 2007 in the United States District Court for the Southern District of Indiana by a former employee ("relator") on behalf of herself and the federal government under the following caption: *United States of America ex rel. Debra Leveski v. ITT Educational Services, Inc.* (the "Leveski Litigation"). We were served with the Leveski Litigation after the U.S. Department of Justice declined to intervene in the litigation. On June 3, 2008, the relator filed an amended complaint in the Leveski Litigation. On September 23, 2009, the court dismissed the Leveski Litigation without prejudice and gave the relator an opportunity to replead her complaint. On October 8, 2009, the relator filed a second amended complaint. In the second amended complaint, the relator alleges that we violated the False Claims Act, 31 U.S.C. § 3729, *et seq*., and the HEA by compensating our sales representatives and financial aid administrators with commissions, bonuses or other incentive payments based directly or indirectly on success in securing enrollments or federal financial aid. The relator alleges that all of our revenue derived from the federal student financial aid programs from July 3, 2001 through July 3, 2007 was generated as a result of our violating the HEA. The relator seeks various forms of recovery on behalf of herself and the federal government, including:

- treble the amount of unspecified funds paid to us for federal student grants;
- treble the amount of unspecified default payments, special allowance payments and interest received by lenders with respect to federal student loans received by our students;
- all civil penalties allowed by law; and
- attorney's fees and costs.

A qui tam action is a civil lawsuit brought by a qui tam relator on behalf of the federal or state government for an alleged submission to the government of a false claim for payment. A qui tam action is always filed under seal and remains under seal, until the government decides whether to intervene in the litigation. Whenever a relator files a qui tam action, the government typically initiates an investigation in order to determine whether to intervene in the litigation. If the government intervenes, it has primary control over the litigation. If the government declines to intervene, the relator may pursue the litigation on behalf of the government. If the government or the relator is successful in the litigation, the relator receives a portion of the government's recovery.

On August 8, 2011, the district court granted our motion to dismiss all of the relator's claims in the Leveski Litigation for lack of subject-matter jurisdiction and issued a judgment for us. On February 16, 2012, the relator in the Leveski Litigation filed a Notice of Appeal with the 7th Circuit Court of Appeals regarding the final judgment entered by the district court dismissing all claims against us. On March 26, 2012, the district court in the Leveski Litigation awarded us approximately $0.4 million in sanctions against the relator's attorneys for filing a frivolous lawsuit. Relator's attorneys also appealed this award to the 7th Circuit Court of Appeals. On July 8, 2013, the 7th Circuit Court of Appeals reversed the district court's dismissal of the Leveski Litigation for lack of subject-matter jurisdiction and the award of sanctions against relator's attorneys. In addition, the 7th Circuit Court of Appeals remanded the Leveski Litigation back to the district court for further proceedings. We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

On March 11, 2013, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of New York under the caption: *William Koetsch, Individually and on Behalf of All Others Similarly Situated v. ITT Educational Services, Inc., et al.* (the "Koetsch Litigation"). On April 17, 2013, a second complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of New York under the caption: *Massachusetts Laborers' Annuity Fund, Individually and on Behalf of All Others Similarly Situated v. ITT Educational Services, Inc., et al.* (the "MLAF Litigation"). On July 25, 2013, the court consolidated the Koetsch Litigation and MLAF Litigation under the caption: *In re ITT Educational Services, Inc. Securities Litigation* (the "Securities Litigation"), and named the Plumbers and Pipefitters National Pension Fund and Metropolitan Water Reclamation District Retirement Fund as the lead plaintiffs. On October 7, 2013, an amended complaint was filed in the Securities Litigation, and on January 15, 2014, a second amended complaint was filed in the Securities Litigation. The second amended complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by:

- our failure to properly account for the 2007 RSA, 2009 RSA and PEAKS Program;
- employing devices, schemes and artifices to defraud;
- making untrue statements of material facts, or omitting material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- making the above statements intentionally or with reckless disregard for the truth;
- engaging in acts, practices, and a course of business that operated as a fraud or deceit upon lead plaintiffs and others similarly situated in connection with their purchases of our common stock;

- deceiving the investing public, including lead plaintiffs and the purported class, regarding, among other things, our artificially inflated statements of financial strength and understated liabilities; and
- causing our common stock to trade at artificially inflated prices and causing the plaintiff and other putative class members to purchase our common stock at inflated prices.

The putative class period in this action is from April 24, 2008 through February 25, 2013. The plaintiffs seek, among other things, the designation of this action as a class action, an award of unspecified compensatory damages, interest, costs and expenses, including counsel fees and expert fees, and such equitable/injunctive and other relief as the court deems appropriate. On July 22, 2014, the district court denied most of our motion to dismiss all of the plaintiffs' claims for failure to state a claim for which relief can be granted. On August 5, 2014, we filed our answer to the second amended complaint denying all of the plaintiffs' claims. All of the defendants have defended, and intend to continue to defend, themselves vigorously against the allegations made in the second amended complaint.

On September 30, 2014, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of Indiana under the caption: *David Banes, Individually and on Behalf of All Others Similarly Situated v. Kevin M. Modany, et al.* (the "Banes Litigation"). The complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by:

- misleading investors regarding the integrity of our financial reporting, including the reporting of the PEAKS Trust;
- knowingly or recklessly making materially false and/or misleading statements and/or failing to disclose material adverse facts about our business operations and prospects, including that:
  - our financial statements contained errors related to the accounting of the PEAKS Trust and the PEAKS Program; and
  - we lacked adequate internal controls over financial reporting;
- knowingly or recklessly engaging in acts, transactions, practices, and courses of business that operated as a fraud or deceit upon the plaintiff and the purported class;
- employing devices, schemes and artifices to defraud in connection with the purchase and sale of our common stock;
- deceiving the investing public, including the plaintiff and the purported class; and
- artificially inflating and maintaining the market price of our common stock and causing the plaintiff and other putative class members to purchase our common stock at artificially inflated prices.

The putative class period in this action is from April 26, 2013 through September 19, 2014. The plaintiffs seek, among other things, the designation of this action as a class action, an award of unspecified damages, interest, costs and expenses, including counsel fees and expert fees, and such other relief as the court deems proper. All of the defendants intend to defend themselves vigorously against the allegations made in the complaint.

On October 3, 2014, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of Indiana under the caption: *Babulal Tarapara, Individually and on Behalf of All Others Similarly Situated v. ITT Educational Services, Inc., et al.* (the "Tarapara Litigation"). The complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by knowingly or recklessly making false and/or misleading statements and failing to disclose material adverse facts about our business, operations, prospects and financial results. In particular, the complaint alleges that:

- we failed to consolidate the PEAKS Trust in our consolidated financial statements;
- our consolidated financial statements contained errors related to the accounting of the PEAKS Trust and PEAKS Program;
- we improperly accounted for our guarantee obligations under the PEAKS Guarantee;
- our financial results were overstated;
- we lacked adequate internal and financial controls;
- our consolidated financial statements were materially false and misleading at all relevant times;
- we artificially inflated and maintained the market price of our common stock, causing the plaintiff and other putative class members to purchase our common stock at artificially inflated prices;
- we deceived the investing public, including the plaintiff and the purported class; and
- we employed devices, schemes and artifices to defraud in connection with the purchase and sale of our common stock.

The putative class period in this action is from February 26, 2013 through September 18, 2014. The plaintiffs seek, among other things:

- the designation of this action as a class action;

Table of Contents

- an award of unspecified compensatory damages, including interest;
- an award of reasonable costs and expenses, including counsel fees and expert fees; and
- such other relief as the court deems proper.

All of the defendants intend to defend themselves vigorously against the allegations made in the complaint.

On October 9, 2014, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of Indiana under the caption: *Kumud Jindal, Individually and on Behalf of All Others Similarly Situated v. Kevin M. Modany, et al.* (the "Jindal Litigation"). The complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by knowingly or recklessly making false and/or misleading statements and failing to disclose material adverse facts about our business, operations, prospects and financial results. In particular, the complaint alleges that:

- our financial statements contained errors related to the accounting of the PEAKS Trust and PEAKS Program;
- we lacked adequate internal controls over financial reporting;
- our financial statements were materially false and misleading at all relevant times;
- we engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon plaintiff and the purported class;
- we employed devices, schemes and artifices to defraud in connection with the purchase and sale of our common stock; and
- we artificially inflated and maintained the market price of our common stock, causing the plaintiff and other putative class members to purchase our common stock at artificially inflated prices.

The putative class period in this action is from April 26, 2013 through September 19, 2014. The plaintiffs seek, among other things, the designation of this action as a class action, an award of unspecified damages, interest, attorneys' fees, expert fees and other costs, and such other relief as the court deems proper. All of the defendants intend to defend themselves vigorously against the allegations made in the complaint.

On May 8, 2013, a complaint in a shareholder derivative lawsuit was filed against two of our current executive officers and all of our current Directors in the United States District Court for the Southern District of New York under the following caption: *Sasha Wilfred, Derivatively on Behalf of Nominal Defendant ITT Educational Services, Inc. v. Kevin M. Modany, et al.* (the "Wilfred Litigation"). The complaint alleges, among other things, that from April 24, 2008 through February 25, 2013, the defendants violated state law, including breaching their fiduciary duties to us, grossly mismanaging us, wasting our corporate assets and being unjustly enriched, by:

- causing or allowing us to disseminate to our shareholders materially misleading and inaccurate information relating to a series of risk-sharing agreements through SEC filings, press releases, conference calls, and other public statements and disclosures;
- willfully ignoring obvious and pervasive problems with our internal controls and practices and procedures, and failing to make a good faith effort to correct these problems or prevent their recurrence;
- violating and breaching fiduciary duties of care, loyalty, reasonable inquiry, oversight, good faith and supervision;
- causing or allowing us to misrepresent material facts regarding our financial position and business prospects; and
- abandoning their responsibilities and duties with regard to prudently managing our businesses in a manner imposed upon them by law.

The complaint seeks:

- unspecified damages;
- restitution;
- disgorgement of all profits, benefits and other compensation obtained by the individual defendants;
- an order directing us to take all necessary actions to reform and improve our corporate governance and internal procedures; and
- costs and disbursements, including attorneys', accountants' and experts' fees, costs and expenses.

On August 6, 2013, the parties agreed to stay the Wilfred Litigation, until the Securities Litigation was dismissed with prejudice or the defendants filed an answer in the Securities Litigation. On September 8, 2014, the district court approved the parties' agreement for an additional stay of the Wilfred Litigation, until the earlier of:

- a final disposition of the Securities Litigation; or
- 30 days after written notice terminating the stay has been provided by any of the parties in the Wilfred Litigation to all other parties.

On May 27, 2014, a complaint in a shareholder derivative lawsuit was filed against two of our current executive officers, all of our current Directors and one former Director in the United States District Court for the District of Delaware under the following caption: *Janice Nottenkamper, Derivatively on Behalf of Nominal Defendant ITT Educational Services, Inc. v. Kevin M. Modany, et al.* (the "Nottenkamper Litigation"). The complaint alleges, among other things, that from 2008 to May 27, 2014, the defendants engaged in illicit conduct, made false and misleading statements, concealed the truth and failed to disclose material information concerning:

- our exposure under guarantees entered into with third-party lenders to obtain financing for our students;
- increases in our bad debt expense caused by increases in student loan defaults;
- our reserves associated with our obligations under third-party private education loan programs and internal student financing;
- the unwillingness of third-party lenders to provide private education loans to our students; and
- our pushing students into high-cost private loans that were likely to default.

As a result of this conduct, the complaint alleges that the defendants breached their fiduciary duties to us, were unjustly enriched, abused their control of us and grossly mismanaged us by:

- causing or allowing us to disseminate to our shareholders materially misleading and inaccurate information relating to a series of risk-sharing agreements through SEC filings, press releases, conference calls, and other public statements and disclosures;
- willfully ignoring obvious and pervasive problems with our internal controls and practices and procedures, and failing to make a good faith effort to correct these problems or prevent their recurrence;
- violating and breaching fiduciary duties of care, loyalty, good faith, diligence and candor;
- causing or allowing us to misrepresent material facts regarding our financial position and business prospects; and
- abandoning and abdicating their responsibilities and duties with regard to prudently managing our businesses in a manner imposed upon them by law.

The complaint seeks:

- unspecified damages;

- restitution;
- disgorgement of all profits, benefits and other compensation obtained by the individual defendants;
- an order directing us to take all necessary actions to reform and improve our corporate governance and internal procedures; and
- costs and disbursements, including attorneys', accountants' and experts' fees, costs and expenses.

Although the Wilfred Litigation and Nottenkamper Litigation are each brought nominally on behalf of us, we expect to incur defense costs and other expenses in connection with those actions.

The current officers named in the Securities Litigation, Banes Litigation, Tarapara Litigation, Jindal Litigation, Wilfred Litigation and Nottenkamper Litigation include Daniel M. Fitzpatrick and Kevin M. Modany.

Certain of our current and former officers and Directors are or may become a party in the actions described above and/or are or may become subject to government investigations. Our By-laws and Restated Certificate of Incorporation obligate us to indemnify our officers and Directors to the fullest extent permitted by Delaware law, provided that their conduct complied with certain requirements. We are obligated to advance defense costs to our officers and Directors, subject to the individual's obligation to repay such amount if it is ultimately determined that the individual was not entitled to indemnification. In addition, our indemnity obligation can, under certain circumstances, include indemnifiable judgments, penalties, fines and amounts paid in settlement in connection with those actions and investigations.

On May 18, 2012, we received the Original CID from the CFPB. In September 2013, the CFPB withdrew the Original CID and we received the New CID. Both the Original CID and the New CID provided that the purpose of the CFPB's investigation was, in part, "to determine whether for-profit post-secondary companies, student loan origination and servicing providers, or other unnamed persons have engaged or are engaging in unlawful acts or practices relating to the advertising, marketing, or origination of private student loans." Both the Original CID and the New CID contained broad requests for oral testimony, production of documents and written reports related to private education loans made to our students, internal financing provided to our students and certain other aspects of our business. We provided documentation and other information to the CFPB, while preserving our rights to object to its inquiry.

On February 26, 2014, a complaint in the CFPB Litigation was filed against us in the United States District Court for the Southern District of Indiana. The complaint alleges, among other things, that we violated:

- Section 1036(a)(1) of the CFPA, 12 U.S.C., §5536(a)(1), which prohibits unfair, deceptive and abusive acts and practices, from July 21, 2011 through December 2011, by:
  - subjecting consumers to undue influence or coercing them into taking out private education loans through a variety of unfair acts and practices designed to interfere with the consumers' ability to make informed, uncoerced choices;
  - taking unreasonable advantage of consumers' inability to protect their interest in selecting or using private education loans; and
  - taking unreasonable advantage of consumers' reasonable reliance on us to act in the consumers' interests; and
- the Truth in Lending Act, 15 U.S.C. §§ 1601 *et seq*., and Regulation Z thereunder, 12 C.F.R. Part 1026, which require certain disclosures to be made in writing to consumers in connection with the extension of consumer credit, since March 2009, by failing to disclose a discount that constituted a finance charge.

On April 28, 2014, we filed a motion to dismiss the CFPB Litigation for, among other reasons, lack of jurisdiction and failure to state a claim upon which relief can be granted. We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

On February 27, 2014, the New Mexico Attorney General filed a complaint in the New Mexico Litigation against us in the District Court of New Mexico under the following caption: *State of New Mexico, ex rel. Gary K King, Attorney General v. ITT Educational Services, Inc., et al.* On April 4, 2014, we removed the New Mexico Litigation to the U.S. District Court for the District of New Mexico. The complaint alleges, among other things, that we engaged in a pattern and practice of exploiting New Mexico consumers by using deceptive, unfair, unconscionable and unlawful business practices in the marketing, sale, provision and financing of education goods and services in violation of New Mexico's Unfair Practices Act. In particular, the complaint contains allegations that:

- we misrepresented matters related to our nursing education program, including, without limitation, its programmatic accreditation status, the transferability of credits earned in the program and the curriculum of the program;
- we misrepresented the terms of the financial aid available to students and the cost of our programs;
- we engaged in unfair or deceptive trade practices;
- we failed to issue refunds; and
- our form enrollment agreement contained unenforceable and unconscionable provisions.

Table of Contents

The complaint seeks:

- an order declaring portions of our enrollment agreement illusory, unconscionable and unenforceable;
- preliminary and permanent injunctive relief;
- disgorgement of unjust enrichment amounts;
- unspecified civil penalty amounts;
- restitution; and
- reasonable costs, including investigative costs.

We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

On December 17, 2013, a complaint was filed against us in a purported class action in the Superior Court of the State of California for the County of Los Angeles under the following caption: *La Sondra Gallien, an individual, James Rayonez, an individual, Giovanni Chilin, an individual, on behalf of themselves and on behalf of all persons similarly situated v. ITT Educational Services, Inc., et al.* (the "Gallien Litigation"). The plaintiffs filed an amended complaint on February 13, 2014. The amended complaint alleges, among other things, that under California law, we:

- failed to pay wages owed;
- failed to pay overtime compensation;
- failed to provide meal and rest periods;
- failed to provide itemized employee wage statements;
- engaged in unlawful business practices; and
- are liable for civil penalties under the California Private Attorney General Act.

The purported class includes recruiting representatives employed by us during the period of December 17, 2009 through December 17, 2013. The amended complaint seeks:

- compensatory damages, including lost wages and other losses;
- general damages;
- pay for missed meal and rest periods;
- restitution;
- liquidated damages;
- statutory penalties;
- interest;
- attorneys' fees, cost and expenses;
- civil and statutory penalties;
- injunctive relief; and
- such other and further relief as the court may deem equitable and appropriate.

We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the amended complaint.

There can be no assurance that the ultimate outcome of the Leveski Litigation, Securities Litigation, Banes Litigation, Tarapara Litigation, Jindal Litigation, Wilfred Litigation, Nottenkamper Litigation, CFPB Litigation, New Mexico Litigation, Gallien Litigation or other actions (including other actions under federal or state securities laws) will not have a material adverse effect on our financial condition, results of operations or cash flows.

On October 30, 2012, we received a CID from the MAG. The MAG's CID provides that the MAG is investigating allegations that we may have violated Massachusetts General Laws, Chapter 93A, Section 2(a) by "engaging in unfair or deceptive practices in connection with marketing and advertising job placement and student outcomes, the recruitment of students, and the financing of education." The MAG's CID contains broad requests for production of documents related to our students in Massachusetts, including the financial aid available to those students, our recruitment of those students, the career services that we offer to those students, our marketing and advertising, the retention and graduation rates of those students and many other aspects of our business. We are cooperating with the MAG in its investigation, and we have provided documentation, communications and other information to the MAG in response to the CID. We believe that our acts and practices relating to our students in Massachusetts are lawful. There can be no assurance, however, that the ultimate outcome of the MAG investigation will not have a material adverse effect on our financial condition, results of operations and/or cash flows.

In January, February, April and May 2014, we received subpoenas and/or CIDs from the Attorneys General of Arkansas, Arizona, Colorado, Connecticut, Hawaii, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Tennessee and Washington under the authority of each state's consumer protection statutes. The Attorney General of the Commonwealth of Kentucky has informed us that it will serve as the point of contact for the multistate group to respond to questions relating to the subpoenas and CIDs. The subpoenas and CIDs contain broad requests for information and the production of documents related to our students and practices, including marketing and advertising, recruitment, financial aid, academic advising, career services, admissions, programs, licensure exam pass rates, accreditation, student retention, graduation rates and job placement rates, as well as many other aspects of our business. We believe that several other companies in the proprietary postsecondary education sector have received similar subpoenas and CIDs. We are cooperating with the Attorneys General of the states involved. There can be no assurance, however, that the ultimate outcome of the state Attorneys General investigation will not have a material adverse effect on our financial condition, results of operations and/or cash flows.

Table of Contents

On February 8, 2013, we received the first of many subpoenas from the SEC. In a letter accompanying each of the subpoenas, the SEC states that it is conducting an investigation of us. The SEC's subpoenas requested the production of documents and communications that, among other things, relate to our actions and accounting associated with:

- agreements that we entered into with the 2009 Entity to create the 2009 Loan Program, including, without limitation, the 2009 RSA;
- agreements that we entered into to create the PEAKS Program;
- certain accounting-related documents associated with the 2009 Loan Program, the PEAKS Program and internal student financing; and
- our board of directors-related materials associated with the 2009 Loan Program, the PEAKS Program and internal student financing.

We have provided the information requested, including testimony of senior employees. On August 7, 2014, we received a "Wells Notice" from the Staff of the SEC notifying us that the Staff had made a preliminary determination to recommend that the SEC file an enforcement action against us. According to the Staff, the enforcement action would allege violations of Sections 10(b), 13(a) and 13(b)(2) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13 and 13a-15 under the Exchange Act. The proposed action relates primarily to certain disclosures and accounting surrounding the two loan programs noted above. The SEC's notice said that the Staff's recommendation may:

- involve a civil injunctive action, public administrative proceeding and/or cease-and-desist proceeding against us; and
- seek remedies that include an injunction, a cease-and-desist order and monetary relief, including civil monetary penalties.

A Wells Notice is neither a formal allegation nor a finding of wrongdoing. Instead, it is a preliminary determination by the Staff to recommend that the SEC file a civil enforcement action or administrative proceeding against the recipient. Under the SEC's procedures, a recipient of a Wells Notice has an opportunity to respond in the form of a Wells submission that seeks to persuade the SEC that such an action should not be brought. Accordingly, we made a submission to the Staff in response to the Wells Notice setting forth why the factual record does not support the enforcement action recommended by the Staff and that any perceived shortcomings were made in good faith. Although we intend to defend ourselves vigorously should the SEC authorize any legal action that does not comport with our view of the facts, we cannot predict the outcome of any legal action or whether the matters will result in any settlement. We cannot assure you that the ultimate outcome of the SEC investigation, any legal action by the SEC or any settlement will not have a material adverse effect on our financial condition, results of operations and/or cash flows.

Item 4. Mine Safety Disclosures.

Not Applicable.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the NYSE under the "ESI" trading symbol. The prices set forth below are the high and low sale prices of our common stock on the NYSE during the periods indicated.

Fiscal Quarter Ended	2013 High	2013 Low	2012 High	2012 Low
March 31	$19.49	$11.69	$77.00	$52.80
June 30	$28.52	$11.95	$70.92	$53.60
September 30	$31.85	$23.82	$65.85	$30.37
December 31	$42.80	$27.97	$33.17	$16.37

There were 83 holders of record of our common stock on September 30, 2014.

We did not pay a cash dividend in 2013 or 2012. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. The declaration and payment of dividends on our common stock are subject to the discretion of our Board

Table of Contents

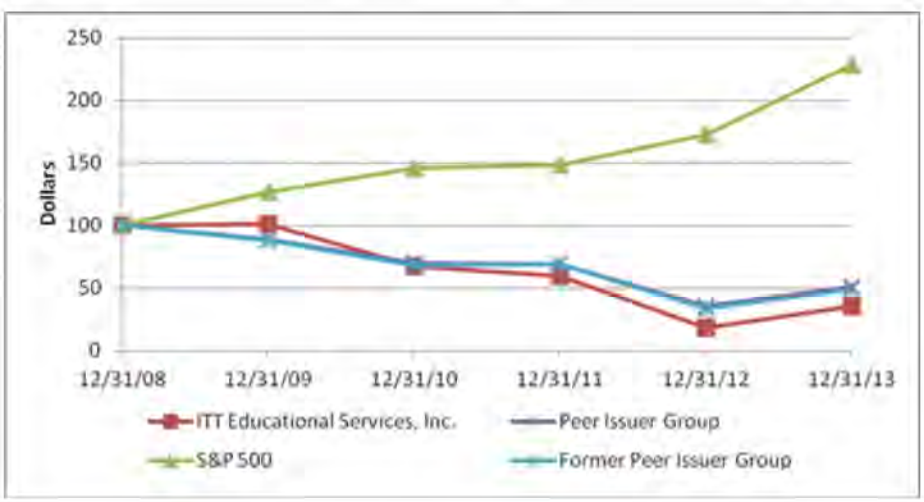
of Directors and compliance with applicable law. In addition, our credit agreement provides for certain limitations on the payment of cash dividends on our common stock. Our decision to pay dividends in the future will depend on general business conditions, the effect of such payment on our financial condition, the restrictions under our credit agreement and other factors our Board of Directors may in the future consider to be relevant.

We did not sell any of our securities during the three months ended December 31, 2013 that were not registered under the Securities Act. In January 2014, we credited 2,233 treasury shares of our common stock to the deferred share accounts of each of three non-employee directors under the ESI Non-Employee Directors Deferred Compensation Plan (the "Directors Deferred Compensation Plan") in payment of their annual retainer for 2014. These shares of our common stock will be issued upon the termination of the non-employee director's service as a non-employee director for any reason, including retirement or death. In January 2014, we also issued 1,116 treasury shares of our common stock to one non-employee director under the Directors Deferred Compensation Plan in payment of a portion of his annual retainer for 2014. The transactions described in this paragraph are exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof.

In the three months ended December 31, 2013, we did not repurchase any shares of our common stock. Our Board of Directors has authorized us to repurchase shares of our common stock in the open market or through privately negotiated transactions in accordance with Rule 10b-18 of the Exchange Act (the "Repurchase Program"). The shares that remained available for repurchase under the Repurchase Program were 7,771,025 as of December 31, 2013. Unless earlier terminated by our Board of Directors, the Repurchase Program will expire when we repurchase all shares authorized for repurchase thereunder.

The performance graph set forth below compares the cumulative total shareholder return on our common stock with the S&P 500 Index, a Peer Issuer Group Index and a former peer issuer index for the period from December 31, 2008 through December 31, 2013. The peer issuer group consists of the following companies selected on the basis of the similar nature of their business: American Public Education, Inc., Apollo Education Group, Inc., Bridgepoint Education, Inc., Capella Education Company, Career Education Corp., Corinthian Colleges, Inc., DeVry Education Group, Inc., Education Management Corporation, Grand Canyon Education, Inc., K12 Inc., Lincoln Educational Services Corporation, Strayer Education, Inc. and Universal Technical Institute, Inc. (the "Peer Issuer Group"). We believe that, including us, the Peer Issuer Group represents a significant portion of the market value of publicly traded companies whose primary business is postsecondary education. The Peer Issuer Group differs from the former peer issuer group in that K12 Inc. was not included in the former peer issuer group.

Cumulative Total Return
(Based on $100 invested on December 31, 2008 and assumes the reinvestment of all dividends)



	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13
ITT Educational Services, Inc.	100.00	101.03	67.06	59.90	18.22	35.35
Peer Issuer Group Index	100.00	88.65	69.98	69.31	35.06	50.60
Former Peer Issuer Group Index	100.00	88.29	68.49	68.92	33.35	49.25
S&P 500 Index	100.00	126.46	145.51	148.59	172.37	228.19

The preceding stock price performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference into such filing.

Table of Contents

Item 6. Selected Financial Data.

The following selected financial data are qualified by reference to and should be read with our Consolidated Financial Statements and Notes to Consolidated Financial Statements and other financial data included elsewhere in this report. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations," for additional discussion of the selected financial data and the impact of the Consolidation.

	Year Ended December 31,				
	2013 (a)	2012 (b)	2011 (b)	2010 (b)	2009 (b)
	(Dollars in thousands, except per share data)				
Statement of Income Data:					
Revenue	$1,072,311	$1,286,633	$1,499,977	$1,573,123	$1,296,416
Cost of educational services	486,353	538,350	553,065	537,855	449,835
Student services and administrative expenses	397,541	400,856	414,156	415,189	360,347
Asset impairment	0	15,166	0	0	0
Legal and other investigation costs (c)	6,923	873	0	0	0
Loss related to loan program guarantees (d)	90,964	101,025	23,500	5,650	0
Provision for PEAKS Trust student loan losses	29,349	0	0	0	0
Total costs and expenses	1,011,130	1,056,270	990,721	958,694	810,182
Operating income	61,181	230,363	509,256	614,429	486,234
(Loss) on consolidation of PEAKS Trust	(73,248)	0	0	0	0
Interest income (expense), net	(25,169)	(2,375)	1,077	586	2,565
Income (loss) before provision for income taxes	(37,236)	227,988	510,333	615,015	488,799
Provision (benefit) for income taxes	(10,212)	89,018	201,247	240,314	190,099
Net income (loss)	$ (27,024)	$ 138,970	$ 309,086	$ 374,701	$ 298,700
Earnings (loss) per share: (e)					
Basic	$ (1.15)	$ 5.82	$ 11.27	$ 11.30	$ 7.97
Diluted	$ (1.15)	$ 5.79	$ 11.18	$ 11.18	$ 7.87
Other Operating Data (f):					
Capital expenditures, net	$ 4,468	$ 17,204	$ 26,847	$ 26,811	$ 23,992
Facility expenditures and land purchases	$ 679	$ 1,046	$ 4,053	$ 6,118	$ 4,236
Number of students at end of period	57,542	61,059	73,255	84,686	80,766
Number of campuses at end of period	147	147	141	130	121
Number of learning sites at end of period	2	2	3	4	4

	As of December 31,				
	2013(a)	2012(b)	2011(b)	2010(b)	2009(b)
	(Dollars in thousands)				
Balance Sheet Data:					
Cash and cash equivalents, restricted cash and investments	$ 215,771	$ 243,465	$ 379,609	$ 313,194	$ 274,086
Total current assets	$ 434,616	$ 386,580	$ 456,790	$ 412,419	$ 388,404
Property and equipment, less accumulated depreciation	$ 168,509	$ 189,890	$ 201,257	$ 198,213	$ 195,449
Total assets	$ 806,851	$ 675,204	$ 729,320	$ 673,102	$ 614,147
Total current liabilities	$ 473,777	$ 327,023	$ 345,243	$ 355,501	$ 283,797
Total long-term debt	$ 71,341	$ 140,000	$ 150,000	$ 150,000	$ 150,000
Total liabilities	$ 691,205	$ 549,439	$ 560,215	$ 546,060	$ 459,125
Shareholders' equity	$ 115,646	$ 125,765	$ 169,105	$ 127,042	$ 155,022

(a) Beginning on February 28, 2013, we consolidated the PEAKS Trust in our consolidated financial statements. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a further discussion of the Consolidation.

(b) Certain amounts have been revised and reclassified from those that were reported in our Consolidated Statements of Income and on our Consolidated Balance Sheets in our Annual Reports on Form 10-K for our fiscal years ended December 31, 2012, 2011, 2010 and 2009.

Table of Contents

We revised our Consolidated Statement of Income for the year ended December 31, 2012 to reflect immaterial corrections for:

- the recognition of revenue with respect to students who withdrew from a program of study, which reduced revenue by $20,376 and student services and administrative expenses by $21,489;
- losses related to the 2009 RSA, which increased both revenue and loss related to loan program guarantees by $19,800; and
- a contingent loss related to the 2009 RSA, which increased loss related to loan program guarantees by $3,539.

As a result of those corrections and a correction in the current and long-term classification of the contingent liability associated with the 2009 RSA, the following adjustments were made to our Consolidated Balance Sheet as of December 31, 2012:

- total current assets increased from $384,965 to $386,580;
- total assets increased from $672,230 to $675,204;
- total current liabilities increased from $306,949 to $327,023
- total liabilities increased from $545,276 to $549,439; and
- shareholders' equity decreased from $126,954 to $125,765.

We reclassified certain items in our Consolidated Statement of Income for the year ended December 31, 2012 to reflect adjustments for:

- the settlement cost associated with the 2007 RSA, which decreased settlement cost and increased loss related to loan program guarantees by $21,750;
- the impairment of the subordinated note issued to us by the PEAKS Trust (the "Subordinated Note") and the Revolving Note, which decreased loss related to private student loan programs and increased asset impairment by $15,166;
- losses related to private education loan programs, which decreased loss related to private student loan programs and increased loss related to loan program guarantees by $71,102; and
- legal and other investigation costs, which decreased cost of educational services and increased legal and other investigation costs by $873.

We revised our Consolidated Statement of Income for the year ended December 31, 2011 to reflect immaterial corrections for:

- the recognition of revenue with respect to students who withdrew from a program of study, which reduced revenue by $23,472 and student services and administrative expenses by $25,652; and
- losses related to the 2009 RSA and 2007 RSA, which increased both revenue and loss related to loan program guarantees by $23,500.

As a result of those corrections, the following adjustments were made to our Consolidated Balance Sheet as of December 31, 2011:

- total current assets increased from $456,288 to $456,790;
- total assets increased from $728,818 to $729,320;
- total current liabilities increased from $345,047 to $345,243;
- total liabilities increased from $560,019 to $560,215; and
- shareholders' equity increased from $168,799 to $169,105.

We revised our Consolidated Statement of Income for the year ended December 31, 2010 to reflect immaterial corrections for:

- the recognition of revenue with respect to students who withdrew from a program of study, which reduced revenue by $29,056 and student services and administrative expenses by $29,936; and
- losses related to the 2007 RSA, which increased both revenue and loss related to loan program guarantees by $5,650.

As a result of those corrections, the following adjustments were made to our Consolidated Balance Sheet as of December 31, 2010:

- total current assets decreased from $414,097 to $412,419;
- total assets decreased from $674,780 to $673,102;
- total current liabilities decreased from $356,151 to $355,501;
- total liabilities decreased from $546,710 to $546,060; and
- shareholders' equity decreased from $128,070 to $127,042.

We revised our Consolidated Statement of Income for the year ended December 31, 2009 to reflect immaterial corrections for the recognition of revenue with respect to students who withdrew from a program of study, which reduced revenue by $22,778 and student services and administrative expenses by $20,220.

As a result of those corrections, the following adjustments were made to our Consolidated Balance Sheet as of December 31, 2009:

- total current assets decreased from $390,962 to $388,404;

Table of Contents

- total assets decreased from $616,705 to $614,147;
- total current liabilities decreased from $284,792 to $283,797;
- total liabilities decreased from $460,120 to $459,125; and
- shareholders' equity decreased from $156,585 to $155,022.

The following tables set forth the effect of the revisions and reclassifications of the amounts on the affected line items of the Statement of Income Data for the periods indicated:

	Year Ended December 31, 2012			
	As Previously Reported	Revisions	Reclassifications	As Revised
Statement of Income Data:				
Revenue	$1,287,209	$ (576)	0	$1,286,633
Cost of educational services	539,223	0	(873)	538,350
Student services and administrative expenses	422,345	(21,489)	0	400,856
Settlement cost	21,750	0	(21,750)	0
Asset impairment	0	0	15,166	15,166
Legal and other investigation costs	0	0	873	873
Loss related to private student loan programs	71,102	0	(71,102)	0
Loss related to loan program guarantees	0	23,339	77,686	101,025
Total costs and expenses	1,054,420	1,850	0	1,056,270
Operating income	232,789	(2,426)	0	230,363
Income before provision for income taxes	230,414	(2,426)	0	227,988
Provision for income taxes	89,949	(931)	0	89,018
Net income	140,465	(1,495)	0	138,970
Earnings per share:				
Basic	$ 5.88			$ 5.82
Diluted	$ 5.85			$ 5.79

	Year Ended December 31, 2011		
	As Previously Reported	Revisions	As Revised
Statement of Income Data:			
Revenue	$1,499,949	$ 28	$1,499,977
Student services and administrative expenses	439,808	(25,652)	414,156
Loss related to loan program guarantees	0	23,500	23,500
Total costs and expenses	992,873	(2,152)	990,721
Operating income	507,076	2,180	509,256
Income before provision for income taxes	508,153	2,180	510,333
Provision for income taxes	200,401	846	201,247
Net income	307,752	1,334	309,086
Earnings per share:			
Basic	$ 11.22		$ 11.27
Diluted	$ 11.13		$ 11.18

	Year Ended December 31, 2010		
	As Previously Reported	Revisions	As Revised
Statement of Income Data:			
Revenue	$1,596,529	$(23,406)	$1,573,123
Student services and administrative expenses	445,125	(29,936)	415,189
Loss related to loan program guarantees	0	5,650	5,650
Total costs and expenses	982,980	(24,286)	958,694
Operating income	613,549	880	614,429
Income before provision for income taxes	614,135	880	615,015
Provision for income taxes	239,969	345	240,314
Net income	374,166	535	374,701
Earnings per share:			
Basic	$ 11.28		$ 11.30
Diluted	$ 11.17		$ 11.18

Table of Contents

	Year Ended December 31, 2009		
	As Previously Reported	Revisions	As Revised
Statement of Income Data:			
Revenue	$1,319,194	$(22,778)	$1,296,416
Student services and administrative expenses	380,567	(20,220)	360,347
Total costs and expenses	830,402	(20,220)	810,182
Operating income	488,792	(2,558)	486,234
Income before provision for income taxes	491,357	(2,558)	488,799
Provision for income taxes	191,094	(995)	190,099
Net income	300,263	(1,563)	298,700
Earnings per share:			
Basic	$ 8.01		$ 7.97
Diluted	$ 7.91		$ 7.87

(c) Legal and other investigation costs represent the cost and other expenses associated with certain lawsuits, investigations and other claims and actions involving us. See Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of those matters.

(d) Loss related to loan program guarantees represents the additional contingent liability accruals recorded for the RSAs and 2007 RSA, which includes the accrual that we recorded in 2012 for the settlement related to the 2007 RSA.

(e) Earnings (loss) per share for all periods have been calculated in conformity with Financial Accounting Standards Board ("FASB") Accounting Standards Codification™ ("ASC" or "Codification") 260, "Earnings Per Share." Earnings (loss) per share data are based on historical net income and the weighted average number of shares of our common stock outstanding during each period. The number of shares used to calculate basic earnings per share differs from the number of shares used to calculate diluted earnings per share. The number of shares used to calculate basic earnings per share was the weighted average number of common shares outstanding. The number of shares used to calculate diluted earnings per share was the weighted average number of common shares outstanding, plus the average number of shares that could be issued under our stock-based compensation plans and less the number of shares assumed to be purchased with any proceeds received from the exercise of awards under those plans.

(f) We did not pay any cash dividends in any of the periods presented.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read with the Selected Financial Data and the Consolidated Financial Statements and Notes to Consolidated Financial Statements included elsewhere in this report.

This management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in conformity with generally accepted accounting principles in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenue, expenses and contingent assets and liabilities. Actual results may differ from those estimates and judgments under different assumptions or conditions.

In this management's discussion and analysis of financial condition and results of operations, when we discuss factors that contributed to a change in our financial condition or results of operations, we disclose the primary factors that materially contributed to that change in the order of significance.

Revision of Prior Periods

This management's discussion and analysis of financial condition and results of operations reflects the fact that we have revised our previously issued financial statements as of and for the years ended December 31, 2012 and 2011. We revised our Consolidated Statement of Income for the year ended December 31, 2012 to reflect immaterial corrections for:

- the recognition of revenue with respect to students who withdrew from a program of study, which reduced revenue by $20.4 million and student services and administrative expenses by $21.5 million;
- a contingent loss related to the 2009 RSA, which increased loss related to loan program guarantees by $3.5 million; and
- losses related to the 2009 RSA, which increased both revenue and loss related to loan program guarantees by $19.8 million.

We also reclassified certain items in our Consolidated Statement of Income for the year ended December 31, 2012 to reflect adjustments for:

- the settlement cost associated with the 2007 RSA, which decreased settlement cost and increased loss related to loan program guarantees by $21.8 million;
- the impairment of the Subordinated Note and Revolving Note, which decreased loss related to private student loan programs and increased asset impairment by $15.2 million;
- losses related to private education loan programs, which decreased loss related to private student loan programs and increased loss related to loan program guarantees by $71.1 million; and
- legal and other investigation costs, which decreased cost of educational services and increased legal and other investigation costs by $0.9 million.

We revised our Consolidated Statement of Income for the year ended December 31, 2011 to reflect immaterial corrections for the recognition of revenue with respect to students who withdrew from a program of study, which reduced revenue by $23.5 million and student services and administrative expenses by $25.7 million. We also corrected the classification of losses related to the 2009 RSA and 2007 RSA in our Consolidated Statement of Income for the year ended December 31, 2011, which increased both revenue and loss related to loan program guarantees by $23.5 million.

This management's discussion and analysis of financial condition and results of operations discusses our financial condition and results of operations as of and for the 12 months ended December 31, 2012 and 2011 as so revised and reclassified.

Consolidation and Core Operations

In February 2014, we commenced a review of the accounting for a variable interest that we held in the PEAKS Trust, a VIE. We engaged significant internal and external resources to perform supplemental procedures to assist us in reviewing our financial statements and accounting practices (the "Supplemental Procedures"). As a result of the review and the Supplemental Procedures, on June 18, 2014, the Audit Committee of our Board of Directors determined that we should have consolidated the PEAKS Trust in our consolidated financial statements beginning on February 28, 2013. February 28, 2013 was the first date that we had the substantive unilateral right to remove the servicer of the PEAKS Trust Student Loans, as described further below.

We had previously concluded that we were not required to consolidate the PEAKS Trust in our consolidated financial statements, because we believed we did not have the power to direct the activities of the PEAKS Trust that most significantly impact its economic performance and, therefore, believed we were not the primary beneficiary of the PEAKS Trust. We determined that the activities of the PEAKS Trust that most significantly impact its economic performance involve the servicing of the PEAKS Trust Student Loans. We determined that February 28, 2013 was the first date that we could exercise our right to terminate the servicing agreement that governs the servicing activities of the PEAKS Trust Student Loans ("PEAKS Servicing Agreement"), due to the failure of the entity that performs those servicing activities on behalf of the PEAKS Trust to meet certain performance criteria specified in the PEAKS Servicing Agreement. As a result of this analysis, we concluded that we became the primary beneficiary of the PEAKS Trust on February 28, 2013, which was the first date that we had the power to direct the activities of the PEAKS Trust that most significantly impact the economic performance of the PEAKS Trust.

As a result of our determination that we should have consolidated the PEAKS Trust in our consolidated financial statements beginning on February 28, 2013, we concluded that we needed to restate the unaudited condensed consolidated financial statements in our Quarterly Reports on Form 10-Q for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, and that those previously-issued financial statements should no longer be relied upon. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a further discussion of the Consolidation.

Our results of operations, financial condition and cash flows for periods after February 28, 2013 reflect the results of operations, financial condition and cash flows of the PEAKS Trust, because we were considered to have control over the PEAKS Trust under ASC 810, "Consolidation" ("ASC 810"), as a result of our substantive unilateral right to terminate the PEAKS Servicing Agreement. We do not, however, actively manage the operations of the PEAKS Trust, and the assets of the consolidated PEAKS Trust can only be used to satisfy the obligations of the PEAKS Trust. Our obligations under the PEAKS Guarantee remain in effect, until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full, as discussed further under "—Private Education Loan Program Obligations" and Note 16—Commitments and Contingencies of the Notes to Consolidated Financial Statements.

Unless otherwise noted, the information in this management's discussion and analysis of financial condition and results of operations is presented and discussed on a consolidated basis, including the PEAKS Trust. Certain information is also provided, however, regarding our results of operations, financial condition and cash flows on a basis that excludes the impact of the PEAKS Trust. We identify and describe our education programs and education-related services on this basis as our core operations ("Core Operations"). The presentation of the Core Operations financial measures differs from the presentation of our consolidated financial measures determined in accordance with generally accepted accounting principles in the United States ("GAAP"). We believe that the presentation of the Core Operations information assists investors in comparing current period information against prior periods during which the PEAKS Trust was not consolidated. In addition, our management believes that the Core Operations information provides useful information to investors, because it:

- allows more meaningful information about our ongoing operating results, financial condition and cash flows;

Table of Contents

- helps in performing trend analyses and identifying trends that may otherwise be masked or distorted by items that are not part of the Core Operations; and
- provides a higher degree of transparency of our core results of operations, financial condition and cash flows.

The following tables set forth selected data from our balance sheets, statements of income and statements of cash flows as of and for the years ended:

- December 31, 2012 (which was prior to the Consolidation); and
- December 31, 2013, regarding:
  - the Core Operations on a stand-alone basis;
  - the PEAKS Trust on a stand-alone basis;
  - the elimination of transactions between the PEAKS Trust and Core Operations, as a result of the Consolidation; and
  - the Core Operations and the PEAKS Trust consolidated in accordance with GAAP.

The information presented related to 2013 also constitutes the reconciliation of our non-GAAP Core Operations and PEAKS Trust data to the related GAAP consolidated financial measures. Following each table, we describe the effect of the Consolidation on the financial statement information presented, including the components attributable to the Core Operations and the PEAKS Trust.

	As of December 31, 2012	As of December 31, 2013			
		Core Operations	PEAKS Trust	Eliminations	GAAP Consolidated
		(Dollar amounts in thousands)			
Balance Sheet Data:					
Cash and cash equivalents	$ 243,465	$ 215,771	$ 0	$ 0	$ 215,771
Restricted cash	3,478	3,043	2,593	0	5,636
Accounts receivable, net	78,928	99,530	0	0	99,530
PEAKS Trust student loans, net	0	0	7,730	0	7,730
Deferred income taxes	44,547	33,961	43,588	0	77,549
Prepaid expenses and other current assets	16,162	27,827	573	0	28,400
Total current assets	386,580	380,132	54,484	0	434,616
Property and equipment, net	189,890	168,509	0	0	168,509
PEAKS Trust student loans, net	0	0	76,479	0	76,479
Deferred income taxes	57,471	113,398	(45,074)	0	68,324
Other assets	41,263	67,354	0	(8,431)	58,923
Total assets	$ 675,204	$ 729,393	$ 85,889	$ (8,431)	$ 806,851
Current portion of long-term debt	$ 0	$ 50,000	$ 0	$ 0	$ 50,000
Current portion of PEAKS Trust senior debt	0	0	157,883	0	157,883
Accounts payable	63,304	58,021	0	0	58,021
Accrued compensation and Benefits	21,023	18,107	0	0	18,107
Other current liabilities	106,796	33,366	11,830	(3,060)	42,136
Deferred revenue	135,900	147,630	0	0	147,630
Total current liabilities	327,023	307,124	169,713	(3,060)	473,777
Long-term debt	140,000	0	0	0	0
PEAKS Trust senior debt	0	0	71,341	0	71,341
Other liabilities	82,416	213,343	1,684	(68,940)	146,087
Total liabilities	549,439	520,467	242,738	(72,000)	691,205
Total shareholders' equity	125,765	208,926	(156,849)	63,569	115,646
Total liabilities and shareholders' equity	$ 675,204	$ 729,393	$ 85,889	$ (8,431)	$ 806,851

Table of Contents

In accordance with ASC 810, the assets and liabilities of the PEAKS Trust were treated as having been acquired by us at their fair values as of February 28, 2013. The carrying values of the assets and liabilities of the PEAKS Trust are included on our Consolidated Balance Sheet as of December 31, 2013. The assets of the PEAKS Trust consist of cash and the PEAKS Trust Student Loans. The liabilities of the PEAKS Trust consist primarily of the PEAKS Senior Debt. For further information about the terms of the PEAKS Senior Debt, see "—Financial Condition, Liquidity and Capital Resources—*Financing.*" The assets of the PEAKS Trust serve as collateral for, and are intended to be the principal source of, the repayment of the PEAKS Senior Debt. The carrying values of the assets and liabilities related to the PEAKS Program that had been included as balance sheet items related to our Core Operations and consisted of the Subordinated Note, a guarantee receivable and a contingent liability, were eliminated from our Consolidated Balance Sheet as of December 31, 2013.

Although the assets and liabilities of the PEAKS Trust are presented on our Consolidated Balance Sheets following the Consolidation, the assets of the PEAKS Trust can only be used to satisfy the obligations of the PEAKS Trust.

	Year Ended December 31, 2012	Year Ended December 31, 2013			
		Core Operations	PEAKS Trust	Eliminations	GAAP Consolidated
	(Dollar amounts in thousands)				
Statement of Income Data:					
Revenue	$ 1,286,633	$1,059,315	$ 12,996	$ 0	$1,072,311
Cost and expenses:					
Cost of educational services	538,350	486,353	0	0	486,353
Student services and administrative expenses	400,856	392,253	5,288	0	397,541
Asset impairment	15,166	0	0	0	0
Legal and other investigation costs	873	6,923	0	0	6,923
Loss related to loan program guarantees	101,025	115,503	0	(24,539)	90,964
Provision for PEAKS Trust student loan losses	0	0	29,349	0	29,349
Total costs and expenses	1,056,270	1,001,032	34,637	(24,539)	1,011,130
Operating income (loss)	230,363	58,283	(21,641)	24,539	61,181
(Loss) on consolidation of PEAKS Trust	0	0	(112,748)	39,500	(73,248)
Interest income	1,348	578	0	(470)	108
Interest (expense)	(3,723)	(3,989)	(21,288)	0	(25,277)
Income (loss) before provision for income taxes	227,988	54,872	(155,677)	63,569	(37,236)
Provision for income taxes	89,018	(11,384)	1,172	0	(10,212)
Net income (loss)	$ 138,970	$ 66,256	$(156,849)	$ 63,569	$ (27,024)

The Consolidation impacts the presentation of our Statements of Income in a number of ways. Following the Consolidation, our revenue consists of:

- revenue from the Core Operations, primarily from tuition, tool kit sales and student fees; and
- student loan interest income on the PEAKS Trust Student Loans, which is the accretion of the accretable yield on the PEAKS Trust Student Loans.

Following the Consolidation, our student services and administrative expenses are comprised of:

- expenses related to the Core Operations, including marketing expenses, an expense for uncollectible accounts and administrative expenses incurred primarily at our corporate headquarters; and
- expenses incurred by the PEAKS Trust, primarily related to fees for servicing the PEAKS Trust Student Loans and various other administrative fees and expenses of the PEAKS Trust.

The loss related to loan program guarantees represents:

- in 2012, the additional contingent liability accruals that we recorded related to the PEAKS Guarantee and the 2009 RSA; and
- in 2013, the additional contingent liability accruals that we recorded related to the 2009 RSA, because the contingent liability related to the PEAKS Guarantee was eliminated from our consolidated financial statements as a result of the Consolidation (though our obligations under the PEAKS Guarantee remain in effect).

Following the Consolidation, our provision for PEAKS Trust student loan losses represents the increase in the allowance for loan losses that occurred during the period. The allowance for loan losses is the difference between the carrying value and the total present value of the expected principal and interest collections of each loan pool of the PEAKS Trust Student Loans, discounted by the loan pool's effective interest rate as of December 31, 2013.

We recognized a loss upon the Consolidation that represented the amount by which the fair value of the PEAKS Trust's liabilities exceeded the fair value of the PEAKS Trust's assets as of February 28, 2013, partially reduced by the net amount of the carrying value of the assets and liabilities related to the PEAKS Program that had been recorded in our consolidated financial statements as of February 28, 2013 and were eliminated upon the Consolidation. Following the Consolidation, our interest expense includes:

- interest expense from matters related to the Core Operations, primarily the interest expense on the outstanding balance under the Amended Credit Agreement; and
- interest expense on the PEAKS Senior Debt, which includes the contractual interest obligation and the accretion of the discount on the PEAKS Senior Debt.

Since the inception of the PEAKS Program, we have guaranteed, and continue to guarantee, the payment of the principal and interest owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and the minimum required Asset/Liability Ratio, pursuant to the terms of the PEAKS Guarantee. Our obligations under the PEAKS Guarantee remain in effect until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full.

The revenue and expenses of the PEAKS Trust are presented in our Consolidated Statements of Income following the Consolidation. The cash received by the PEAKS Trust, which is derived from its revenue, however, is considered restricted and can only be used to satisfy the obligations of the PEAKS Trust.

Table of Contents

	Year Ended December 31, 2012	Year Ended December 31, 2013 Core Operations	PEAKS Trust	Eliminations	GAAP Consolidated
		(Dollar amounts in thousands)			
Statement of Cash Flows Data:					
Cash flows from operating activities:					
Net income (loss)	$ 138,970	$ 66,256	$(156,849)	$ 63,569	$ (27,024)
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation and amortization	29,350	27,252	0	0	27,252
Provision for doubtful accounts	56,818	67,640	0	0	67,640
Deferred income taxes	(59,999)	(47,318)	(7,107)	0	(54,425)
Excess tax benefit from stock option exercises	(1,382)	0	0	0	0
Stock-based compensation expense	16,658	11,638	0	0	11,638
Settlement cost	21,750	(46,000)	0	0	(46,000)
Asset impairment	15,166	0	0	0	0
Accretion of discount on PEAKS Trust student loans	0	0	(12,996)	0	(12,996)
Accretion of discount on PEAKS Trust senior debt	0	0	4,926	0	4,926
Provision for PEAKS Trust student loan losses	0	0	29,349	0	29,349
Loss on consolidation of PEAKS Trust	0	0	112,748	(39,500)	73,248
Other	6,992	315	0	0	315
Changes in operating assets and liabilities:					
Restricted cash	3,794	435	(890)	0	(455)
Accounts receivable	(87,138)	(87,225)	0	0	(87,225)
PEAKS Trust student loans	0	0	11,554	0	11,554
Accounts payable	(15,572)	(5,574)	0	0	(5,574)
Other operating assets and Liabilities	72,857	76,651	21,621	(24,069)	74,203
Deferred revenue	(90,643)	11,299	0	0	11,299
Net cash flows from operating activities	107,621	75,779	1,946	0	77,725
Net cash flows from investing activities	123,164	(13,078)	0	0	(13,078)
Cash flows from financing activities:					
Excess tax benefit from stock option exercises	1,382	0	0	0	0
Proceeds from exercise of stock options	8,345	0	0	0	0
Debt issue costs	(1,525)	0	0	0	0
Proceeds from revolving borrowings	175,000	0	0	0	0
Repayment of revolving borrowings	(185,000)	(90,000)	0	0	(90,000)
Repayment of PEAKS Trust senior debt	0	0	(1,946)	0	(1,946)
Repurchase of common stock and shares tendered for taxes	(209,371)	(395)	0	0	(395)
Net cash flows from financing activities	(211,169)	(90,395)	(1,946)	0	(92,341)
Net change in cash and cash equivalents	19,616	(27,694)	0	0	(27,694)
Cash and cash equivalents at beginning of period	223,849	243,465	0	0	243,465
Cash and cash equivalents at end of period	$ 243,465	$ 215,771	$ 0	$ 0	$ 215,771

Although the cash flows of the PEAKS Trust are presented in our Consolidated Statements of Cash Flows following the Consolidation, the cash resulting from the cash flows from operations and financing activities of the PEAKS Trust can only be used to satisfy the obligations of the PEAKS Trust.

Table of Contents

General

As of December 31, 2013, we had 149 locations (including 147 campuses and two learning sites) in 39 states, which were providing education programs to approximately 57,000 students, and one training facility which was providing training programs. In 2013, we derived approximately 98% of our revenue from the Core Operations from tuition and approximately 2% from the sale of tool kits and fees, charged to and paid by, or on behalf of, our students. Most students enrolled in our education programs at our institutions pay a substantial portion of their tuition and other education-related expenses with funds received under various government-sponsored student financial aid programs, especially Title IV Programs.

Our revenue from the Core Operations varies based primarily on the following factors:

- the aggregate student population, which is influenced by the number of students attending our institutions at the beginning of a fiscal period and student retention rates;
- the amount of tuition charged to our students; and
- the levels of availability and utilization of institutional scholarships, grants and awards.

New students generally enter our education programs at the beginning of an academic term that typically begins for most education programs in early March, mid-June, early September and late November or early December. We believe that the changes to our institutions' aggregate student population in recent years was primarily due to:

- our prospective students' greater sensitivity to the cost of a postsecondary education;
- our prospective students' uncertainty about the value of a postsecondary education due to the prolonged economic and labor market disruptions;
- changes that we made to education program offerings at select campuses, which resulted in a more significant decline in new student enrollment in the criminal justice programs of study compared to our institutions' other curricula; and
- the discontinuation or suspension of new student enrollments at select locations.

In order to participate in Title IV Programs, a new campus or learning site must be authorized by the state in which it will operate, accredited by an accrediting commission recognized by the ED, and certified by the ED to participate in Title IV Programs. The ED's certification process cannot commence until the location receives its state authorization and accreditation.

We generally earn tuition revenue on a straight-line basis over the length of each of four, 12-week academic quarters in each fiscal year. State regulations, accrediting commission criteria and our policies generally require us to refund a portion of the tuition and fee payments received from a student who withdraws from one of our institutions during an academic term. We recognize immediately the amount of tuition and fees, if any, that we may retain after payment of any refund. Revenue that we recognize after the Consolidation also includes student loan interest income on the PEAKS Trust Student Loans, which is the accretion of the accretable yield on the PEAKS Trust Student Loans.

We incur expenses throughout a fiscal period in connection with the operation of our institutions. The cost of educational services includes salaries of faculty and institution administrators, cost of course materials, occupancy costs, depreciation and amortization of equipment costs, facilities and leasehold improvements, and other miscellaneous costs incurred by our institutions.

Student services and administrative expenses from the Core Operations include marketing expenses, an expense for uncollectible accounts and administrative expenses incurred at our corporate headquarters. Marketing expenses include advertising expenses and salaries and employee benefits for recruiting representatives. After the Consolidation, student services and administrative expenses also include expenses incurred by the PEAKS Trust, primarily related to fees for servicing the PEAKS Trust Student Loans and various other administrative fees and expenses of the PEAKS Trust.

In 2013, we continued to add education program and training program offerings among existing campuses and learning sites. We also continued our efforts to diversify our education program offerings by developing education programs at different degree levels in both technology and non-technology fields of study that we intend to offer at our campuses and deliver entirely in residence, entirely online over the Internet or partially in residence and partially online. In 2013, we did not begin operations at any new ITT Technical Institute campuses or learning sites. As part of our efforts to maximize the efficiency and effectiveness of our current campus locations, during 2013, we:

- relocated five of our campuses into existing facilities of other ITT Technical Institute campuses; and
- discontinued new student enrollments at two ITT Technical Institute campuses and, subsequently, determined to discontinue operations at those campuses after the students who are currently attending those campuses have had an opportunity to complete their education programs at those campuses.

Table of Contents

The following table sets forth select operating and growth statistics for the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Additional education program offerings	348	272	1,343
Additional training program offerings	293	N/A	N/A
Number of campuses and learning sites with additional education program offerings	104	62	132
Began operations at new campuses	0	6	11
Campuses offering bachelor degree programs	134	133	128

In 2014, we intend to add more of our current education program offerings among most of our institutions' locations. We also plan to continue developing new education programs in both technology and non-technology fields, but primarily in technology- and healthcare-related disciplines. We believe that those programs of study will be at different education levels and delivered in a variety of formats, including entirely in residence, entirely online or partially in residence and partially online. While our growth strategy continues to include opening new campuses and learning sites, we do not expect to begin operations at any new campuses in 2014. We plan to continue to evaluate the performance of the current ITT Technical Institute campuses in order to maximize the efficiency and effectiveness of our national network of campuses. As part of this effort, we may relocate and/or suspend enrollments at additional campuses. We also plan to continue to develop and offer training programs to career advancers and other professionals through the CPD.

Critical Accounting Policies and Estimates

We believe the following critical accounting policies affect our more significant estimates and judgments used in the preparation of our consolidated financial statements. These policies should be read in conjunction with Note 1 – Business and Significant Accounting Policies of the Notes to Consolidated Financial Statements.

Recognition of Revenue. Tuition revenue is recorded on a straight-line basis over the length of the applicable course to the extent that we consider the collectability of that revenue to be reasonably assured. If a student withdraws from an institution, the standards of most SAs that regulate our institutions, the ACs and our own internal policy limit a student's obligation for tuition and fees to the institution depending on when a student withdraws during an academic term. The terms of the Refund Policies vary by state, and the limitations imposed by the Refund Policies are generally based on the portion of the academic term that has elapsed at the time the student withdraws. Generally, the greater the portion of the academic term that has elapsed at the time the student withdraws, the greater the student's obligation is to the institution for the tuition and fees related to that academic term. We record revenue net of any refunds that result from any applicable Refund Policy. On an individual student basis, tuition earned in excess of cash received is recorded as accounts receivable, and cash received in excess of tuition earned is recorded as deferred revenue.

We do not charge a separate fee for textbooks and certain equipment that students use in their education programs. We record the cost of these textbooks and equipment in prepaid expenses and other current assets and amortize the cost on a straight-line basis over the applicable course length. Tool kit sales, and the related cost, are recognized when the student receives the tool kit. Academic fees (which are charged only one time to students on their first day of class attendance) are recognized as revenue on a straight-line basis over the average education program length. If a student withdraws from an institution, all unrecognized revenue relating to his or her fees, net of any refunds that result from any applicable Refund Policy, is recognized upon the student's departure. An administrative fee is charged to a student and recognized as revenue when the student withdraws or graduates from an education program at an institution. We reassess the collectability of tuition revenue on a student-by-student basis throughout our revenue recognition period. We reassess the collectability of tuition revenue that we may earn based on new information and changes in the facts and circumstances relevant to a student's ability to pay, which primarily include when a student withdraws from a program of study.

We derived 98% of our revenue from tuition and 2% from tool kit sales and student fees in each of the years ended December 31, 2013, 2012 and 2011. The amount of tuition earned depends on:

- the cost per credit hour of the courses in our education programs;
- the length of a student's enrollment;
- the number of courses a student takes during each period of enrollment; and
- the total number of students enrolled in our education programs.

Each of these factors is known at the time our tuition revenue is calculated.

We have significantly increased the amount of institutional scholarships and awards that we offer to our institutions' students and which those students use to help reduce their educational expenses. Institutional scholarships and awards reduce the students' tuition charges and are recorded as offsets to revenue. In the year ended December 31, 2013, institutional scholarships and awards amounted to, in aggregate, approximately $171.2 million, compared to approximately $65.1 million in the year ended December 31, 2012.

Table of Contents

Interest income on the PEAKS Trust Student Loans, which is the accretion of the accretable yield on the PEAKS Trust Student Loans, is included in revenue on our Consolidated Statements of Income and recognized based on the effective interest method, as described in Note 11 – PEAKS Trust Student Loans of the Notes to Consolidated Financial Statements.

Equity-Based Compensation. In accordance with ASC 718, "Compensation – Stock Compensation" ("ASC 718"), the value of our equity instruments exchanged for employee and director services is measured at the date of grant, based on the calculated fair value of the grant, and is recognized as an expense over the period of time that the grantee must provide services to us before the stock-based compensation is fully vested. The vesting period is generally the period set forth in the agreement granting the stock-based compensation. Under the terms of our stock-based compensation plans, some grants immediately vest in full when the grantee's employment or service terminates for death or disability. As a result, in certain circumstances, the period of time that the grantee must provide services to us in order for that stock-based compensation to fully vest may be less than the vesting period set forth in the agreement granting the stock-based compensation. In these instances, compensation expense will be recognized over this shorter period. We recognize stock-based compensation expense on a straight-line basis over the service period applicable to the grantee.

We use a binomial option pricing model to determine the fair value of stock options granted, and we use the market price of our common stock to determine the fair value of restricted stock and restricted stock units ("RSUs") granted. Various assumptions are used in the binomial option pricing model to determine the fair value of the stock options. These assumptions are discussed in Note 1 – Business and Significant Accounting Policies of the Notes to Consolidated Financial Statements.

The following table sets forth the stock-based compensation expense and related income tax benefit recognized in our Consolidated Statements of Income in the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Stock-based compensation expense	$ 11,638	$ 16,658	$ 17,074
Income tax (benefit)	($4,481)	($6,414)	($6,574)
	$7,157	$10,244	$10,500

As of December 31, 2013, we estimated that pre-tax compensation expense for unvested stock-based compensation grants in the amount of approximately $13.9 million, net of estimated forfeitures, will be recognized in future periods. We expect to recognize this expense over the remaining service period applicable to the grantees which, on a weighted average basis, is approximately two years.

See also Note 1 – Business and Significant Accounting Policies and Note 7 – Equity Compensation Plans of the Notes to Consolidated Financial Statements, for a discussion of stock-based compensation.

Income Taxes. We follow ASC 740, "Income Taxes" ("ASC 740"), which prescribes a single, comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. This guidance requires us to evaluate whether it is more likely than not, based on the technical merits of a tax position, that the benefits resulting from the position will be realized by us.

Accounts Receivable and Allowance for Doubtful Accounts. We extend unsecured credit to our institutions' students for tuition and fees, and we record a receivable for the tuition and fees earned in excess of the payment received from or on behalf of a student. The individual student balances of these receivables are insignificant. We record an allowance for doubtful accounts with respect to accounts receivable based on the students' credit profiles and our historical collection experience related to amounts owed by our students with similar credit profiles. If our collection trends were to differ significantly from our historical collection experience, we would make a corresponding adjustment to our allowance for doubtful accounts.

When a student is no longer enrolled in an education program at one of our campuses, we increase the allowance for doubtful accounts related to the former student's receivable balance to reflect the amount we estimate will not be collected. The amount that we estimate will not be collected is based on a review of the historical collection experience for each campus, adjusted as needed to reflect other facts and circumstances. We review the collection activity after a student withdraws or graduates from an education program and will write off the accounts receivable, if we conclude that collection of the balance is not probable.

PEAKS Trust Student Loans. Beginning on February 28, 2013, we consolidated the PEAKS Trust, a VIE, that purchased, owns and collects the PEAKS Trust Student Loans made under the PEAKS Program in our consolidated financial statements. Certain of the PEAKS Trust Student Loans had evidence of credit deterioration since the date those loans were originated and, therefore, we determined that, at the date of the Consolidation, it was probable that all contractually required payments under those loans would not be collected. We recorded those loans at fair value at the date of the Consolidation. We also recorded at fair value the PEAKS Trust Student Loans that did not individually have evidence of deteriorated credit quality at the date of the Consolidation, because we determined that the application of an expected cash flow model provided the most reasonable presentation and this accounting treatment was consistent with the American Institute of Certified Public Accountants' (the

"AICPA") December 18, 2009 Confirmation Letter (the "Confirmation Letter"). No allowance for loan losses was recorded at the date of the Consolidation, because all of the PEAKS Trust Student Loans were recorded at fair value and future credit losses are considered in the estimate of fair value. Cash flows from PEAKS Trust Student Loans expected to be collected within the next 12 months have been classified as current in our consolidated balance sheet. The remaining balance is classified as non-current.

We aggregated the individual PEAKS Trust Student Loans into 24 separate pools of loans, based on common risk characteristics of the individual loans, which included:

- the fiscal quarter in which the PEAKS Trust Student Loan was originated; and
- the consumer credit score of the borrower.

Loans that did not have evidence of deteriorated credit quality were not aggregated in the same pools with loans that had evidence of deteriorated credit quality. The same aggregation criteria, however, were used to determine those loan pools. Each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

On a quarterly basis, we estimate the total principal and interest expected to be collected over the remaining life of each loan pool. These estimates include assumptions regarding default rates, forbearances and other factors that reflect then-current market conditions. If a decrease in the expected cash flows of a loan pool is probable and would cause the expected cash flows to be less than the expected cash flows at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later, we would record the impairment as:

- a provision for PEAKS Trust student loan losses in our Consolidated Statement of Income; and
- an increase in the allowance for loan losses on our Consolidated Balance Sheet.

The provision for PEAKS Trust student loan losses represents the increase in the allowance for loan losses that occurred during the period. The allowance for loan losses is the difference between the carrying value and the total present value of the expected principal and interest collections of each loan pool, discounted by the loan pool's effective interest rate at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later. If a significant increase in the expected cash flows of a loan pool is probable and would cause the expected cash flows to be greater than the expected cash flows at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later, we would:

- first reverse any allowance for loan losses with respect to that loan pool that was previously recorded on our Consolidated Balance Sheet, up to the amount of that allowance; and
- record any remaining increase prospectively as a yield adjustment over the remaining estimated lives of the loans in the loan pool.

The impact of prepayments, changes in variable interest rates and any other changes in the timing of the expected cash flows of a loan pool are recognized prospectively as adjustments to interest income.

The impact of modifications made to loans in a loan pool is incorporated into our quarterly assessment of whether a significant change in the expected cash flows of the loan pool is probable or has occurred. We consider the historical loss experience associated with the PEAKS Trust Student Loans in estimating the future probabilities of default for all of the outstanding PEAKS Trust Student Loans.

The excess of any cash flows expected to be collected with respect to a loan pool of the PEAKS Trust Student Loans over the carrying value of the loan pool is referred to as the accretable yield. The accretable yield is not reported on our Consolidated Balance Sheets, but it is accreted and included as interest income at a level rate of return over the remaining estimated life of the loan pool. If we determine that the timing and/or amounts of expected cash flows with respect to a loan pool are not reasonably estimable, no interest income would be accreted and the loans in that loan pool would be reported as nonaccrual loans. We recognize the accretable yield of the PEAKS Trust Student Loans as interest income, because the timing and the amounts of the expected cash flows are reasonably estimable.

If a PEAKS Trust Student Loan is paid in full or charged-off, that loan is removed from the loan pool. If the amount of the proceeds received for that loan, if any, is less than the unpaid principal balance of the loan, the difference is first applied against the loan pool's nonaccretable difference for principal losses (i.e., the lifetime credit loss estimate established at the date of the Consolidation). If the nonaccretable difference for principal losses with respect to a loan pool has been fully depleted, any unpaid loan principal balance in excess of the proceeds received for the loan is charged-off against the loan pool's allowance for loan losses. We do not recognize charge offs of individual PEAKS Trust Student Loans when those loans reach certain stages of delinquency, because those loans are accounted for at a loan pool level.

If any portion of a PEAKS Trust Student Loan that had previously been charged-off is recovered, the amount collected increases the applicable loan pool's nonaccretable difference. If the nonaccretable difference with respect to the applicable loan pool has been fully depleted, the amount collected increases that loan pool's allowance for loan losses.

Fair Value. ASC 820, "Fair Value Measurements" ("ASC 820"), defines fair value for financial reporting as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value measurement of our financial assets utilized assumptions categorized as observable inputs under ASC 820. Observable inputs are assumptions based on independent market data sources.

Table of Contents

The following table sets forth information regarding the recurring fair value measurement of our financial assets as of December 31, 2013:

Description	As of December 31, 2013	Fair Value Measurements at Reporting Date Using (Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
		(In thousands)		
Cash equivalents:				
Money market fund	$ 214,985	$ 214,985	$ 0	$ 0
Restricted cash:				
Money market fund	2,433	2,433	0	0
Other assets:				
Money market fund	8,626	8,626	0	0
	$ 226,044	$ 226,044	$ 0	$ 0

We used quoted prices in active markets for identical assets as of the measurement date to value our financial assets that were categorized as Level 1.

Property and Equipment. We include all property and equipment in the financial statements at cost and make provisions for depreciation of property and equipment using the straight-line method. The following table sets forth the general ranges of the estimated useful lives of our property and equipment:

Type of Property and Equipment	Estimated Useful Life
Furniture and equipment	3 to 10 years
Leasehold, building and land improvements	3 to 14 years
Buildings	20 to 40 years

Changes in circumstances, such as changes in our curricula and technological advances, may result in the actual useful lives of our property and equipment differing from our estimates. We regularly review and evaluate the estimated useful lives of our property and equipment. Although we believe that our assumptions and estimates are reasonable, deviations from our assumptions and estimates could produce a materially different result.

Asset Impairment. We regularly review our long-lived assets and notes receivable for impairment whenever events or changes in circumstances indicate that the carrying amounts of those assets may not be recoverable. If we determine that the carrying value of the long-lived asset exceeds its fair market value, we recognize an impairment loss equal to the difference. We base our impairment analyses of long-lived assets on our current business strategy, expected growth rates and estimates of future economic and regulatory conditions. We evaluate each note receivable individually for impairment. We consider a note receivable to be impaired when it is probable that we will be unable to collect all amounts of principal and interest owed to us under the terms of the underlying note. If the present value of the expected future cash flows from the note receivable is less than the carrying value of the note receivable, we recognize an impairment loss in the amount of the difference.

Contingent Liabilities. We are subject to various claims and contingencies in the ordinary course of our business, including those related to litigation, government investigations, business transactions, guarantee obligations and employee-related matters, among others. When we are aware of a claim or potential claim, we assess the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, we record a liability for the loss. The liability recorded includes probable and estimable legal costs associated with the claim or potential claim. If the loss is not probable or the amount of the loss cannot be reasonably estimated, we disclose the claim if the likelihood of a potential loss is reasonably possible and the amount involved is material.

We determine the amount of our contingent liabilities related to our guarantee obligations by estimating the expected payments to be made under the guarantee and the amount that we expect to be repaid to us. We also consider the payment options available to us. To the extent that we project that we will have sufficient funds available to discharge our guarantee obligations for the outstanding balance of those private education loans that have been charged off at the time that they default, we incorporate that assumption into our estimate of the contingent liability. If we do not believe that we will have sufficient funds available, we assume that we will make monthly payments to satisfy our guarantee obligations as allowed under the applicable agreements. We discount the amount of those expected future monthly payments at a risk-free rate of interest. Making payments for the full amount of the charged-off loans at the time that they default results in us paying a lesser amount than we otherwise would have been required to pay under our guarantee obligations in future periods and, therefore, results in an estimated contingent liability that is less than if we had assumed we would make monthly payments in the future.

We discount the amounts that we expect will be repaid to us to reflect a risk free rate of interest. The difference between the amount of the guarantee payments that we expect to make and the discounted amount that we expect will be repaid to us is included in our estimate of the amount of our contingent liability related to our guarantee obligations.

Debt. In accordance with ASC 810, we included the PEAKS Senior Debt on our consolidated balance sheet at its fair value as of February 28, 2013, the date of the Consolidation. The difference between the fair value of the PEAKS Senior Debt and its outstanding aggregate principal balance at the date of the Consolidation was recorded as an accrued discount on our consolidated balance sheet at the date of the Consolidation. The accrued discount will be recognized in interest expense at a level rate of return over the life of the PEAKS Senior Debt.

Table of Contents

New Accounting Guidance

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, which is included in the Codification under ASC 606, "Revenue Recognition" ("ASC 606"). This guidance requires the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected in exchange for those goods or services. This guidance will become effective for our interim and annual reporting periods beginning January 1, 2017. We have not completed our evaluation of the impact that this guidance may have on our consolidated financial statements.

In April 2014, the FASB issued ASU No. 2014-08, which is included in the Codification under ASC 205, "Presentation of Financial Statements" ("ASC 205"). This update changes the requirements for reporting discontinued operations and clarifies when disposals of groups of assets qualify for discontinued operations presentation under ASC 205. This guidance will become effective for our interim and annual reporting periods beginning January 1, 2015, and will be applied to any transactions that meet those requirements beginning January 1, 2015.

In July 2013, the FASB issued ASU No. 2013-11, which is included in the Codification under ASC 740. This update provides guidance on the presentation of unrecognized tax benefits when net operating loss carryforwards, similar tax losses or tax credit carryforwards exist. This guidance became effective for our interim and annual reporting periods beginning January 1, 2014. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, which is included in the Codification under ASC 220, "Other Comprehensive Income" ("ASC 220"). This update requires an entity to report the effect, by component, of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income. This guidance was effective for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance requires us to provide additional disclosures regarding the amounts reclassified out of accumulated other comprehensive income during a reporting period. We have included these disclosures in the footnotes to our consolidated financial statements. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In October 2012, the FASB issued ASU No. 2012-04, which makes technical corrections, clarifications and limited-scope improvements to various topics throughout the Codification. The amendments in this ASU that do not have transition guidance were effective upon issuance, and the amendments that are subject to transition guidance were effective for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, which is included in the Codification under ASC 350, "Intangibles – Goodwill and Other" ("ASC 350"). This update allows an entity to first assess qualitative factors to determine whether it must perform a quantitative impairment test. An entity would be required to calculate the fair value of an indefinite-lived intangible asset, if the entity determines, based on a qualitative assessment, that it is more likely than not that the indefinite-lived intangible asset is impaired. This guidance was effective for impairment tests performed for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, which is included in the Codification under ASC 210, "Balance Sheet." This update provides for enhanced disclosures to help users of financial statements evaluate the effect or potential effect of netting arrangements on an entity's financial position. In January 2013, the FASB issued ASU No. 2013-01, which clarified the scope of the disclosures required under ASU No. 2011-11. Both of these updates were effective for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance did not have a material impact on our consolidated financial statements.

Variations in Quarterly Results of Operations

Our quarterly results of operations have tended to fluctuate within a fiscal year due to the timing of student matriculations. Each of our four fiscal quarters has 12 weeks of earned tuition revenue. The academic schedule generally does not affect our incurrence of most of our costs, however, and costs do not fluctuate significantly on a quarterly basis.

The revenue recognized in our fiscal quarters has been impacted by fluctuations in our institutions' total student enrollment. These fluctuations were primarily due to changing patterns of student matriculations and variations in student persistence, which were primarily attributable to the number of graduates in the fiscal quarter and student retention in certain courses. These factors are discussed in greater detail below under "—Results of Operations." In addition, the increased amount of our institutional scholarships and awards, primarily the Opportunity Scholarship, has reduced revenue per student in the various periods compared to the same prior year periods.

Table of Contents

The following table sets forth the Core Operations revenue per student for the periods indicated:

	Core Operations Revenue per Student					
	2013		2012		2011	
Three Months Ended	Amount	Increase (Decrease) to Prior Year	Amount	Increase (Decrease) to Prior Year	Amount	Increase (Decrease) to Prior Year
March 31	$ 4,646	0.3%	$ 4,631	1.7%	$ 4,552	(2.7%)
June 30	4,200	(8.9%)	4,613	0.4%	4,593	(2.6%)
September 30	4,360	(7.7%)	4,726	2.6%	4,604	(0.9%)
December 31	4,323	(7.1%)	4,654	(0.8%)	4,619	1.0%
Total for Year	$17,529	(5.9%)	$18,624	1.4%	$18,368	(1.4%)

Core Operations revenue per student is calculated by dividing all revenue from Core Operations by the total student enrollment in education programs as of the beginning of the applicable fiscal period.

Results of Operations

The following table sets forth the percentage relationship of certain statement of income data to revenue for the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Revenue	100.0%	100.0%	100.0%
Cost of educational services	45.4%	41.8%	36.9%
Student services and administrative expenses	37.1%	31.2%	27.6%
Asset impairment	0.0%	1.1%	0.0%
Legal and other investigation costs	0.6%	0.1%	0.0%
Loss related to loan program guarantees	8.5%	7.9%	1.6%
Provision for PEAKS Trust student loan losses	2.7%	0.0%	0.0%
Operating income	5.7%	17.9%	33.9%
(Loss) on consolidation of PEAKS Trust	(6.8)%	0.0%	0.0%
Interest income (expense), net	(2.3)%	(0.2)%	0.1%
Income (loss) before income taxes	(3.5)%	17.7%	34.0%

The following table sets forth our total student enrollment in education programs as of the dates indicated:

As of December 31,	Total Student Enrollment in Education Programs	Increase (Decrease) to Prior Year
2013	57,542	(5.8%)
2012	61,059	(16.6%)
2011	73,255	(13.5%)

Total student enrollment in education programs includes all new and continuing students. A continuing student is any student who, in the academic term being measured, is enrolled in an education program at one of our campuses and was enrolled in the same program at any of our campuses at the end of the immediately preceding academic term. A new student is any student who, in the academic term being measured, enrolls in and begins attending any education program at one of our campuses:

- for the first time at that campus;
- after graduating in a prior academic term from a different education program at that campus; or
- after having withdrawn or been terminated from an education program at that campus.

Table of Contents

The following table sets forth our new student enrollment in education programs in the periods indicated:

New Student Enrollment in Education Programs in the Three Months Ended:	2013 New Student Enrollment in Education Programs	2013 Increase (Decrease) to Prior Year	2012 New Student Enrollment in Education Programs	2012 (Decrease) to Prior Year	2011 New Student Enrollment in Education Programs	2011 (Decrease) to Prior Year
March 31	17,412	(3.6%)	18,067	(17.0%)	21,761	(5.6%)
June 30	16,883	7.5%	15,698	(9.5%)	17,351	(19.9%)
September 30	20,307	5.2%	19,298	(15.8%)	22,909	(14.1%)
December 31	13,995	4.5%	13,398	(11.4%)	15,125	(14.7%)
Total for the year	68,597	3.2%	66,461	(13.9%)	77,146	(13.4%)

We believe that the 4.5% increase in new student enrollment in education programs in the three months ended December 31, 2013 compared to the three months ended December 31, 2012 was primarily due to an increase in the

- rate at which prospective students who applied for enrollment actually began attending classes in their education programs, and
- availability to, and use by, our students of institutional scholarships and awards (which have the effect of reducing the students' cost of our education programs),

which were partially offset by a decrease in the number of prospective students who inquired about our education programs in the three months ended December 31, 2013.

We believe that the 5.2% increase in new student enrollment in education programs in the three months ended September 30, 2013 compared to the three months ended September 30, 2012 and the 7.5% increase in new student enrollment in education programs in the three months ended June 30, 2013 compared to the three months ended June 30, 2012 was primarily due to an increase in the:

- number of prospective students who inquired about our education programs in the three month periods ended September 30, 2013 and June 30, 2013;
- rate at which prospective students who applied for enrollment actually began attending classes in their education programs; and
- availability to, and use by, our students of institutional scholarships and awards (which have the effect of reducing the students' cost of our education programs).

We believe that the 3.6% decrease in new student enrollment in education programs in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was primarily due to:

- changes that we made to education program offerings at select campuses which resulted in a more significant decline in new student enrollment in the criminal justice programs of study compared to our other curricula; and
- a decrease in new student enrollment in our bachelor degree programs.

We believe that the decrease in new student enrollment in education programs in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 was also due to our prospective students':

- greater sensitivity to the cost of postsecondary education; and
- uncertainty about the value of a postsecondary education due to the prolonged economic and labor market disruptions.

We believe that the decrease in new student enrollment in education programs in each of the three months ended December 31, 2012, September 30, 2012, June 30, 2012 and March 31, 2012 compared to the corresponding period in the prior year was primarily due to:

- our prospective students' greater sensitivity to the cost of postsecondary education;
- our prospective students' uncertainty about the value of a postsecondary education due to the prolonged economic and labor market disruptions; and
- changes that we made to education program offerings at select campuses which resulted in a more significant decline in new student enrollment in the criminal justice programs of study compared to our other curricula,

which resulted in a decrease in the rate at which prospective students who applied for enrollment actually began attending classes in their education programs.

A continued decline in total student enrollment in education programs, and declines in new student enrollment in education programs similar to those that we experienced prior to the three months ended June 30, 2013, could have a material adverse effect on our business, financial condition, revenue and other results of operations and cash flows. We have taken a number of steps in an attempt to reverse the declines in total and new student enrollment in education programs, including, without limitation:

Table of Contents

- introducing other institutional scholarship programs for select education programs at certain locations, which are intended to help reduce the cost of an ITT Technical Institute education and increase student access to our education programs;
- refining our marketing, advertising and communications to focus more on the student value proposition and outcomes of an ITT Technical Institute education; and
- refining our education programs to better align the content with industry standards.

At the vast majority of our campuses, we generally organize the academic schedule for education programs offered on the basis of four 12-week academic quarters in a calendar year. The academic quarters typically begin in early March, mid-June, early September and late November or early December. To measure the persistence of our students, the number of continuing students in any academic term is divided by the total student enrollment in education programs in the immediately preceding academic term.

The following table sets forth the rates of our students' persistence as of the dates indicated:

	Student Persistence as of:			
Year	March 31	June 30	September 30	December 31
2013	71.5%	68.4%	69.4%	71.4%
2012	72.4%	71.3%	69.8%	72.6%
2011	73.5%	73.1%	71.5%	73.4%

We believe that the decrease in student persistence as of December 31, 2013 compared to December 31, 2012 and September 30, 2013 compared to September 30, 2012 was primarily due to a decrease in student retention in the three months ended September 30, 2013 compared to the same prior year period, primarily attributed to:

- lower student retention in a few courses that are delivered in the early portions of certain associate degree programs; and
- an increase in the number of students who were enrolled in hybrid courses, in which a portion of the course is delivered in residence and a portion is delivered online, and which generally have a lower student retention rate.

We believe that the decrease in student persistence as of June 30, 2013 compared to June 30, 2012 was primarily due to:

- an increase in the number of graduates at the end of the academic quarter that began in March 2013 compared to the end of the same academic quarter in the prior year; and
- a slight decrease in student retention in the three months ended June 30, 2013 compared to the same prior year period, primarily attributed to lower student retention in a few courses that are delivered in the early portions of certain associate degree programs.

The increase in the number of graduates at the end of the academic quarter that began in March 2013 was primarily due to two, instead of one, graduating classes of students comprised of:

- the first graduation class of the associate degree programs that we introduced in 2011, which reduce from eight to seven the number of academic quarters required for a full-time student to graduate; and
- the last graduation class of full-time students of the associate degree programs that required eight academic quarters for a full-time student to graduate.

We believe that the decrease in student persistence as of March 31, 2013 compared to March 31, 2012 was primarily due to the number of graduates in the three months ended March 31, 2013 compared to the three months ended March 31, 2012 decreasing at a lesser rate than the decline in total student enrollment in education programs as of December 31, 2012 compared to December 31, 2011.

We believe that the decrease in student persistence as of December 31, 2012 and September 30, 2012 compared to December 31, 2011 and September 30, 2011 was primarily due to:

- the number of graduates in the three months ended December 31, 2012 and September 30, 2012 compared to the corresponding prior year periods decreasing at a lesser rate than the decline in total student enrollment in education programs as of September 30 and June 30, 2012 compared to the same date in the prior year; and
- a slight decrease in student retention in the three months ended December 31 and September 30, 2012 compared to the corresponding prior year periods, principally as a result of a decline in retention in some of the courses in new education programs that we recently began offering.

We believe that the decrease in student persistence as of June 30 and March 31, 2012 compared to the corresponding prior year dates was primarily due to a higher number of students who graduated at the end of the academic period that began in March 2012 and December 2011 compared to the end of the corresponding academic periods in the prior year.

Year Ended December 31, 2013 Compared with Year Ended December 31, 2012. Revenue decreased $214.3 million, or 16.7%, to $1,072.3 million in the year ended December 31, 2013 compared to $1,286.6 million in the year ended December 31, 2012. The primary factors that contributed to this decrease were:

- an increase in institutional scholarships and awards provided to our students, which reduced revenue by $108.3 million in the year ended December 31, 2013 compared to the prior year; and
- an average 9.9% decrease in total student enrollment in education programs as of the end of each fiscal quarter in 2013 compared to 2012.

Table of Contents

The increase in institutional scholarships and awards was primarily due to the introduction of the Opportunity Scholarship at the vast majority of the ITT Technical Institute campuses in the academic quarter that began in March 2013.

Revenue of the PEAKS Trust is comprised of interest income on the PEAKS Trust Student Loans, which is the accretion of the accretable yield on the PEAKS Trust Student Loans. Revenue attributable to the interest income on the PEAKS Trust Student Loans was approximately $13.0 million in the year ended December 31, 2013. No interest income on the PEAKS Trust Student Loans was included in revenue in the year ended December 31, 2012, because the Consolidation was effective February 28, 2013. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a discussion of the Consolidation.

Cost of educational services decreased $52.0 million, or 9.7%, to $486.4 million in the year ended December 31, 2013 compared to $538.4 million in the year ended December 31, 2012. The primary factors that contributed to this decrease included, in order of significance:

- a decrease in compensation and benefit costs resulting from fewer employees; and
- a decrease in course supply expenses, due to lower student enrollments in education programs.

Cost of educational services as a percentage of revenue increased 350 basis points to 45.4% in the year ended December 31, 2013 compared to 41.8% in the year ended December 31, 2012. The primary factor that contributed to this increase was a decline in revenue, which was partially offset by decreases in compensation and benefit costs and course supply expenses.

Student services and administrative expenses decreased $3.3 million, or 0.8%, to $397.5 million in the year ended December 31, 2013 compared to $400.9 million in the year ended December 31, 2012. The principal causes of this decrease were decreases in compensation and benefit costs and expenses related to student scholarships, which were partially offset by increases in media advertising expenses and bad debt expense. Approximately $5.3 million of expenses of the PEAKS Trust were included in student services and administrative expenses in the year ended December 31, 2013. Those expenses primarily represented fees for servicing the PEAKS Trust Student Loans and various other administrative fees and expenses of the PEAKS Trust. The amount of the fees for servicing the PEAKS Trust Student Loans are based on the outstanding balance of non-defaulted PEAKS Trust Student Loans, and the amount of the other administrative fees and expenses are based on the outstanding principal balance of the PEAKS Senior Debt.

Student services and administrative expenses increased to 37.1% of revenue in the year ended December 31, 2013 compared to 31.2% of revenue in the year ended December 31, 2012. The principal cause of this increase was the decline in revenue, which was partially offset by decreases in compensation and benefit costs and expenses related to student scholarships. Bad debt expense as a percentage of revenue increased to 6.3% in the year ended December 31, 2013 compared to 4.4% in the year ended December 31, 2012, primarily as a result of an increase in student account balances that were determined to be uncollectible.

We recorded an expense of $15.2 million in the year ended December 31, 2012 related to the impairment of the Subordinated Note and the Revolving Note. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a more detailed discussion of the impairment of the notes. No impairment of those notes was recorded in the year ended December 31, 2013.

Legal and other investigation costs increased $6.1 million, or 693.0%, to $6.9 million in the year ended December 31, 2013, compared to $0.9 million in the year ended December 31, 2012. Legal and other investigation costs represent the costs and other expenses associated with the SEC investigation of us, the CFPB investigation of us and the Securities Litigation. See "Legal Proceedings" and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for further information about these matters.

In the year ended December 31, 2013, we recorded a loss related to loan program guarantees of $91.0 million for the 2009 RSA compared to $101.0 million in the year ended December 31, 2012 for the RSAs. The entire amount of the loss recorded in the year ended December 31, 2013 related to a change in our accounting estimate for the amount of our guarantee obligations under the 2009 RSA. We revised our estimate for the 2009 RSA based on an enhanced default rate methodology and more recent performance data that we obtained in the three months ended December 31, 2013. The primary enhancements and performance data included:

- an adjustment to the default estimates for student borrowers, as a result of recently obtained actual default data for similarly-situated student borrowers;
- an adjustment to the default rate expectations, due to declines in repayment performance;
- our ability to make Discharge Payments; and
- a lower expectation for collections on defaulted loans as a result of the performance to date of collections.

See "—Private Education Loan Program Obligations," for a further discussion of the loss. The loss recorded in the year ended December 31, 2012 included $79.2 million for additional contingent liabilities related to our guarantee obligations under the 2009 RSA and PEAKS Guarantee and $21.8 million related to the settlement of litigation and the resolution of our guarantee obligations under the 2007 RSA. See "—Private Education Loan Program Obligations" and Note 10 – Variable Interest Entities and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements.

Provision for PEAKS Trust student loan losses of approximately $29.3 million in the year ended December 31, 2013 represented the increase in the allowance for loan losses that occurred from February 28, 2013 through December 31, 2013. We

Table of Contents

did not consolidate the PEAKS Trust in our consolidated financial statements in the year ended December 31, 2012, and, therefore, we did not include the PEAKS Trust Student Loans in our consolidated financial statements or recognize any provision for PEAKS Trust student loan losses in that year.

Operating income decreased $169.2 million, or 73.4%, to $61.2 million in the year ended December 31, 2013 compared to $230.4 million in the year ended December 31, 2012, primarily as a result of the impact of the factors discussed above in connection with revenue, cost of educational services, student services and administrative expenses, legal and other investigation costs, loss related to loan program guarantees and provision for PEAKS Trust student loan losses. Our operating margin decreased to 5.7% in the year ended December 31, 2013 compared to 17.9% in the year ended December 31, 2012, primarily due to the impact of the factors discussed above.

In the year ended December 31, 2013, we recorded a loss upon the Consolidation of $73.2 million. This loss represented the amount by which the fair value of the PEAKS Trust's liabilities exceeded the fair value of the PEAKS Trust's assets as of February 28, 2013 upon the Consolidation, partially reduced by the net amount of the carrying value of the assets and liabilities related to the PEAKS Program that had been recorded in our consolidated financial statements as of February 28, 2013 and were eliminated upon the Consolidation. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a further discussion of the Consolidation.

Interest income decreased $1.2 million, or 92.0%, to $0.1 million in the year ended December 31, 2013 compared to $1.3 million in the year ended December 31, 2012, primarily due to discontinuing the amortization of the discount on the Subordinated Note. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a discussion of the Subordinated Note.

Interest expense increased $21.6 million, or 578.9%, to $25.3 million in the year ended December 31, 2013 compared to $3.7 million in the year ended December 31, 2012, primarily due to:

- interest expense of approximately $21.3 million on the PEAKS Senior Debt, which includes the contractual interest obligation and the accretion of the discount on the PEAKS Senior Debt, in the year ended December 31, 2013 as a result of the Consolidation, during which the effective interest rate was 9.9%; and
- an increase in the effective interest rate under the Amended Credit Agreement, which was partially offset by a decrease in our weighted average outstanding borrowings under the revolving credit facility.

Our combined federal and state effective income tax rate was 27.4% in the year ended December 31, 2013 compared to 39.0% in the year ended December 31, 2012. The primary factor that contributed to the decrease in the effective income tax rate in the year ended December 31, 2013 compared to the year ended December 31, 2012 was the recognition of certain losses related to the PEAKS Trust in our consolidated financial statements for which an income tax benefit was not recognized.

Year Ended December 31, 2012 Compared with Year Ended December 31, 2011. Revenue decreased $213.3 million, or 14.2%, to $1,286.6 million in the year ended December 31, 2012 compared to $1,500.0 million in the year ended December 31, 2011. The primary factor that contributed to this decrease was an average 16.2% decrease in total student enrollment in education programs as of the end of each fiscal quarter in 2012 compared to 2011. The decrease in revenue from lower total student enrollment in education programs in 2012 was partially offset by a decrease in the amount of institutional scholarships and other awards that we granted to our students in 2012. We did not increase tuition rates for our ITT Technical Institute programs of study in 2012 or 2011.

Cost of educational services decreased $14.7 million, or 2.7%, to $538.4 million in the year ended December 31, 2012 compared to $553.1 million in the year ended December 31, 2011. The primary factors that contributed to this decrease included, in order of significance:

- a decrease in compensation costs resulting from fewer employees; and
- a decrease in legal expenses.

Cost of educational services as a percentage of revenue increased 490 basis points to 41.8% in the year ended December 31, 2012 compared to 36.9% in the year ended December 31, 2011. The primary factor that contributed to this increase was a decline in revenue, which was partially offset by decreases in compensation costs and legal expenses.

Student services and administrative expenses decreased $13.3 million, or 3.2%, to $400.9 million in the year ended December 31, 2012 compared to $414.2 million in the year ended December 31, 2011. The principal causes of this decrease were decreases in media advertising expenses and expenses related to student scholarships, which were partially offset by an increase in bad debt expense.

Student services and administrative expenses increased to 31.2% of revenue in the year ended December 31, 2012 compared to 27.6% of revenue in the year ended December 31, 2011. The principal causes of this increase were the decline in revenue and an increase in bad debt expense, which were partially offset by decreases in media advertising expenses and expenses related to student scholarships. Bad debt expense as a percentage of revenue increased to 4.4% in the year ended December 31, 2012 compared to 2.4% in the year ended December 31, 2011, primarily as a result of an increase in the amount of internal student financing that we provided to our students in the year ended December 31, 2012 compared to the year ended December 31, 2011. The increase in the amount of internal student financing was primarily due to a decline in the amount of private education loans available to our students in 2012 as a result of the expiration in 2011 of the two private education loan programs that provided the vast majority of private education loans to our students in 2011.

We recorded a loss of $15.2 million in the year ended December 31, 2012 for the impairment of the Revolving Note and Subordinated Note. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a discussion of the impairment of these assets.

Legal and other investigation costs associated with the CFPB investigation of us and the Securities Litigation were $0.9 million in the year ended December 31, 2012. We did not incur any legal and other investigation costs associated with those matters in the year ended December 31, 2011. See "Legal Proceedings" and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for further information about these matters.

In the year ended December 31, 2012, we recorded a loss related to loan program guarantees of $101.0 million compared to $23.5 million in the year ended December 31, 2011. The $101.0 million loss in the year ended December 31, 2012 included $79.2 million for additional contingent liabilities related to our guarantee obligations under the 2009 RSA and PEAKS Guarantee and $21.8 million related to the settlement of litigation and the resolution of our guarantee obligations under the 2007 RSA. The $23.5 million loss recorded in the year ended December 31, 2011, related to our guarantee obligations under the 2009 RSA and 2007 RSA. See "—Off-Balance Sheet Arrangements" and Note 10 – Variable Interest Entities and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for further information about the RSAs.

Operating income decreased $278.9 million, or 54.8%, to $230.4 million in the year ended December 31, 2012 compared to $509.3 million in the year ended December 31, 2011, primarily as a result of the impact of the factors discussed above in connection with revenue, cost of educational services, student services and administrative expenses, asset impairment and the loss related to loan program guarantees. Our operating margin decreased to 17.9% in the year ended December 31, 2012 compared to 33.9% in the year ended December 31, 2011, primarily due to the impact of the factors discussed above.

Interest income decreased $1.6 million, or 53.5%, to $1.3 million in the year ended December 31, 2012 compared to $2.9 million in the year ended December 31, 2011, primarily due to discontinuing the amortization of the discount on the Subordinated Note. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a discussion of the Subordinated Note. Interest expense increased $1.9 million, or 104.0%, to $3.7 million in the year ended December 31, 2012 compared to $1.8 million in the year ended December 31, 2011, primarily due to an increase in the effective interest rate under the Amended Credit Agreement.

Our combined federal and state effective income tax rate was 39.0% in the year ended December 31, 2012 compared to 39.4% in the year ended December 31, 2011.

Financial Condition, Liquidity and Capital Resources

Cash and cash equivalents were $215.8 million as of December 31, 2013 compared to $243.5 million as of December 31, 2012. The $27.7 million decrease in cash and cash equivalents as of December 31, 2013 compared to December 31, 2012 was primarily due to a reduction of $90.0 million in outstanding borrowings under the Amended Credit Agreement which was partially offset by net cash flows from operating activities of $77.7 million.

As of December 31, 2013, restricted cash included approximately $2.6 million of funds held by the PEAKS Trust. Those funds can only be used to satisfy the obligations of the PEAKS Trust.

We are required to recognize the funded status of our defined benefit postretirement plans on our balance sheet. We recorded an asset of $27.6 million for the ESI Pension Plan, a non-contributory defined benefit pension plan commonly referred to as a cash balance plan, and a liability of $0.3 million for the ESI Excess Pension Plan, a nonqualified, unfunded retirement plan, on our Consolidated Balance Sheet as of December 31, 2013. In order to determine those amounts, we performed an actuarial valuation of the ESI Pension Plan and ESI Excess Pension Plan (the "Pension Plans"), and reviewed and updated our key assumptions as part of each valuation, including the discount rate and expected long-term rate of return on the investments.

Effective March 31, 2006, the benefit accruals under the Pension Plans were frozen, such that no further benefits accrue under those plans after March 31, 2006. Participants in the Pension Plans, however, continue to be credited with vesting service and interest according to the terms of the Pension Plans. Total net pension benefit in the year ended December 31, 2013 was $2.1 million, compared to $0.2 million in the year ended December 31, 2012 and $0.9 million in the year ended December 31, 2011. In 2014, we do not expect that our total net pension benefit will be material.

We did not make any contributions to the Pension Plans in 2013 or 2012. We do not expect to make any material contributions to either of the Pension Plans in 2014.

See Note 15 – Employee Benefit Plans of the Notes to Consolidated Financial Statements, for a more detailed discussion of the Pension Plans.

Our Consolidated Balance Sheet as of December 31, 2013 included the assets and liabilities of the PEAKS Trust. The assets of the PEAKS Trust can only be used to satisfy the obligations of the PEAKS Trust.

Table of Contents

Payments that we are required to make in the future pursuant to our guarantee obligations under the RSAs could have a material adverse effect on our cash flows and liquidity. See "*—Financing*," for a further discussion of these matters. If we elect to make Discharge Payments in future periods, those payments could impact our liquidity in particular periods. See "— Private Education Loan Program Obligations," for a further discussion of our guarantee obligations under the RSAs and Discharge Payments.

Capital Resources. Our cash flows are highly dependent upon the receipt of Title IV Program funds. The primary Title IV Programs from which the students at our campuses receive grants, loans and other aid to fund the cost of their education include:

- the FDL program, which represented, in aggregate, approximately 58% of our cash receipts in 2013 and 58% of our cash receipts in 2012; and
- the Pell program, which represented, in aggregate, approximately 24% of our cash receipts in 2013 and 22% of our cash receipts in 2012.

We also receive funds on behalf of our students from state financial aid programs, veterans' and military service member benefit programs and other sources, which represented, in aggregate, approximately 13% of our cash receipts in 2013 and approximately 16% in 2012.

Under a provision of the HEA commonly referred to as the 90/10 Rule, a proprietary institution, such as each of our institutions, must not derive more than 90% of its applicable revenue in a fiscal year, on a cash accounting basis, from Title IV Programs. If an institution exceeds the 90% threshold for any single fiscal year, that institution would be placed on provisional certification status for the institution's following two fiscal years. In addition, if an institution exceeds the 90% threshold for two consecutive fiscal years, it would be ineligible to participate in Title IV Programs as of the first day of the following fiscal year and would be unable to apply to regain its eligibility until the end of the second subsequent fiscal year. Payments that we made under the 2007 RSA and 2009 RSA impact the 90/10 Rule calculation by reducing the amount of cash receipts from sources other than Title IV Programs and total cash receipts. As a result of the Consolidation, disbursements of the private education loans that we received under the PEAKS Program are no longer considered cash proceeds from external sources for purposes of determining total cash receipts in the 90/10 Rule calculation. The amount of payments received by the PEAKS Trust from borrowers is included, however, in both the total receipts component and the cash receipts from sources other than Title IV Programs component of the 90/10 Rule calculation. In our 2013 and 2012 fiscal years, none of our institutions derived more than approximately 83% of its revenue from Title IV Programs under the 90/10 Rule calculation. In the aggregate, we derived approximately 82% of our revenue in 2013 and 80% of our revenue in 2012 from Title IV Programs under the 90/10 Rule calculation. Cash receipts from Title IV Programs as a percentage of our total cash receipts were approximately 83% in 2013 and 80% in 2012.

Federal regulations affect the timing of our receipt and disbursements of Title IV Program funds. These regulations require institutions to disburse all Title IV Program funds by payment period. For most of our campuses, the payment period is an academic term. Our campuses generally disburse the first installment of an FDL program loan to a first-year undergraduate student who was a first-time borrower 30 or more days after the student begins his or her education program. We disburse Title IV Program funds to other students enrolled in education programs ten days before the start of each academic term.

During the fourth quarter of 2012, we introduced an institutional scholarship program, called the Opportunity Scholarship, which is intended to help reduce the cost of an ITT Technical Institute education and increase student access to our programs of study. Beginning with the June 2013 academic quarter, the Opportunity Scholarship was being offered to students at all of the ITT Technical Institute campuses. As a result of our institutional scholarships and awards granted in 2013, we received minimal cash payments from private education loan lenders related to our students' cost of education in 2013.

As an institutional scholarship, in addition to us not receiving any cash payment when amounts are awarded under the Opportunity Scholarship, students are not obligated to make payments to us of amounts awarded under the Opportunity Scholarship and, therefore, the amounts receivable from students to us, as well as our revenue, decreased in 2013, as we began awarding the Opportunity Scholarship at all of our ITT Technical Institute campuses. The Opportunity Scholarships awarded in 2013 and, to a lesser extent, other factors had the effect of reducing our Core Operations revenue per student by approximately 5.0 percent in 2013 compared to 2012.

In the year ended December 31, 2013, we made guarantee payments under the RSAs and Payments on Behalf of Borrowers of $16.6 million and recovered $0.1 million related to the RSAs. We paid $46.0 million in January 2013 to settle the litigation and absolve us from any further guarantee obligations under the 2007 RSA. In March 2014, we paid $40.0 million pursuant to a letter agreement, dated as of March 17, 2014, that we entered into with the trustee under the PEAKS Program and the holders of the PEAKS Senior Debt (the "Letter Agreement"). In accordance with the terms of the Letter Agreement, the $40.0 million is considered to be a payment under the PEAKS Guarantee. See "— Private Education Loan Program Obligations," for a further discussion of the Letter Agreement.

In addition to the $40.0 million payment, we made guarantee and other payments of $102.1 million and recovered $0.7 million related to the RSAs in the nine months ended September 30, 2014. We estimate that we could make guarantee payments related to the RSAs in the three months ended December 31, 2014 of approximately $67.4 million, which includes the $50.0 million payment we made on October 9, 2014. We believe that recoveries of charged-off loans that we expect to recover in the three months ended December 31, 2014 could be approximately $0.3 million. See "— Private Education Loan Program Obligations" and Note 13 - Debt and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the RSAs and contingent liabilities.

Table of Contents

The PEAKS Trust's ability to service the PEAKS Senior Debt is based on payments received from borrowers on the PEAKS Trust Student Loans and collections on the PEAKS Trust Student Loans that have defaulted. To the extent that those payments and collections from borrowers on the PEAKS Trust Student Loans are not sufficient to service the PEAKS Senior Debt, we are required to make payments under the PEAKS Guarantee. Based on various assumptions, including the historical and projected performance and collection of the PEAKS Trust Student Loans, we believe that we will make payments under the PEAKS Guarantee (related to the PEAKS Senior Debt and the other items that we guarantee) of approximately \$164.0 million in 2014, approximately \$9.2 million in 2015 and approximately \$40.8 million in January 2020, when the PEAKS Senior Debt matures.

Our Consolidated Balance Sheet as of December 31, 2013 included the assets and liabilities of the PEAKS Trust. The assets of the PEAKS Trust can only be used to satisfy the obligations of the PEAKS Trust. We have significant payment obligations under the PEAKS Guarantee. See "— Private Education Loan Program Obligations" and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of our obligations under the PEAKS Guarantee.

We made guarantee payments of \$4.4 million and recovered \$0.7 million related to the 2009 RSA in the nine months ended September 30, 2014, and estimate that we could make guarantee payments of \$4.6 million and recover \$0.3 million under the 2009 RSA in the three months ended December 31, 2014. See "— Private Education Loan Program Obligations," for a further discussion of the projected guarantee payments under the 2009 RSA for periods after 2014.

In addition, we are required to submit the ED Letter of Credit in the amount of \$79.7 million on or before November 4, 2014. Under the Amended Credit Agreement, the aggregate commitment of the lenders is \$135.0 million and the portion of the aggregate commitment that may be used by us for letters of credit is \$85.0 million. If, however, we have not caused the issuance of the ED Letter of Credit by November 15, 2014, the aggregate commitments of the lenders will be reduced to \$100.0 million. We are required to provide cash collateral in an amount equal to 109% of the face amount of the ED Letter of Credit and in an amount equal to 103% of the face amount of all other letters of credit. See "— *Financing,*" for a discussion of the Amended Credit Agreement. Based on the required amount of the ED Letter of Credit and other letters of credit outstanding as of the date of this filing, the amount of the cash collateral that we will have to provide is approximately \$89.3 million.

Operations. Net cash flows from operating activities decreased \$29.9 million to \$77.7 million in the year ended December 31, 2013 compared to \$107.6 million in the year ended December 31, 2012. The decrease in net cash flows from operating activities was primarily due to a decrease in funds received as a result of lower student enrollments and the \$46.0 million payment that we made to settle the litigation and absolve us from any further obligations under the 2007 RSA. The decrease was partially offset by lower income tax and compensation-related payments.

Accounts receivable less allowance for doubtful accounts was \$99.5 million as of December 31, 2013 compared to \$78.9 million as of December 31, 2012. Days sales outstanding increased 9.1 days to 32.7 days at December 31, 2013 compared to 23.6 days at December 31, 2012. Our accounts receivable balance and days sales outstanding at December 31, 2013 increased primarily due to, in order of significance:

- an increase in internal student financing as a result of a decrease in the amount of funds received from private education loans made to our students by third-party lenders and less than full utilization of the Opportunity Scholarship by our students (see "— *Student Financing Update*"); and
- to a lesser extent, changes implemented to the Pell program that eliminated multiple awards in a 12-month period and adjusted the lifetime limits, both of which began to impact our students in 2012.

The amount of scholarships and other awards provided to our students increased 158.9% to \$172.2 million in 2013 compared to \$66.5 million in 2012.

In the year ended December 31, 2012, net cash flows from operating activities decreased \$281.1 million to \$107.6 million compared to \$388.7 million in the year ended December 31, 2011, primarily due to:

- lower student enrollments; and
- a significant decrease in the amount of funds received from private education loans made to our students by third-party lenders (see "—*Student Financing Update*").

Investing. In the year ended December 31, 2013, we spent \$0.7 million to renovate, expand or construct buildings compared to \$1.0 million in 2012 and \$4.1 million in 2011.

Capital expenditures, excluding facility and land purchases and facility construction, totaled $4.5 million in 2013, $17.2 million in 2012 and $26.9 million in 2011. These expenditures consisted primarily of classroom and laboratory equipment (such as computers and electronic equipment), classroom and office furniture, software and leasehold improvements.

In the year ended December 31, 2012, approximately $148.0 million of investments, net of purchases during the year, matured or were sold. We did not hold any investments as of December 31, 2013 or 2012. We also spent $7.2 million in 2013 to acquire all of the membership interests of Cable Holdings. See Note 4 – Acquisitions of the Notes to Consolidated Financial Statements, for a more detailed discussion of the acquisition.

Table of Contents

We plan to continue to upgrade and modify, whether by expansion or reduction, the space of our current facilities, and upgrade equipment during 2014. Cash generated from operations is expected to be sufficient to fund our capital expenditure requirements.

Financing. On March 21, 2012, we entered into a credit agreement (the "Credit Agreement") that provided for a $325.0 million senior revolving credit facility. We entered into amendments to the Credit Agreement on March 31, 2014, May 29, 2014, June 30, 2014 (the "Third Amendment"), July 30, 2014 (the "Fourth Amendment") and September 15, 2014 (the "Fifth Amendment"), and we entered into a Consent to Credit Agreement, which is effective upon the delivery by us to the lenders of our audited consolidated financial statements included in this Annual Report on Form 10-K (the "Consent"). The Credit Agreement, as so amended and including the Consent, is referred to herein as the "Amended Credit Agreement." The Amended Credit Agreement has a maturity date of March 21, 2015.

A portion of the borrowings under the Credit Agreement were used to prepay the entire outstanding indebtedness under a prior credit agreement which was terminated on March 21, 2012. In addition to the prepayment of the outstanding indebtedness under the prior credit agreement, borrowings under the Amended Credit Agreement are used for general corporate purposes.

Under the Amended Credit Agreement, the aggregate commitment of the lenders, effective June 30, 2014, is reduced to $135.0 million, and the portion of the commitments available for letters of credit is increased from $25.0 million to $85.0 million. Certain letters of credit in an aggregate amount of approximately $2.4 million previously issued by JPMorgan Chase Bank, N.A. are deemed to be letters of credit issued pursuant to the Amended Credit Agreement. If we have not caused the issuance of the ED Letter of Credit by November 15, 2014, the aggregate commitments of the lenders will be reduced to $100.0 million. In addition, the commitments of the lenders under the Amended Credit Agreement will be reduced to the extent that borrowings are repaid by us using proceeds from certain types of transactions specified in the Fourth Amendment and the Fifth Amendment, as described further below.

Borrowings under the Amended Credit Agreement bear interest, at our option, at the London Interbank Offered Rate ("LIBOR") plus an applicable margin or at an alternative base rate, as defined under the Amended Credit Agreement, plus an applicable margin. The applicable margin for borrowings under the Amended Credit Agreement is determined based on the ratio of our total Indebtedness (as defined in the Amended Credit Agreement and which primarily includes outstanding borrowings, recorded contingent liabilities related to our guarantee obligations, letters of credit and surety bonds) to EBITDA (as defined in the Amended Credit Agreement) (the "Leverage Ratio") as of the end of each fiscal quarter. We also pay a commitment fee on the amount of the unutilized commitments under the Amended Credit Agreement. The amount of the commitment fee is determined based on the Leverage Ratio as of the end of each quarter. The effective interest rate on our borrowings was approximately:

- 3.60% per annum in the year ended December 31, 2013;
- 2.40% per annum in the year ended December 31, 2012; and
- 1.20% per annum in the year ended December 31, 2011.

The commitment fee under the Amended Credit Agreement was 0.40% as of December 31, 2013.

In addition to the participation fee required to be paid by us pursuant to the original terms of the Credit Agreement related to letters of credit, which accrues at the same rate used to determine the interest rate applicable to Eurodollar Revolving Loans (as defined in the Amended Credit Agreement), the Fifth Amendment provides that an additional participation fee is required to be paid by us related to the ED Letter of Credit, which will accrue at a ticking fee rate on the average daily amount of the lenders' letter of credit exposure with respect to the ED Letter of Credit. The ticking fee rate is defined as:

- 0.00% per annum for the period from September 15, 2014 through and including March 21, 2015;
- 1.00% per annum for the period from March 22, 2015 through and including March 21, 2016;
- 2.00% per annum for the period from March 22, 2016 through and including March 21, 2017;
- 3.00% per annum for the period from March 22, 2017 through and including March 21, 2018;
- 4.00% per annum for the period from March 22, 2018 through and including March 21, 2019; and
- 5.00% per annum for the period from March 22, 2019 through November 15, 2019.

The Amended Credit Agreement contains, among other things, covenants, representations and warranties and events of default customary for credit facilities. We are required to maintain compliance with a maximum Leverage Ratio, a minimum fixed charge coverage ratio, a minimum liquidity amount, and several covenants related to the ED's regulations. We were in compliance with those covenants as of December 31, 2013, after giving effect to the Third Amendment and the Fourth Amendment. The Third Amendment provides that noncompliance with the Leverage Ratio as of the end of the fiscal quarters ending March 31, 2013, June 30, 2013 and September 30, 2013, and noncompliance with the fixed charge coverage ratio as of the end of the fiscal quarters ending March 31, 2013, June 30, 2013, September 30, 2013, and December 31, 2013 (in each case, before giving effect to the Third Amendment) have been waived by the lenders. In addition, among other things, the Third Amendment, the Fourth Amendment, the Fifth Amendment and the Consent, taken together:

- provided that our consolidated financial statements (and related certificates) as of and for the fiscal year ended December 31, 2013, did not have to be furnished by us to the lenders until October 15, 2014;
- provide that our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarter ended March 31, 2014, do not have to be furnished by us to the lenders until November 15, 2014;
- provide that our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarter ended June 30, 2014, do not have to be furnished by us to the lenders until November 15, 2014;
- provide that our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarter ended September 30, 2014, do not have to be furnished by us to the lenders until December 15, 2014;
- amend certain covenants to allow for the Consolidation beginning on February 28, 2013, and for other factors; and

- waive certain defaults related to our financial reporting.

The Amended Credit Agreement:

- is secured by a pledge of the equity interests of our subsidiaries;
- is guaranteed by one of our subsidiaries;
- is secured by security interests in substantially all of our personal property and the personal property of the subsidiary guarantor; and
- is secured by the Mortgaged Property.

The Fourth Amendment provides that an event of default under the Amended Credit Agreement will occur, if, among other things, the ED imposes a delay of more than five days in our receipt of Title IV Program funds. The Fifth Amendment provides that an event of default under the Amended Credit Agreement will occur if, among other things, we do not engage a financial advisor acceptable to the administrative agent before November 15, 2014 (or another date not later than December 15, 2014, if acceptable to the administrative agent). Based on our discussions with the administrative agent, we understand that the financial advisor would be retained to assist us in our ongoing efforts to identify and secure alternative financing.

The Fifth Amendment provides that the ED Letter of Credit will not be issued unless we have previously delivered certain real estate due diligence items related to the Mortgaged Property. In addition, the Fifth Amendment allows for the ED Letter of Credit, if issued, to have a term ending not later than November 15, 2019.

Under the Amended Credit Agreement, we are required to provide cash collateral (in an amount equal to 109% of the face amount of the ED Letter of Credit and 103% of the face amount of all other letters of credit) for any letter of credit issued under the Amended Credit Agreement:

- after July 30, 2014, immediately upon issuance, except for the ED Letter of Credit, for which cash collateral is not required, until the earlier of December 31, 2014 or when net cash proceeds are received from certain transactions described in the next paragraph; and
- before July 30, 2014, by the earlier of December 31, 2014 or when net cash proceeds are received from certain transactions described in the next paragraph.

All amounts posted as cash collateral for letters of credit will be treated as cash for purposes of determining our compliance with the minimum liquidity covenant of the Amended Credit Agreement.

Under the Fourth Amendment and the Fifth Amendment, in the event that any net cash proceeds are received by us or a material subsidiary of ours in connection with any sale, transfer, lease or other disposition of the Mortgaged Property, including in connection with any sale and leaseback transaction, any mortgage financing or similar transaction with respect to the Mortgaged Property or the incurrence by us of indebtedness that is not permitted under the Amended Credit Agreement, those net cash proceeds will:

- first, be delivered to the administrative agent in order to cash collateralize all then outstanding letters of credit under the Amended Credit Agreement, until such time as the administrative agent holds cash collateral equal to 109% of the face amount of the ED Letter of Credit and 103% of the face amount of all other letters of credit, or if the ED Letter of Credit has not yet been issued when the net cash proceeds are received, to be held by the administrative agent until the issuance of the ED Letter of Credit and application of the proceeds to cash collateral; and
- second, be used to repay outstanding borrowings under the Amended Credit Agreement, which repayments will be accompanied by a corresponding pro rata reduction of the commitment of each lender under the Amended Credit Agreement.

The Fourth Amendment also implements additional restrictions on us, including, without limitation:

- the exception to the limitation on asset dispositions not otherwise permitted under the Amended Credit Agreement is reduced from $75.0 million in the aggregate during the term of the Amended Credit Agreement to $5.0 million in the aggregate during the period from July 30, 2014 through the remaining term of the Amended Credit Agreement, and all of those asset dispositions must be for fair market value and an adequate cash purchase consideration, as reasonably determined by the administrative agent, provided that those limitations do not apply to an asset disposition of the Mortgaged Property, if that asset disposition generates net cash proceeds of at least 75% of the appraised value of that Mortgaged Property;
- in addition to the existing limitation on sale and leaseback transactions that the net cash proceeds received therefrom may not exceed $125.0 million in the aggregate during the term of the Amended Credit Agreement, any sale and leaseback transaction must be for fair market value and an adequate cash purchase consideration, as reasonably determined by the administrative agent, provided that any sale and leaseback transaction of the Mortgaged Property will be deemed to be for fair market value and an adequate cash purchase consideration, if it generates net cash proceeds of at least 75% of the appraised value of that Mortgaged Property;
- the permitted indebtedness consisting of secured indebtedness at any time outstanding (and not otherwise permitted by the Amended Credit Agreement) is reduced from $25.0 million to $5.0 million in aggregate principal amount; and
- permitted liens to secure indebtedness, obligations and/or liabilities at any one time outstanding (which liens are not otherwise permitted by the Amended Credit Agreement) may not secure debt in excess of $5.0 million in aggregate principal amount, reduced from the original $25.0 million.

Table of Contents

If any collateral is sold in a transaction permitted under the Amended Credit Agreement or is financed by indebtedness permitted under the Amended Credit Agreement, the administrative agent will release the mortgage or other security interest in that collateral.

As of December 31, 2013, the outstanding borrowings under the Amended Credit Agreement totaled $50.0 million and were classified as a current liability, because we believed it was probable that we would not be in compliance with certain covenants under the Amended Credit Agreement during the 12 months following December 31, 2013. If we are not in compliance with one or more covenants and are unable to obtain a waiver of our noncompliance or an amendment to the Amended Credit Agreement that would allow us to be in compliance with those covenants or otherwise not be in default under the Amended Credit Agreement, the lenders would have various remedies, including:

- the lending commitments under the Amended Credit Agreement may be terminated;
- our ability to request the issuance of letters of credit and to obtain amendments, extensions or renewals of letters of credit already issued under the Amended Credit Agreement may be terminated;
- all then outstanding borrowings and other amounts owed under the Amended Credit Agreement may be declared immediately due and payable; and
- we could be required to provide cash collateral (in an amount equal to 109% of the face amount of the ED Letter of Credit and 103% of the face amount of all other letters of credit) for our obligations with respect to any outstanding letters of credit, if that cash collateral has not already been posted.

In the event that we or our subsidiary guarantor do not pay in full, upon demand, all of our outstanding borrowings and other amounts owed under the Amended Credit Agreement or we, or our subsidiary guarantor, do not provide, upon demand, the cash collateral for our letter of credit obligations, the lenders would be entitled to recourse against the collateral security, including the Mortgaged Property, that we and our subsidiary guarantor have provided, in order to obtain payment of amounts we owe or are required to provide as cash collateral.

For the period February 28, 2013 through December 31, 2013, we have consolidated the PEAKS Trust in our consolidated financial statements. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a further discussion of the Consolidation. In January 2010, the PEAKS Trust issued PEAKS Senior Debt in the aggregate principal amount of $300.0 million to investors. The PEAKS Senior Debt matures in January 2020 and bears interest at a variable rate based on the LIBOR, plus a 550 basis point margin. The minimum LIBOR rate applied to the PEAKS Senior Debt cannot be less than 2.00%. There are no scheduled principal repayment requirements for the PEAKS Senior Debt prior to the January 2020 maturity date. Under the terms of the PEAKS Program documents, however, amounts received on a monthly basis by the PEAKS Trust that exceed the fees and expenses of the PEAKS Trust then due and the interest then due on the PEAKS Senior Debt are to be paid to reduce the outstanding principal balance of the PEAKS Senior Debt. We estimate that the amounts received in 2014 by the PEAKS Trust from PEAKS Trust Student Loan borrowers that could be used to reduce the outstanding principal balance of the PEAKS Senior Debt, will not be material. The assets of the PEAKS Trust (which include, among other assets, the PEAKS Trust Student Loans) serve as collateral for, and are intended to be the principal source of, the repayment of the PEAKS Senior Debt. Payment of the PEAKS Senior Debt may be accelerated by the indenture trustee of the PEAKS Trust or by the holders of the PEAKS Senior Debt in response to certain events of default under the PEAKS Indenture, including, among other things:

- a payment default by the PEAKS Trust;
- a default in the performance or observation of the PEAKS Trust's covenants, agreements or conditions under the PEAKS Indenture;
- a breach of our obligations under the PEAKS Guarantee; and
- certain bankruptcy events with respect to the PEAKS Trust or us.

An acceleration of the payment of the PEAKS Senior Debt would result in an acceleration of our obligation to pay the full amount of the PEAKS Senior Debt pursuant to the terms of the PEAKS Guarantee, if the PEAKS Trust was not able to make that payment (and we believe that it is unlikely that the PEAKS Trust would be able to make that payment). The acceleration of our obligation to pay the full amount of the PEAKS Senior Debt, and/or our inability to make that payment, could result in cross-defaults under the Amended Credit Agreement.

The PEAKS Trust must maintain a minimum required Asset/Liability Ratio. The minimum required Asset/Liability Ratio is 1.05/1.00. The applicable required Asset/Liability Ratio as of each monthly measurement date, however, is based on our compliance, as of the prior quarterly measurement date, with certain metrics specified in the PEAKS Program documents, including maximum leverage ratios and minimum liquidity amounts. If we are not in compliance with those metrics as of the end of a fiscal quarter, the required Asset/Liability Ratio increases to 1.40/1.00, until the monthly measurement date following the end of a succeeding quarter at which we are in compliance with those metrics. As a result of the Consolidation and other factors, we were not in compliance with those metrics as of December 31, 2013, and we do not expect to be in compliance with those metrics prior to December 31, 2014.

Table of Contents

If the amount of the assets of the PEAKS Trust does not equal or exceed the outstanding PEAKS Senior Debt by the applicable required Asset/Liability Ratio on a monthly measurement date, we are required to make a payment under the PEAKS Guarantee in an amount that would reduce the outstanding principal balance of the PEAKS Senior Debt to the extent necessary to cause the ratio of the assets of the PEAKS Trust to the resulting outstanding PEAKS Senior Debt to equal or exceed the applicable required Asset/Liability Ratio. See Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the PEAKS Guarantee.

As a consequence of the restatement of our unaudited condensed consolidated financial statements in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, certain quarterly reports that we were required to deliver to the indenture trustee of the PEAKS Trust under the PEAKS Guarantee were inaccurate. We delivered corrected quarterly reports to the indenture trustee on October 9, 2014. If we had delivered accurate quarterly reports, or with respect to periods in 2014 through June 30, 2014, delivered quarterly reports, to the indenture trustee of the PEAKS Trust, we believe the indenture trustee would have made payment demands beginning in April 2013, requiring us to make additional payments under the PEAKS Guarantee totaling approximately $60.3 million in the aggregate, in order to maintain an Asset/Liability Ratio of 1.40/1.00. On October 9, 2014, we made a guarantee payment of $50.0 million, which payment, along with other payments that we have made to the PEAKS Trust in recent months, included amounts that would have become due between April 2013 and September 2014, had we delivered accurate quarterly reports. The delivery of inaccurate quarterly reports constituted a breach of the PEAKS Guarantee and an event of default under the PEAKS Indenture. In the event of a default under the PEAKS Indenture, the payment of the entire amount of the PEAKS Senior Debt could be accelerated, which would trigger our obligation to pay the full amount of the PEAKS Senior Debt pursuant to our obligations under the PEAKS Guarantee, additional remedies could be sought against us and there could be a cross-default under the Amended Credit Agreement, any of which would have a material adverse effect on our results of operations, financial condition and cash flows. We believe that the delivery of the corrected quarterly reports and making the additional guarantee payments satisfied our obligations under the PEAKS Guarantee with respect to these matters and cured the event of default under the PEAKS Indenture. We cannot predict, however, whether the holders of the PEAKS Senior Debt will assert other breaches of the PEAKS Guarantee by us or assert that any breach of the PEAKS Guarantee or event of default under the PEAKS Indenture was not properly cured.

We estimate that we have made, and will make, payments under the PEAKS Guarantee of approximately $159.5 million in the year ending December 31, 2014 to cause the PEAKS Trust to maintain the applicable required Asset/Liability Ratio. That estimated amount includes the:

- $40.0 million that we paid in March 2014 pursuant to the Letter Agreement, which was applied primarily to make a mandatory prepayment of the PEAKS Senior Debt (see Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a further discussion of the Letter Agreement);
- payments totaling approximately $51.7 million that we made from July 2014 through September 2014 to satisfy our obligations under the PEAKS Guarantee with respect to the increased minimum required Asset/Liability Ratio in prior periods; and
- $50.0 million that we paid in October 2014, as described in the immediately preceding paragraph.

The amount of the assets of the PEAKS Trust for purposes of computing the Asset/Liability Ratio was $282.0 million as of December 31, 2013 and $211.6 million as of June 30, 2014. The outstanding principal balance of the PEAKS Senior Debt was approximately $255.6 million as of December 31, 2013 and $214.5 million as of June 30, 2014. The carrying value of the PEAKS Senior Debt as was approximately $229.2 million as of December 31, 2013 and $190.9 million as of June 30, 2014. We recorded $157.9 million of the total carrying value of the PEAKS Senior Debt as a current liability as of December 31, 2013, which represented our estimate of the amount of the carrying value that would have been due in the 12 months following December 31, after giving consideration to the effects of the restatement, as described above. The PEAKS Senior Debt was recorded on our consolidated balance sheet as of February 28, 2013 at its estimated fair value on that date, which was approximately $226.1 million. The outstanding principal balance of the PEAKS Senior Debt as of February 28, 2013 was approximately $257.5 million. The $31.4 million difference between the estimated fair value and the outstanding principal balance of the PEAKS Senior Debt as of February 28, 2013 was recorded as an accrued discount on our consolidated balance sheet and will be recognized as Interest expense in our Consolidated Statements of Income using an effective interest rate method over the term of the PEAKS Senior Debt. The effective interest rate on the PEAKS Senior Debt was approximately 9.90% per annum in the year ended December 31, 2013. We recognized interest expense on the PEAKS Senior Debt of $21.3 million in the year ended December 31, 2013, which included approximately $4.9 million of discount accretion.

Table of Contents

Under the Repurchase Program, our Board of Directors has authorized us to repurchase shares of our common stock in the open market or through privately negotiated transactions in accordance with Rule 10b-18 of the Exchange Act. The following table sets forth our share repurchase activity in the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Repurchase authorization at beginning of period	7,771,025	5,796,725	4,836,725
Additional repurchase authorization	0	5,000,000	5,000,000
Number of shares repurchased	0	(3,025,700)	(4,040,000)
Repurchase authorization at end of period	7,771,025	7,771,025	5,796,725
Total cost of shares repurchased (in millions)	$ 0.0	$ 207.9	$ 282.7
Average cost per share	$ 0.00	$ 68.72	$ 69.98

Approximately 7.8 million shares remained available for repurchase under the Repurchase Program as of December 31, 2013.

There were no proceeds from the exercise of stock options in the year ended December 31, 2013 compared to $8.4 million in the year ended December 31, 2012 and $5.6 million in the year ended December 31, 2011. Excess tax benefits from the exercise of stock options were $0.0 million in the year ended December 31, 2013 compared to $1.4 million in the year ended December 31, 2012 and $1.2 million in the year ended December 31, 2011.

Based on our current projections, we believe that cash generated from operations will be sufficient for us to satisfy our RSA payments, letters of credit cash collateralization, working capital, loan repayment and capital expenditure requirements over the 12-month period following the date that this Annual Report on Form 10-K was filed with the SEC. We also believe that any reduction in cash and cash equivalents that may result from their use to make payments under the RSAs, provide cash collateral for letters of credit, construct facilities or repay loans will not have a material adverse effect on our expansion plans, planned capital expenditures, ability to meet any applicable regulatory financial responsibility standards or ability to conduct normal operations over the 12-month period following the date that this Annual Report on Form 10-K was filed with the SEC. Our projections, however, are estimates, which are based on numerous assumptions and, therefore, may not prove to be accurate or reliable and involve a number of risks and uncertainties.

Student Financing Update. During the fourth quarter of 2012, we introduced an institutional scholarship program, called the Opportunity Scholarship, which is intended to help reduce the cost of an ITT Technical Institute education and increase student access to our programs of study. As of June 30, 2013, the Opportunity Scholarship was being offered to students at all of the ITT Technical Institute campuses. We believe that the Opportunity Scholarship has and will continue to reduce our students' need and use of private education loans, as well as decrease the internal student financing that we provide to our students. As an institutional scholarship, our revenue is reduced by the amount of the Opportunity Scholarship awarded. In addition, no cash payments are received and students are not obligated to make payments to us of the amounts awarded under the Opportunity Scholarship. We believe that the amounts receivable from students to us will decrease in future periods as more students utilize the Opportunity Scholarship, instead of internal student financing.

Our revenue decreased in the year ended December 31, 2013 compared to the prior year, partially as a result of the increase in institutional scholarships and awards provided to our students. As a result of the increase in institutional scholarships and awards, our revenue decreased $108.3 million in the year ended December 31, 2013 compared to the year ended December 31, 2012. The increase in institutional scholarships and awards in the year ended December 31, 2013 was primarily due to the introduction of the Opportunity Scholarship at the vast majority of the ITT Technical Institute campuses in the academic quarter than began in March 2013.

We believe that the amount of institutional scholarships that we expect to award in 2014, and, to a lesser extent, other factors will have the effect of reducing our Core Operations revenue per student in 2014 compared to 2013.

In 2013 and 2012, we increased the amount of internal student financing that we provided to our students. The internal student financing that we provide to our students consists of non-interest bearing, unsecured credit extended to our students and is included in Accounts receivable, net on our Consolidated Balance Sheets. As of December 31, 2013, our accounts receivable less allowance for doubtful accounts increased $20.6 million, or 26.1%, to $99.5 million compared to $78.9 million as of December 31, 2012, primarily due to:

- the increase in the amount of internal financing that we provided to our students since the private education loan programs expired in 2011; and
- less than full utilization of the Opportunity Scholarship by our students.

The internal student financing provided to a student is generally due and payable by the student at the end of the student's academic year (which is generally nine months) or enrollment, whichever occurs first. Both the delay in our receipt of internal student financing payments compared to our receipt of private education loan proceeds and the increased amount of internal student financing that we provide to our students have negatively impacted our liquidity and cash flows from operating activities. The increased amount of internal student financing that we have provided to our students has also exposed us to greater credit risk. In addition, we have the risk of collection with respect to our internal student financing which resulted in an increase in our bad debt expense as a percentage of revenue in the year ended December 31, 2013 to 6.3% compared to 4.4% in the year ended December 31, 2012. The 10.5-day increase in our days sales outstanding to 34.3 days at December 31, 2013 compared to 23.8 days at December 31, 2012 was primarily attributable to:

- the increase in internal student financing caused by a decrease in the amount of funds received from private education loans made to our students by third-party lenders and less than full utilization of the Opportunity Scholarship by our students; and
- to a lesser extent, changes implemented to the Pell program that eliminated multiple awards in a 12-month period and adjusted the lifetime limits, both of which began to impact our students in 2012.

Table of Contents

We plan to continue offering the Opportunity Scholarship and other scholarships which we believe will reduce the amount of internal student financing that we provide to our students. The increased use of institutional scholarships and awards by our students and any additional internal student financing provided to our students could result in a continuation of the adverse factors that are described above, including a material adverse effect on our financial condition and cash flows.

Contractual Obligations

The following table sets forth the specified contractual obligations as of December 31, 2013:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
			(In thousands)		
Operating lease obligations	$156,047	$ 44,714	$ 66,521	$ 32,366	$ 12,446
Debt under Amended Credit Agreement (a)	53,296	2,474	50,822	0	0
PEAKS Trust senior debt(b)	295,338	176,907	36,277	26,523	55,631
Claims and contingencies-2009 RSA(c)	130,847	9,009	30,311	91,527	0
Total	$635,528	$233,104	$183,931	$150,416	$ 68,077

(a) The Debt under Amended Credit Agreement represents the borrowings under the Amended Credit Agreement and assumes that the $50.0 million outstanding balance under the Amended Credit Agreement as of December 31, 2013 will be outstanding at all times through the date of maturity. The amounts shown include the principal payments that will be due upon maturity as well as interest payments and commitment fees. Interest payments and commitment fees have been calculated based on their scheduled payment dates using the interest rate charged on our borrowings and the rate charged on unutilized commitments as of December 31, 2013.

(b) The PEAKS Trust senior debt represents the PEAKS Senior Debt issued by the PEAKS Trust. Beginning on February 28, 2013, the PEAKS Trust was consolidated in our consolidated financial statements, and the PEAKS Senior Debt was included on our Consolidated Balance Sheet as of December 31, 2013. There is no separate liability recorded on our Consolidated Balance Sheet as of December 31, 2013 for the PEAKS Guarantee, because this liability was eliminated upon the Consolidation. We do, however, have significant payment obligations under the PEAKS Guarantee, as further discussed under "—Private Education Loan Program Obligations." See also Note 10 – Variable Interest Entities and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for additional information on the PEAKS Guarantee and the Consolidation. The assets of the PEAKS Trust serve as collateral for, and are intended to be the principal source of, the repayment of the PEAKS Senior Debt. There are no scheduled principal repayment requirements for the PEAKS Senior Debt prior to the January 2020 maturity date. The amounts shown in the above table represent our estimate of the total PEAKS Senior Debt interest and principal payments that may be made by the PEAKS Trust in the periods indicated. We estimated the interest due on the PEAKS Senior Debt in each of the periods based on our estimate of the outstanding balance of the PEAKS Senior Debt during those periods. Interest payments have been calculated using the interest rate charged on the PEAKS Senior Debt as of December 31, 2013. We estimated the amount of PEAKS Senior Debt principal payments in each of the periods based on an estimate of the excess cash flows generated by the PEAKS Trust. Cash flows generated by the PEAKS Trust in any month that exceed the amounts needed to pay various administrative fees and expenses and the interest due on the PEAKS Senior Debt for the month must be applied to reduce the outstanding balance on the PEAKS Senior Debt. We also considered whether any payments would be required to be made under the PEAKS Guarantee in order to maintain the required Asset/Liability Ratio. Payments made under the PEAKS Guarantee to maintain the required Asset/Liability Ratio reduce the amount of the outstanding PEAKS Senior Debt and have been included as principal payments in the above table. In order to estimate the PEAKS Senior Debt interest and principal payments shown above, we made certain assumptions regarding the timing and amount of the cash flows generated by the PEAKS Trust. The cash flows of the PEAKS Trust are dependent on the performance of the PEAKS Trust Student Loans and, therefore, are subject to change. See Note 10 – Variable Interest Entities, Note 13 – Debt and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the PEAKS Senior Debt and PEAKS Guarantee.

(c) The $130.8 million in the Claims and contingencies-2009 RSA line item represents our estimate of the amounts that we believe we will pay in the periods indicated related to our guarantee obligations under the 2009 RSA. These estimated amounts were included in our calculation of the amount to record as contingent liabilities, as were estimated collections from charged-off loans. Our contingent liability for the 2009 RSA includes the total estimated payments and estimated recoveries, net of a $9.0 million discount representing the time value of money, and was included in Other current liabilities

Table of Contents

and Other liabilities on our Consolidated Balance Sheet as of December 31, 2013. The amounts shown in the table do not include amounts from the recovery of charged-off loans under the 2009 Loan Program, which we estimate could be approximately \$5.0 million and paid to us over the seven year period following December 31, 2013. See Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for additional information on the 2009 RSA. The timing and amount of the estimated payments shown in the above table were based on various assumptions and, therefore, are subject to change.

The table above does not reflect unrecognized tax benefits of \$22.3 million and accrued interest related to unrecognized tax benefits of \$6.4 million, because we cannot reasonably predict the timing of the resolution of the related tax positions beyond 2014. See Note 14 – Income Taxes of the Notes to Consolidated Financial Statements, for additional information on the unrecognized tax benefits as of December 31, 2013.

Off-Balance Sheet Arrangements

As of December 31, 2013, we leased our non-owned facilities under operating lease agreements. A majority of the operating leases contain renewal options that can be exercised after the initial lease term. Renewal options are generally for periods of one to five years. All operating leases will expire over the next 10 years and management believes that:

- those leases will be renewed or replaced by other leases in the normal course of business;
- we may purchase the facilities represented by those leases; or
- we may purchase or build other replacement facilities.

There are no material restrictions imposed by the lease agreements, and we have not entered into any significant guarantees related to the leases. We are required to make additional payments under the terms of certain operating leases for taxes, insurance and other operating expenses incurred during the operating lease period.

As part of our normal course of operations, one of our insurers issues surety bonds for us that are required by various education authorities that regulate us. We are obligated to reimburse our insurer for any of those surety bonds that are paid by the insurer. As of December 31, 2013, the total face amount of those surety bonds was approximately \$19.3 million. As of December 31, 2013, we also had issued approximately \$2.2 million of letters of credit to our workers' compensation insurers.

As of December 31, 2013, we concluded that we were not required to consolidate the 2009 Entity in our consolidated financial statements. Based on preliminary loan performance data as of September 30, 2014 that we have received regarding the private education loans made under the 2009 Loan Program, however, we believe that, as of September 30, 2014, the 2009 Loan Program Servicer may not have met the performance criteria specified in the 2009 Servicing Agreement. As a result, it appears likely that the 2009 Loan Program Servicer either has failed, or within the foreseeable future will fail, to meet the performance criteria in the 2009 Servicing Agreement. Once that occurs, following a cure period and that assuming that no cure occurs, we will have the right to terminate the 2009 Servicing Agreement. As a result of that right, we will be required to consolidate the 2009 Entity into our consolidated financial statements. We believe that our right to terminate the 2009 Servicing Agreement will become operative in late 2014 or early 2015. At this time, we are unable to quantify the impact of the consolidation of the 2009 Entity into our consolidated financial statements, but it could have a material adverse effect on our consolidated financial statements. See "Risk Factors –Risks Related to Recent Developments –*We believe that we will be required to consolidate the 2009 Entity into our consolidated financial statements in the foreseeable future, which could have a material adverse effect on our consolidated financial statements and our compliance with covenants and metrics to which we are subject,*" "—Private Education Loan Program Obligations" and Note 10 – Variable Interest Entities and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements.

Private Education Loan Program Obligations

On January 20, 2010, we entered into the PEAKS Guarantee in connection with the PEAKS Program. We entered into the PEAKS Program to offer our students another source of private education loans that they could use to help pay their education costs owed to us and to supplement the limited amount of private education loans available to our students under other private education loan programs, including the 2009 Loan Program. Under the PEAKS Program, our students had access to a greater amount of private education loans, which resulted in a reduction in the amount of internal financing that we provided to our students in 2010 and 2011. No new private education loans were or will be originated under the PEAKS Program after July 2011, but immaterial amounts related to loans originated prior to that date were disbursed by the lender through March 2012.

Under the PEAKS Program, an unrelated lender originated private education loans to our eligible students and, subsequently, sold those loans to the PEAKS Trust. The PEAKS Trust issued the PEAKS Senior Debt to investors. The lender disbursed the proceeds of the private education loans to us for application to the students' account balances with us that represented their unpaid education costs. We transferred a portion of the amount of each private education loan disbursed to us under the PEAKS Program to the PEAKS Trust in exchange for the Subordinated Note. The Subordinated Note does not bear interest, and principal is due on the Subordinated Note following:

- the repayment of the PEAKS Senior Debt;
- the payment of fees and expenses of the PEAKS Trust; and
- the reimbursement of the amount of any payments made by us under the PEAKS Guarantee, other than Payments on Behalf of Borrowers.

Table of Contents

The PEAKS Trust utilized the proceeds from the issuance of the PEAKS Senior Debt and the Subordinated Note to purchase the student loans from the lender.

Under the PEAKS Guarantee, we guarantee payment of the principal and interest owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and a minimum required Asset/Liability Ratio. The PEAKS Guarantee contains, among other things, representations and warranties and events of default that we believe are customary for guarantees of this type. In addition, under the PEAKS Program, some or all of the holders of the PEAKS Senior Debt could require us to purchase their PEAKS Senior Debt, if the law is changed to reduce the maximum allowable percentage of our annual revenue derived from Title IV Program funds from 90% to 75% or less. At this time, we believe that the likelihood of such a change in the law is remote.

Our guarantee and purchase obligations under the PEAKS Program remain in effect until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full. At such time, we will be entitled to repayment of the amount of any payments we made under the PEAKS Guarantee (which do not include Payments on Behalf of Borrowers) to the extent that funds remain in the PEAKS Trust.

We concluded that we were required to consolidate the PEAKS Trust in our consolidated financial statements beginning on February 28, 2013. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a further discussion of the Consolidation. As a result, the assets and liabilities of the PEAKS Trust have been included on, and all intercompany transactions have been eliminated from, our Consolidated Balance Sheet as of December 31, 2013. While we no longer record a contingent liability for the PEAKS Guarantee on our consolidated balance sheet beginning on February 28, 2013, our obligations under the PEAKS Guarantee remain in effect.

The amount of future payments that we could be required to make under the PEAKS Guarantee will be affected by:

- the repayment performance of the PEAKS Trust Student Loans, the proceeds from which will be used to repay the PEAKS Senior Debt and to pay the fees and expenses of the PEAKS Trust, and the performance of which also affects the Asset/Liability Ratio;
- the fact that those loans will consist of a large number of loans of individually immaterial amounts;
- the fact that the interest rate on the PEAKS Senior Debt is a variable rate based on the LIBOR plus a margin; and
- the amount of fees and expenses of the PEAKS Trust, much of which is based on the principal balance of the PEAKS Trust Student Loans.

Beginning in the fourth quarter of 2012 and continuing through the first quarter of 2014, we made Payments on Behalf of Borrowers in connection with the PEAKS Program. We made Payments on Behalf of Borrowers to avoid defaults by those borrowers on their PEAKS Trust Student Loans, which defaults would have triggered much larger contractually required payments by us under the PEAKS Guarantee. We made Payments on Behalf of Borrowers after assessing:

- the likelihood of us being contractually required to make payments under the PEAKS Guarantee in the near future;
- the effect on our liquidity that would result from making payments under the PEAKS Guarantee compared to making Payments on Behalf of Borrowers;
- the effect that Payments on Behalf of Borrowers may have on the funds available to the PEAKS Trust to repay the Subordinated Note to us following full payment of the PEAKS Trust's other obligations; and
- the fact that we will not be able to recover Payments on Behalf of Borrowers from the PEAKS Trust or the student borrowers on whose behalf we made those payments.

Payments on Behalf of Borrowers assisted in:

- maintaining the required Asset/Liability Ratio; and
- satisfying the following month's required payment of interest on the PEAKS Senior Debt and administrative fees and expenses of the PEAKS Trust.

In March 2014, we entered into the Letter Agreement in order to resolve differing interpretations of the permissibility of the Payments on Behalf of Borrowers under the PEAKS Program documents. Pursuant to the Letter Agreement, the trustee agreed to waive, and the holders of the PEAKS Senior Debt consented to the waiver of, any:

- breach of the PEAKS Program documents caused by us making Payments on Behalf of Borrowers, including any failure to make payments under the PEAKS Guarantee as a result thereof; and
- event of default under the PEAKS Program documents that may have arisen or resulted by us making Payments on Behalf of Borrowers.

Table of Contents

In the Letter Agreement, we agreed, after the date of the Letter Agreement, not to make any further payments of any kind on behalf of any borrower in respect of a private education loan made under the PEAKS Program. In accordance with the terms of the Letter Agreement, we paid $40.0 million on March 20, 2014, which is considered to be a payment under the PEAKS Guarantee and was applied primarily to make a mandatory prepayment of the PEAKS Senior Debt.

We believe that it is probable that we will make additional payments under the PEAKS Guarantee and estimate that those payments may be approximately $164.0 million in 2014, $9.2 million in 2015 and $40.8 million in 2020. The vast majority of these payments are expected to reduce the outstanding principal balance of the PEAKS Senior Debt, which would result in an outstanding principal balance of the PEAKS Senior Debt of approximately $94.4 million as of December 31, 2014 and $0.0 million as of January 31, 2020. See Note 13 – Debt and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the Asset/Liability Ratio. After the PEAKS Senior Debt matures in January 2020, the PEAKS Trust will continue to collect on student loans that remain in repayment as well as recoveries from charged-off loans and the only obligations of the PEAKS Trust at that time will be the fees and expenses of the PEAKS Trust. As a result, we believe that, after that time, we may recover from the PEAKS Trust, in the aggregate, approximately $49.6 million of the amount that we have paid or will pay under the PEAKS Guarantee. See below for information regarding the assumptions on which those estimates are based. Included in the estimated amount to be paid in 2014 are:

- the $40.0 million payment we made in March 2014 pursuant to the Letter Agreement, which is considered to be a payment under the PEAKS Guarantee;
- payments totaling approximately $51.7 million that we made from July 2014 through September 2014 to satisfy our obligations under the PEAKS Guarantee with respect to the increased minimum required Asset/Liability Ratio in prior periods; and
- the $50.0 million payment we made in October 2014 to satisfy our obligation under the PEAKS Guarantee with respect to the increased minimum required Asset/Liability Ratio in prior periods.

On February 20, 2009, we entered into the 2009 RSA in connection with the 2009 Loan Program. Under the 2009 RSA, we guarantee the repayment of the principal amount (including capitalized origination fees) and accrued interest payable on any private education loans made under the 2009 Loan Program that are charged off above a certain percentage of the private education loans made under the 2009 Loan Program, based on the annual dollar volume. The total initial principal amount of private education loans that the 2009 Entity purchased under the 2009 Loan Program was approximately $141.0 million. No new private education loans were or will be originated under the 2009 Loan Program after December 31, 2011, but immaterial amounts related to loans originated prior to that date were disbursed by the lender through June 2012. Our obligations under the 2009 RSA will remain in effect, until all private education loans made under the 2009 Loan Program are paid in full or charged off. The standard repayment term for a private education loan made under the 2009 Loan Program is ten years, with repayment generally beginning six months after a student graduates or three months after a student withdraws or is terminated from his or her program of study.

Under the 2009 RSA, we have the right to elect to make Discharge Payments with respect to private education loans made under the 2009 Loan Program that have been charged off. The effect of making a Discharge Payment related to a private education loan is to reduce the aggregate amount that we may have to pay under our guarantee obligations with respect to that loan. We have claimed as an offset against the Revolving Note amounts that would have the effect of discharging our obligations with respect to certain charged off loans under the 2009 RSA. In addition, in the three months ended December 31, 2013, we made Discharge Payments to the 2009 Entity. We may continue to make Discharge Payments in future periods, if we believe that doing so would be economically beneficial to us. Making Discharge Payments may result in us paying amounts to the 2009 Entity in advance of when a guarantee payment would be due, which would negatively impact our liquidity in a particular period, but may result in us paying a lesser amount than we otherwise would have been required to pay under our guarantee obligations in future periods under the 2009 RSA. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements, for a further discussion of Discharge Payments.

We believe that it is probable that we will make additional payments under the 2009 RSA. The following table sets forth the estimated amount of Regular Payments and Discharge Payments that we expect to pay and the estimated amounts of recoveries from charged-off loans that we expect to be paid to us by the 2009 Entity in the periods indicated:

Year	Estimated Regular Payments	Estimated Discharge Payments	Estimated Total Payments	Estimated Recoveries
		(Amounts in thousands)		
2014	$ 9,009	$ 0	$ 9,009	$ (1,011)
2015	14,251	0	14,251	(1,200)
2016	16,060	0	16,060	(1,200)
2017	16,333	0	16,333	(1,200)
2018 and later	0	75,194	75,194	(300)
	$ 55,653	$ 75,194	$130,847	$ (4,911)

We believe that the vast majority of the $75.2 million of payments estimated to be paid after 2017 will be made by us in 2018. The estimated future payment amounts and timing related to the 2009 RSA assume, among other factors, that we do not make any Discharge Payments until 2018 and do make Discharge Payments to the fullest extent possible in 2018 and later years. If we do not make the Discharge Payments as assumed in 2018 and later years, we estimate that we would make approximately $97.4 million of Regular Payments in 2018 through 2027. Of this amount, approximately $15.1 million to $16.4 million would be paid annually in each of 2018 through 2022, and approximately $16.6 million, in the aggregate, would be paid in 2023 through 2027. See Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the 2009 RSA.

The estimated future payment amounts, the estimated timing of those payments and the estimated amount of recoveries with respect to the RSAs discussed above and elsewhere in this Annual Report on Form 10-K are only estimates, are based on numerous assumptions and are subject to change. As with any estimate, as facts and circumstances change, the estimated amounts and timing could change. We made a number of assumptions in preparing the estimates, which assumptions may not be correct. The assumptions included, among other things, the following:

- the repayment performance of the private education loans made under the applicable private education loan program;
- the timing and rate at which those private education loans will be paid;
- the changes in the variable interest rates applicable to those private education loans and, with respect to the PEAKS Program, the PEAKS Senior Debt;
- the amounts and timing of collections in the future on those private education loans that have been charged off;
- the fees and expenses associated with servicing those private education loans; and
- our ability to utilize the available options for payment of our obligations under the 2009 RSA.

If we are required to pay amounts that exceed the amounts that we estimated could be due under the RSAs, we may not have cash and other sources of funds sufficient to pay those amounts. Failure to make the required payments:

- would constitute a default under the applicable program documents;
- could potentially result in cross-defaults under the Amended Credit Agreement; and
- could have a material adverse effect on our compliance with the regulations of the ED, SAs and ACs and other agencies that regulate us.

In addition, payments that we do make under the RSAs will reduce the cash we have available to use for other purposes. If we are required to pay material amounts under the RSAs, it could have a material adverse effect on our financial condition, results of operations and cash flows.

Pursuant to the 2009 RSA, we are required to maintain collateral to secure our guarantee obligation in an amount equal to a percentage of the outstanding balance of the private education loans disbursed to our students under the 2009 Loan Program. As of December 31, 2013 and 2012, the total collateral maintained in a restricted bank account was approximately $8.6 million. This amount was included in Other assets on our Consolidated Balance Sheets as of each of those dates. The 2009 RSA also requires that we comply with certain covenants, including that we maintain certain financial ratios which are measured on a quarterly basis and deliver compliance certificates on a quarterly basis setting forth the status of our compliance with those financial ratios. If we are not in compliance with those covenants at the end of each fiscal quarter, we are required to increase the amount of collateral maintained in the restricted bank account to a predetermined amount, until the end of a succeeding quarter at which we are in compliance with those covenants. The predetermined amount is based on the percentage of the aggregate principal balance of the private education loans made under the 2009 Loan Program that exceeds a certain percentage as of the end of each fiscal quarter. We were not in compliance with those covenants as of December 31, 2013.

As a consequence of the restatement of our unaudited condensed consolidated financial statements in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, certain quarterly compliance certificates that we were required to deliver to the 2009 Entity under the 2009 RSA were inaccurate. Those inaccuracies did not affect our compliance with the financial ratio covenants in the 2009 RSA as of March 31, 2013. We were not, however, in compliance with the financial ratio covenants in the 2009 RSA as of June 30, 2013 and subsequent measurement dates. Further, due to our failure to timely file our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2014 and June 30, 2014, we did not timely deliver the required compliance certificates under the 2009 RSA with respect to those periods. As a result of our noncompliance with the financial ratio covenants as of June 30, 2013 and subsequent measurement dates, the amount of collateral required to be maintained in the restricted bank account has been increased by approximately $2.6 million. We intend to make in October 2014 a deposit in that amount to the restricted bank account to be held as additional collateral under the 2009 RSA.

Table of Contents

We are entitled to all amounts that the 2009 Entity recovers from loans in a particular loan pool made under the 2009 Loan Program that have been charged off, until all payments that we made under the 2009 RSA with respect to that loan pool have been repaid to us by the 2009 Entity. The following table sets forth the approximate aggregate amount of guarantee payments, Discharge Payments and Payments on Behalf of Borrowers that we made related to the PEAKS Program and 2009 RSA and the amount of recoveries from charged-off loans paid to us by the 2009 Entity, in the periods indicated:

Type of Payment (Receipt)	January 1, 2013 Through February 28, 2013 (1)(2)	March 1, 2013 Through December 31, 2013 (1)(2)	Total Year Ended December 31, 2013	Year Ended December 31, 2012
	(In thousands)			
Guarantee:				
PEAKS Program	$ 854	$ 1,559	$ 2,413	$ 12,342
2009 RSA Regular Payments	0	0	1,791	1,990
2009 RSA Discharge Payments	0	0	912	0
Payments on Behalf of Borrowers	532	10,967	11,499	2,762
2009 RSA-Recoveries from Charged-Off Loans	0	0	(103)	(234)
Total	$ 1,386	$ 12,526	$ 16,512	$ 16,860

(1) We have provided separate columns showing the payment amounts prior to and after the Consolidation, because all transactions with the PEAKS Trust were eliminated from our consolidated financial statements after the Consolidation. Cash payments were, however, made by us throughout the periods indicated, including the periods after the Consolidation.

(2) The 2009 RSA payments are made to, and recoveries are received from, the 2009 Entity. The 2009 Entity was not consolidated in our consolidated financial statements and, therefore, separate disclosure of amounts paid or received before and after the February 28, 2013 date of Consolidation is not applicable.

In the fiscal year ended December 31, 2013, we also offset $9.1 million owed by us under the 2009 RSA against amounts owed to us by the 2009 Entity under the Revolving Note, instead of making additional payments in that amount. See below for a further discussion of the offset. Approximately $6.8 million of the amount that we claimed as an offset against the Revolving Note in the fiscal year ended December 31, 2013 represented Discharge Payments. We recorded all of the amounts claimed as offsets in Other current liabilities on our Consolidated Balance Sheet as of December 31, 2013. In the year ended December 31, 2013, the 2009 Entity did not remit to us $0.6 million of recoveries from charged-off loans that were owed to us. We recorded all of the amounts owed to us from the 2009 Entity for recoveries from charged-off loans in Prepaid expenses and other current assets on our Consolidated Balance Sheet as of December 31, 2013.

In the first quarter of 2013, we notified the 2009 Entity that:

- we had determined that the 2009 Entity was in default of its obligations to us under the loan and security agreement pursuant to which the Revolving Note was issued (the "2009 Loan Agreement");
- as a result of that default, all amounts under the Revolving Note were immediately due and payable; and
- we would not make payments under the 2009 RSA until we received credit for the full amount due us under the Revolving Note, based on the provisions of the 2009 Loan Agreement and the 2009 RSA that allow us to set off amounts owed by us under the 2009 RSA against amounts owed to us by the 2009 Entity under the Revolving Note.

At that time, the outstanding amount of the Revolving Note due to us was approximately $8.2 million, representing principal and accrued interest. In response to our notification, the 2009 Entity:

- denied that it had defaulted under the 2009 Loan Agreement and, therefore, our ability to accelerate the payment of the Revolving Note; and
- refused our demand to immediately pay the Revolving Note in full.

As a consequence, over the period from February 2013 through August 2013, we offset our then current payment obligations under the 2009 RSA and the amount of Discharge Payments we elected to make during that period against all of the 2009 Entity's obligations owed to us under the Revolving Note (the "Offset").

We understand that the 2009 Entity's position is that the Offset was improper, because:

- it has not defaulted under the 2009 Loan Agreement; and

- even if it had defaulted under the 2009 Loan Agreement, the assets of the 2009 Entity against which we could offset or exercise our other remedies, were limited.

We further understand the 2009 Entity's position to be that, because the Offset was improper, we are in default under the 2009 RSA. In April 2013, the 2009 Entity notified us that it had taken control of the restricted account containing the cash collateral that we deposited to secure our obligations under the 2009 RSA (the "Collateral"). At that time, the amount of funds in that account was approximately $8.6 million. To our knowledge, the 2009 Entity has taken no further action related to the Collateral. We believe that our good faith exercise of our right of offset provided for in the 2009 Loan Agreement and the 2009 RSA does not constitute an event of default under the 2009 RSA, and that the 2009 Entity's seizure of control of the restricted account containing the Collateral constitutes an additional default by the 2009 Entity. We cannot assure you, however, that the Offset will ultimately be determined to have been proper. In the event of a default by us under the 2009 RSA related to the Offset, we may be required to pay to the 2009 Entity approximately $8.6 million, representing the amount of the Offset, net of approximately $0.5 million of recoveries from charged-off loans that are owed, but have not been paid, to us. If the 2009 Entity instead were to withdraw Collateral in that amount from the restricted bank account, we would be required to deposit that amount of cash in the account to maintain the required level of Collateral.

Under the 2007 RSA, we guaranteed the repayment of private education loans made by a lender to our students in 2007 and early 2008 that the lender charged off above a certain percentage of the total dollar volume of private education loans made under the 2007 RSA. The 2007 RSA was terminated effective February 22, 2008, and no private education loans have been or will be made under the 2007 RSA after that date. Based on information that we received from the lender, we believe that the total original principal amount of private education loans made under the 2007 RSA, net of amounts refunded under those loans, was approximately $180.0 million. We settled all of our guarantee obligations under the 2007 RSA through a payment of $46.0 million in January 2013.

At the end of each reporting period, we assess whether we should recognize a contingent liability related to our guarantee obligations under the 2009 RSA (and, prior to February 28, 2013, the PEAKS Guarantee) and, if so, in what amount. As with any assessment, as facts and circumstances change, the recorded liability could change, and has changed, significantly. In order to make this assessment, we made certain assumptions with respect to the performance of the private education loans made under the 2009 Loan Program (and, prior to February 28, 2013, the PEAKS Program) over the life of those loans. The life of a private education loan made under the 2009 Loan Program or PEAKS Program may be in excess of ten years and those assumptions included, among other things:

- the repayment performance of the private education loans made under the 2009 Loan Program (and, prior to February 28, 2013, the PEAKS Program);
- the timing and rate at which those private education loans will be paid;
- the changes in the variable interest rates applicable to those private education loans (and, prior to February 28, 2013, the PEAKS Senior Debt);
- the amounts and timing of collections that will be collected in the future on those private education loans that have defaulted;
- prior to February 28, 2013, the fees and expenses associated with servicing the PEAKS Trust Student Loans; and
- our ability to utilize the available options for payment of our obligations under the 2009 RSA.

We consulted with third-party consumer credit consulting firms in arriving at our assumptions. The assumptions have changed, and may continue to change, significantly over time as actual results become known. The principal factor that we review is the repayment performance of the private education loans made under the 2009 Loan Program. In determining the estimated default rate used in the assumptions to establish our contingent liability for our guarantee obligations under the 2009 RSA, we considered the payment performance of the private education loans made under the 2009 Loan Program. As each portfolio of private education loans matures, additional data related to the performance of the loans and other information regarding the loans becomes available to us that we utilize to estimate the related contingent liability. In certain prior reporting periods, there have been disruptions in the servicing of a portion of the private education loans made under the 2009 Loan Program, which we believe had a negative impact on the repayment performance of those private education loans. We cannot predict with any certainty whether other servicing disruptions will occur in the future. If additional servicing disruptions occur or other factors negatively impact the repayment performance of the private education loans made under the 2009 Loan Program in the future, the contingent liability associated with our guarantee obligations under the 2009 RSA would increase and we could be required to pay additional material amounts under those guarantee obligations, which could have a material adverse effect on our financial condition, results of operations and cash flows.

In the year ended December 31, 2013, we recorded $91.0 million of additional charges related to our guarantee obligations under the 2009 RSA. The entire amount of the loss recorded in the year ended December 31, 2013 related to a change in our accounting estimate for the amount of our guarantee obligations under the 2009 RSA. We revised our estimate for the 2009 RSA based on an enhanced default rate methodology and more recent performance data that we obtained in the three months ended December 31, 2013. The primary enhancements and performance data included:

- an adjustment to the default estimates for student borrowers, as a result of recently obtained actual default data for similarly-situated student borrowers;
- an adjustment to the default rate expectations, due to declines in repayment performance;
- our ability to make Discharge Payments; and
- a lower expectation for collections on defaulted loans as a result of the performance to date of collections.

As of December 31, 2013, the recorded liability related to our guarantee obligations under the 2009 RSA was approximately $116.9 million, compared to $121.7 million related to the RSAs and the 2007 RSA as of December 31, 2012. Our recorded liability for our guarantee obligations under the 2009 RSA and the 2007 RSA (and, prior to February 28, 2013, the PEAKS Guarantee) was included in Other current liabilities and Other liabilities on our Consolidated Balance Sheets. See Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the recorded liability.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of our business, we are subject to fluctuations in interest rates that could impact the cost of our financing activities and guarantee obligations. Our primary interest rate risk exposure results from changes in short-term interest rates, the LIBOR and the U.S. prime rate.

Changes in the LIBOR would affect the borrowing costs associated with the Amended Credit Agreement and the PEAKS Senior Debt. Changes in the U.S. prime rate would affect the interest cost of the PEAKS Trust Student Loans. We estimate that the market risk can best be measured by a hypothetical 100 basis point increase in the LIBOR or U.S. prime rate. If such a hypothetical increase in the LIBOR or U.S. prime rate were to occur, the effect on our results from operations and cash flows would not have been material for the year ended December 31, 2013.

Item 8. Financial Statements and Supplementary Data.

The information required by this Item appears on pages F-1 through F-57 of this Annual Report.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We are responsible for establishing and maintaining disclosure controls and procedures ("DCP") that are designed to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is: (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (b) accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosures. In designing and evaluating our DCP, we recognize that any controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving the desired control objectives.

We conducted an evaluation pursuant to Rule 13a-15 of the Exchange Act of the effectiveness of our DCP as of December 31, 2013. This evaluation was conducted under the supervision (and with the participation) of our management, including our Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our DCP were not effective at the reasonable assurance level as of December 31, 2013, because of material weaknesses in our internal control over financial reporting described in Management's Report on Internal Control Over Financial Reporting included in this filing.

Notwithstanding the material weaknesses, our management, based on the substantial work performed, concluded that our consolidated financial statements for the periods covered by and included in this Annual Report on Form 10-K are fairly stated in all material respects in accordance with GAAP for each of the periods presented in this Annual Report on Form 10-K.

Management's Plan for Remediation

Our management and Board of Directors are committed to the remediation of the material weaknesses, as well as the continued improvement of our overall system of ICFR. We are in the process of implementing measures to remediate the underlying causes of the control deficiencies that gave rise to the material weaknesses, primarily through additional review procedures and engaging supplemental resources. We believe these measures will remediate the control deficiencies. However, we have not completed all of the corrective processes, procedures and related evaluation or remediation that we believe are necessary. As we continue to evaluate and work to remediate the control deficiencies that gave rise to the material weaknesses, we may determine that additional measures are required to address the control deficiencies.

We are committed to maintaining a strong internal control environment, and believe that these remediation actions will represent improvements in our ICFR when they are fully implemented. Certain remediation steps, however, have not been implemented or have not had sufficient time to be fully integrated in the operations of our ICFR. As a result, the identified material weaknesses will not be considered remediated, until controls have been designed and/or controls are in operation for a sufficient period of time for our management to conclude that the control environment is operating effectively. Additional remediation measures may be required, which may require additional implementation time. We will continue to assess the effectiveness of our remediation efforts in connection with our evaluation of our ICFR and DCP.

As we continue to evaluate and work to remediate the material weaknesses and enhance our ICFR and DCP, we may determine that we need to modify or otherwise adjust the remediation measures described above. As a result, we cannot assure you that our remediation efforts will be successful or that our ICFR or DCP will be effective as a result of those efforts.

Changes in Internal Control Over Financial Reporting

We evaluated the changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2013 and concluded that the consolidation of the PEAKS Trust and any related changes to internal controls to include the PEAKS Trust in our consolidated financial statements have materially affected, or are reasonably likely to materially affect, our ICFR.

Management's Annual Report on Internal Control Over Financial Reporting. Our management's report on internal control over financial reporting appears on page F-1 of this Annual Report and is incorporated herein by reference.

The effectiveness of our ICFR, as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP ("PWC"), our independent registered public accounting firm, as stated in its report dated October 15, 2014, which appears on page F-2 of this Annual Report and is incorporated herein by reference.

Item 9B. Other Information.

Private Education Loan Program Guarantee Matters

In connection with the finalization of our audited, consolidated financial statements included in this Annual Report on Form 10-K and our restated condensed consolidated financial statements included in our amended Quarterly Reports on Form 10-Q for each of the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, it became apparent that we were not in compliance with certain metrics specified in the PEAKS Program documents as of prior quarterly measurement dates, resulting in the minimum required Asset/Liability Ratio being increased to 1.40/1.00 in prior periods. As a result, on October 9, 2014, we made a guarantee payment of $50.0 million to the PEAKS Trust. We believe that this payment, along with other payments we made in recent months, were required under the PEAKS Guarantee in order for the PEAKS Trust to maintain the minimum required Asset/Liability Ratio of 1.40/1.00 in prior periods. We believe that it is probable that we will make additional payments under the PEAKS Guarantee and estimate that those payments may be approximately $164.0 million in 2014 (which amount includes the $50.0 million payment described above in this paragraph), $9.2 million in 2015 and $40.8 million in 2020. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Private Education Loan Program Obligations," for a further discussion of the PEAKS Guarantee and prior and estimated future payment amounts under the PEAKS Guarantee.

In connection with the finalization of our audited, consolidated financial statements included in this Annual Report on Form 10-K, we recorded a liability related to the 2009 RSA in the amount of $116.9 million as of December 31, 2013, a substantial increase from the amount recorded as of December 31, 2012. See Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the contingent liability related to the 2009 RSA. Further, the amount of the contingent liability that we record related to the 2009 RSA in periods after December 31, 2013 could further increase substantially. As of December 31, 2013, we concluded that we were not required to consolidate the financial results of the 2009 Entity in our consolidated financial statements. Based on preliminary loan performance data as of September 30, 2014 that we have received regarding the private education loans made under the 2009 Loan Program, however, we believe that, as of September 30, 2014, the 2009 Loan Program Servicer may not have met the performance criteria specified in the 2009 Servicing Agreement. As a result, it appears likely that the 2009 Loan Program Servicer either has failed, or within the foreseeable future will fail, to meet the performance criteria in the 2009 Servicing Agreement. Once that occurs, following a cure period and that assuming that no cure occurs, we will have the right to terminate the 2009 Servicing Agreement. As a result of that right, we will be required to consolidate the financial results of the 2009 Entity into our consolidated financial statements. We believe that our right to terminate the 2009 Servicing Agreement will become operative in late 2014 or early 2015. See "—Private Education Loan Program Obligations" and Note 10 – Variable Interest Entities and Note 16 – Commitments and Contingencies of the Notes to Consolidated Financial Statements, for a further discussion of the 2009 RSA.

Further, in connection with the finalization of our audited, consolidated financial statements included in this Annual Report on Form 10-K and our restated condensed consolidated financial statements included in our amended Quarterly Reports on Form 10-Q for each of the fiscal quarters ended June 30, 2013 and September 30, 2013, it became apparent that we were not in compliance with the financial ratio covenants in the 2009 RSA as of June 30, 2013 and subsequent measurement dates. As a result of that noncompliance, the amount of collateral required to be maintained in the restricted bank account that holds the cash collateral to secure our obligations under the 2009 RSA has been increased by approximately $2.6 million. We intend to make in October 2014 a deposit in that amount to the restricted bank account to be held as additional collateral under the 2009 RSA.

Consent to Amended Credit Agreement

We entered into the Consent, which is effective upon the delivery by us to the lenders under the Amended Credit Agreement of our audited, consolidated financial statements included in this Annual Report on Form 10-K, with the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. The Consent provides that:

- our internally prepared consolidated balance sheet and related statements of operations, stockholders' equity and cash flows, and the certificate of a financial officer as described in Section 5.01(c) of the Amended Credit Agreement, in each case, as of and for the fiscal quarter ending March 31, 2014, required to be furnished by us, are required to be furnished by November 15, 2014, instead of October 15, 2014 (the date established by the Fifth Amendment);
- our internally prepared consolidated balance sheet and related statements of operations, stockholders' equity and cash flows, and the certificate of a financial officer as described in Section 5.01(c) of the Amended Credit Agreement, in each case, as of and for the fiscal quarter ending June 30, 2014, required to be furnished by us, are required to be furnished by November 15, 2014, instead of October 31, 2014 (the date established by the Fifth Amendment); and
- our internally prepared consolidated balance sheet and related statements of operations, stockholders' equity and cash flows, and the certificate of a financial officer as described in Section 5.01(c) of the Amended Credit Agreement, in each case, as of and for the fiscal quarter ending September 30, 2014, required to be furnished by us, are required to be furnished by December 15, 2014, instead of November 14, 2014 (the original date required by the Credit Agreement).

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

The following is the biographical information with respect to our directors and our executive officers as of September 30, 2014. Unless otherwise specified, the occupation of each individual has been the same for the past five years.

Jerry M. Cohen, age 62, retired as a senior partner of Deloitte & Touche, LLP ("Deloitte") in June 2014. Mr. Cohen joined Deloitte in 1973, and served for over 40 years with that firm, providing business advisory and audit services to a wide range of global organization, including small, mid and large cap multinational public companies. Mr Cohen worked with corporate boards of directors to develop, enhance and support corporate strategy and functioned as an advisor to senior executives and members of boards of directors. During his career, Mr. Cohen also served in a wide variety of strategic and leadership roles at Deloitte, including: managing partner, Philadelphia office; member of the Mid-Atlantic Executive Committee; regional managing partner – Assurance and Advisory Operations, Midwest; member of the Assurance and Advisory Management Committee; and member of the Assurance and Advisory Partner Evaluation and Compensation Committee. Mr. Cohen has been a Director of ours since September 2014.

John F. Cozzi, age 53, has served as managing director of AEA Investors LP, a private equity firm, since January 2004. Mr. Cozzi has been a Director of ours since October 2003.

John E. Dean, age 64, has served as our Executive Chairman since August 4, 2014. Mr. Dean is an attorney who has specialized in higher education law since April 1985. Mr. Dean has been a partner at the Law Offices of John E. Dean since June 2005. Mr. Dean has also served as a principal of Washington Partners, LLC, a public affairs firm, since June 2002. Mr. Dean has been a Director of ours since December 1994.

James D. Fowler, Jr., age 70, served as senior vice president and director, human resources of ITT Industries, Inc., an industrial, commercial machinery and equipment company, from November 2000 until his retirement in October 2002. Mr. Fowler has been a Director of ours since April 1994.

Joanna T. Lau, age 56, has served as chairperson and chief executive officer of Lau Acquisition Corporation (doing business as LAU Technologies), a management consulting and investment firm, since March 1990. She is also a director of DSW Inc. Ms. Lau has been a Director of ours since October 2003.

Thomas I. Morgan, age 60, has served as chairman of Baker & Taylor, Inc. ("B&T"), a distributor of physical and digital books, entertainment products and value-added services, from July 2008 until January 2014. He served as chief executive officer of B&T from July 2008 through January 2013. Prior to that, Mr. Morgan served as chief executive officer of Hughes Supply, Inc., a diversified wholesale distributor of construction, repair and maintenance-related products, from May 2003 until his

Table of Contents

retirement in March 2006. Mr. Morgan is also a director of Rayonier Advanced Materials, Inc. and Tech Data Corporation. During the past five years, Mr. Morgan was also a director of Rayonier, Inc. Mr. Morgan previously served as a Director of ours from May 2006 to June 2008, and currently has served as a Director of ours since January 2013.

Samuel L. Odle, age 65, has been a senior policy advisor for Bose Public Affairs Group, a public affairs consulting firm, since October 2012. He has also acted as a consultant, primarily in the healthcare and life sciences fields, since July 2012. Prior to that, he served as president and chief executive officer of Methodist Hospital ("MH") and Indiana University Hospital ("IUH") and executive vice president of Indiana University Health (formerly Clarian Health Partners) ("IU Health"), an Indianapolis-based private, non-profit healthcare organization comprised of MH, IUH and Riley Hospital for Children, since July 2004. Mr. Odle has been a Director of ours since January 2006.

Vin Weber, age 62, has served as co-chairman and partner of Mercury Public Affairs LLC (doing business as Mercury), a public affairs and lobbying firm, since October 2011. Mr. Weber was a partner at Clark & Weinstock Inc. ("C&W") from 1994 until October 2011 and was the chief executive officer of C&W from 2007 until October 2011. During the past five years, he was also a director of Lenox Group, Inc. Mr. Weber has been a Director of ours since December 1994.

John A. Yena, age 74, has served as chairman of the board, emeritus of Johnson & Wales University ("J&W"), a postsecondary educational institution, since November 2011. Mr. Yena served as chairman of the board of J&W from June 2004 until November 2011. During the past five years, he was also a director of Bancorp Rhode Island, Inc. Mr. Yena has been a Director of ours since May 2006.

Kevin M. Modany, age 47, has served as our Chief Executive Officer since April 2007. Mr. Modany notified our Board of Directors that he intended to resign as our Chief Executive Officer, effective February 4, 2015. Following Mr. Modany's notice, we entered into a letter agreement with Mr. Modany, pursuant to which he will remain Chief Executive Officer for a period ending on February 4, 2015, as extended or earlier terminated by us (the "Applicable Period"). Mr. Modany will resign his position as our Chief Executive Officer on the last day of the Applicable Period. Mr. Modany served as a Director of ours from July 2006 until August 4, 2014 and as our Chairman from February 2008 until August 4, 2014. He also served as our President from April 2005 through March 2009.

Eugene W. Feichtner, age 59, has served as our President and Chief Operating Officer since August 4, 2014. Mr. Feichtner served as an Executive Vice President and as President, ITT Technical Institute Division from April 2009 until August 4, 2014. He served as our Senior Vice President, Operations from March 2004 through March 2009.

Daniel M. Fitzpatrick, age 55, has served as our Executive Vice President, Chief Financial Officer since April 2009. He served as our Senior Vice President, Chief Financial Officer from June 2005 through March 2009.

Ronald F. Hamm, age 50, has served as our Executive Vice President, President – Breckenridge School of Nursing and Health Sciences since March 2013. Mr. Hamm served as senior vice president field operations of Kadmon Pharmaceuticals, LLC, a subsidiary of Kadmon Corporation, LLC which is a global biopharmaceutical company, from October 2010 until March 2013. He served as senior vice president, sales and marketing of Three Rivers Pharmaceuticals, LLC, a pharmaceuticals company, from December 2003 through September 2010.

Gerald T. Hope, age 51, has served as our Executive Vice President, Chief Information Officer since September 2013. Mr. Hope served as global head, chief information officer of corporate systems of Thomson Reuters Corporation ("Thomson Reuters"), a leading source of intelligent information for the world's businesses and professionals, from February 2009 until September 2013. Prior to that, Mr. Hope served as general manager and vice president of operations of Thomson Reuters from May 2005 until November 2007.

June M. McCormack, age 66, has served as an Executive Vice President since April 2009 and as our President, Online Division since May 2008. Ms. McCormack also served as our Interim Chief Information Officer from May 2012 through November 2012 and from June 2013 through September 2013.

Ryan L. Roney, age 41, has served as our Executive Vice President, Chief Administrative and Legal Officer and Secretary since July 2014. Mr. Roney served as the chief legal officer, executive vice president of business development and corporate secretary of Vistage International, Inc., a chief executive membership organization, from December 2012 until July 2014. Prior to that, he served as the chief ethics & compliance officer of Powerwave Technologies, Inc., a global supplier of end-to-end wireless solutions for wireless communications networks from June 2011 until November 2012. From October 2000 until March 2011, Mr. Roney served in various roles with Smiths Group, PLC, most recently as general counsel of Smiths Detection, a provider of regulated technology products and advanced services from August 2002 through March 2011.

Glenn E. Tanner, age 66, has served as our Executive Vice President, Chief Marketing Officer since April 2009. He served as our Senior Vice President, Marketing from April 2007 through March 2009.

Rocco F. Tarasi, III, age 42, has served as Senior Vice President, President – The Center for Professional Development since January 2013. He served as our Vice President, Finance – Corporate Strategy and Development from October 2011 through January 2013. Mr. Tarasi was the co-founder of BrainCredits, an education start-up, from August 2010 through October 2011, and served as managing director, policyIQ for Resources Global Professionals, a multinational professional services firm, from July 2003 through August 2010.

Table of Contents

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports of ownership with the SEC. These persons also are required to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of copies of such forms received by us, or written representations from certain reporting persons that no Forms 5 were required for those persons, we believe that, during 2013, all of our executive officers, Directors and greater than 10% shareholders complied with all applicable filing requirements, except for one Form 4 reporting the sale of 757 shares that was filed late by Ms. McCormack in 2013.

Code of Ethics

We have adopted a written Code of Business Conduct and Ethics (the "Code") in accordance with Item 406 of Regulation S-K under the Exchange Act that is applicable to our Directors and employees, including our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The Code is posted on our website at www.ittesi.com.

We also intend to promptly disclose on our website any amendments that we make to the Code. To the extent that our Board of Directors grants any waiver of the Code for any of our Directors or executive officers, we intend to disclose the waiver on our website within four business days following the grant of the waiver.

Audit Committee

Our Audit Committee was established in accordance with Section 3(a)(58)(A) of the Exchange Act. Our Board of Directors has adopted a written charter for the Audit Committee, a current copy of which may be obtained from our website at www.ittesi.com. The functions of the Audit Committee are to assist the Board of Directors in its oversight of:

- the integrity of our financial statements and other financial information provided by us to any governmental body or the public;
- our compliance with legal and regulatory requirements;
- our systems of internal controls regarding finance, accounting, legal compliance and ethics that our management and the Board of Directors establish;
- our auditing, accounting and financial reporting processes generally;
- the qualifications, independence and performance of our independent registered public accounting firm; and
- the performance of our compliance and internal audit functions.

The Audit Committee also performs other functions as detailed in the Audit Committee's charter, including, without limitation, appointing, compensating, retaining and overseeing our independent registered public accounting firm and pre-approving all services to be provided to us by our independent registered public accounting firm.

The Audit Committee held five meetings during 2013. The members of the Audit Committee throughout 2013, and in 2014 until August 4, 2014, were John F. Cozzi, John E. Dean (Chairperson), Joanna T. Lau and Thomas I. Morgan (since January 21, 2013). The current members of the Audit Committee are Jerry M. Cohen (Chairperson) (since October 6, 2014), John F. Cozzi, Joanna T. Lau and Thomas I. Morgan. Our Board of Directors has determined that Jerry M. Cohen is an "audit committee financial expert," as that term is defined in Item 407(d)(5) of Regulation S-K under the Exchange Act, and is independent pursuant to our categorical standards of independence, Section 303A.02 of the NYSE Listed Company Manual and Rule 10A-3 of the Exchange Act. Each of the current members of the Audit Committee is independent and each of the members of the Audit Committee in 2013 was independent, pursuant to our categorical standards of independence, Section 303A.02 of the NYSE Listed Company Manual and Rule 10A-3 of the Exchange Act.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

This discussion explains the compensation program for our executives, including the Named Executive Officers. The individuals included as Named Executive Officers in this document are:

- Kevin M. Modany, who served as our Chief Executive Officer during all of 2013;
- Daniel M. Fitzpatrick, who served as our Chief Financial Officer during all of 2013; and
- Eugene W. Feichtner, June M. McCormack and Glenn E. Tanner, who were our three other most highly compensated executive officers during 2013.

This discussion describes the following:

- the objectives of our compensation program;
- what our compensation program is designed to reward;
- each element of compensation;
- why we choose to pay each compensation element;
- how we determine the amount to pay and, where applicable, the formula with respect to each compensation element;
- how each compensation element and our decisions regarding that element relate to our overall compensation objectives and affect our decisions regarding other compensation elements; and

- our consideration of the results of the most recent shareholder advisory vote on the compensation of our Named Executive Officers and any related effect on our executive compensation policies and decisions.

Table of Contents

Executive Summary. Our executive compensation program is designed to attract, retain and motivate skilled executives. Based on its review of all of the elements of our executive officers' compensation, the Compensation Committee found that the compensation paid to our executive officers in 2013 was reasonable in light of market practices and effective in fulfilling the Committee's compensation objectives, as described below. See "*—Compensation Objectives*."

In 2011, the Compensation Committee was required to make changes to our executive compensation program as a result of the Incentive Compensation Prohibition affecting our industry that severely limit the types of, and bases for awarding, compensation to employees of postsecondary education institutions, like us. The ED has defined this prohibition on incentive compensation to include anything of value for services rendered (other than a fixed salary or wage) that is:

- based in any part, directly or indirectly, on activities engaged in at any point in time through the completion of an educational program for the purpose of enrollment of students for any period of time or the award of financial aid to students; and
- provided to any employee who undertakes recruiting or admitting of students, makes decisions about and awards federal student financial aid, or has responsibility for any such activities.

The limiting language of the Incentive Compensation Prohibition is very broad and the ED has not provided sufficient guidance on the breadth or scope of the regulations. As a result, we believe that the Incentive Compensation Prohibition can be interpreted to cover all of our employees (including our executive officers) and to prohibit the payment of compensation based on any performance-related metric, including common performance metrics such as earnings, earnings per share and total shareholder return since such metrics are driven by student enrollment and amounts received from financial aid. We reached this conclusion after consulting with regulatory counsel and considering that any alternative conclusion would involve a high level of risk for our company. An institution that is found to be in noncompliance with the Incentive Compensation Prohibition could face significant monetary penalties, limitations on its operations and/or termination of its eligibility to participate in all federal student financial aid programs.

The Compensation Committee determined that, while it would prefer to continue to base executive compensation on performance-related metrics, the risk of violating the Incentive Compensation Prohibition prevented, and will prevent, the Committee from basing compensation amounts or adjustments on individual or company performance after the July 1, 2011 effective date of the Incentive Compensation Prohibition. The Compensation Committee recognized that, while the short- and long-term performance of both the individual executive officers and our company will no longer be used in compensation decisions, such performance will be reviewed by the full Board of Directors when evaluating the continued employment of each executive officer. The Compensation Committee determined that it would continue to be guided by the following objectives in determining the compensation of our executives:

- competition;
- alignment with shareholder interests; and
- focus.

As a result of the prohibition on basing any portion of the executives' compensation on performance, the Compensation Committee did not establish an annual bonus program for 2013, but it did establish a short-term compensation element based on certain management objectives in 2013. As a result, in order to achieve the objectives noted above, the Compensation Committee used the following compensation elements as part of the 2013 executive compensation program, as described in more detail below under "*—Compensation Elements*":

- base salary;
- short-term compensation;
- an annual grant of equity compensation;
- employee benefits;
- perquisites; and
- qualified retirement savings.

Compensation Objectives. The Compensation Committee is guided by the following objectives in determining the compensation of our executives:

- Competition. The Committee believes that compensation should reflect the competitive marketplace in order for us to attract, retain and motivate talented executives.

- *Alignment with Shareholder Interests*. Compensation should include equity-based compensation awards in order to align the executives' interests with those of our shareholders.
- *Focus*. The Committee believes that certain elements of compensation should provide some security to our executives to allow them to continue to focus on our financial and operating results, their individual performance and their job responsibilities.

Table of Contents

Compensation Elements. The elements of our compensation program, a description of the purpose of each element and the objectives that each element supports are shown in the table below. See "– *Compensation Objectives.*"

Compensation Element	Purpose	Link to Compensation Objectives
Base Salary	Fixed cash component used to help us attract, motivate and retain our executives.	• Competition • Focus
Short-Term Compensation	Variable cash component used to help us motivate and retain our executives.	• Competition • Focus
Equity-Based Compensation (e.g., Time-Based Stock Options and/or Restricted Stock Unit Awards)	Used to promote equity ownership by our executives. Aligns the executives' interests with those of our shareholders.	• Competition • Alignment with Shareholder Interests • Focus
Qualified Retirement Savings (i.e., 401(k) Plan Contributions)	Used to help us provide stable compensation and some security to our executives, in order to help them save for retirement on a tax-deferred basis.	• Competition • Focus
Nonqualified Deferred Compensation	Provided some security to our executives and helped them save a portion of their compensation for retirement on a tax-deferred basis.	• Deferrals and contributions are no longer made under these plans.
Pension Benefits (i.e., Qualified and Nonqualified Retirement Plan Earnings)	Allowed executives to focus on their job responsibilities while employed and provided some security upon retirement.	• Benefit accruals under our pension plans were frozen as of March 31, 2006.
Employee Benefits	Provides stable compensation and some security to our executives, in order to allow them to focus on their job responsibilities.	• Competition • Focus
Perquisites	Used to recognize our executives based on their responsibilities and to help us attract, motivate and retain our executives. Helps our executives focus on their job responsibilities.	• Competition • Focus
Potential Payments Upon Termination of Employment or a Change in Control of Us	Provides for payments in connection with a change in control and/or involuntary termination of employment. Provides some security to our executives to help them focus on their job responsibilities and to encourage them to remain employed with us during a critical time of a potential change in control.	• Competition • Alignment with Shareholder Interests • Focus

Table of Contents

2013 Compensation

Base Salary. Salaries provide a necessary element of stability in the total compensation program and, as such, are not subject to variability. Salaries are set and administered to reflect the value of the job in the marketplace. In February 2013, the Compensation Committee established the salary levels for the Named Executive Officers, that became effective on February 11, 2013, based on a review of:

- the base salaries of executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking as described under "*—Process for Establishing Compensation— Benchmarking*";
- the area and level of job responsibilities of each executive; and
- inflationary factors.

The Committee has decided that, until such time, if any, that the ED provides clear and sufficient guidance regarding performance-based salary adjustments under the Incentive Compensation Prohibition, future adjustments to the salary levels of each executive will be based solely on:

- the base salaries of executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking;
- the area and level of job responsibilities of each executive; and
- inflationary factors.

The following table sets forth the annualized base salary information for each of the Named Executive Officers as of February 11, 2013.

Named Executive Officer	2013 Annualized Base Salary	Dollar Increase Over Prior Year	Percentage Increase Over Prior Year
Kevin M. Modany	$ 800,074	$ 11,824	1.5%
Daniel M. Fitzpatrick	$ 400,000	$ 64,680	19.3% (1)
Eugene W. Feichtner	$ 310,108	$ 4,583	1.5%
June M. McCormack	$ 276,791	$ 4,091	1.5%
Glenn E. Tanner	$ 259,107	$ 3,829	1.5%

(1) Based on benchmarking information received from Farient Advisors LLC ("Farient"), the Compensation Committee noted that Mr. Fitzpatrick's 2012 base salary was lower than the median of the range of the base salaries provided to executives in the same position as Mr. Fitzpatrick at the comparator companies that the Committee used for benchmarking. Since the Committee's target for the cash portion of executive compensation is the median of the range of cash compensation provided to executives of comparator companies, the Compensation Committee determined to increase Mr. Fitzpatrick's 2013 base salary at a higher percentage than the increase to the 2013 base salary of the other Named Executive Officers, in order to bring Mr. Fitzpatrick's base salary closer to the median of the range of the base salaries provided to executives in the same position as Mr. Fitzpatrick at the comparator companies.

Short-Term Compensation. In February 2013, the Compensation Committee established a short-term compensation element for our executive officers that would be payable in early 2014, if certain management objectives (the "2013 Management Objectives") were accomplished during 2013. The 2013 Management Objectives were not in any way related to the enrollment of students or the award of financial aid to avoid violating the Incentive Compensation Prohibition. Instead, the 2013 Management Objectives consisted of various business objectives that related to certain initiatives that are part of our strategic plan. The 2013 Management Objectives included:

- obtain requisite authorizations for corporate training, continuing education and/or test preparation courses;

Table of Contents

- obtain requisite authorizations for a variety of allied health programs at the ITT Technical Institutes;
- obtain requisite authorizations for additional science, technology and/or engineering associate degree programs at the ITT Technical Institutes;
- obtain requisite authorizations for a dual high school diploma and associate degree at an ITT Technical Institute;
- create a content mapping construct with respect to all program and course offerings that link each component;
- design and implement a comprehensive student support services improvement plan;
- determine the viability of an IT Services Operation at the ITT Technical Institutes; and
- obtain requisite authorizations for education and/or nursing degree programs at Daniel Webster College.

On January 20, 2014, the Compensation Committee reviewed the results of the 2013 Management Objectives and determined the extent to which each of the 2013 Management Objectives was accomplished by our executive officers in 2013. The Committee assigned zero to five points to each 2013 Management Objective, based on its determination of the extent to which the objective was accomplished. The following table sets forth the maximum short-term compensation percentage associated with each range of the aggregate number of points assigned to the 2013 Management Objectives by the Compensation Committee:

Total Points	Maximum Short-Term Compensation Percentage
36-40	200.0%
31-35	175.0%
26-30	150.0%
21-25	125.0%
16-20	100.0%
11-15	75.0%
6-10	50.0%
0-5	25.0%

Based on the Committee's determination of the extent to which each of the 2013 Management Objectives was accomplished, the Committee assigned an aggregate of 23 points to the 2013 Management Objectives. That aggregate number of points corresponded to a maximum short-term compensation percentage of 125%, based on the above table.

To determine the maximum short-term compensation amount that an executive officer could receive, the Compensation Committee multiplied the maximum short-term compensation percentage (determined as described above) by a standard short-term compensation percentage of annualized base salary as of December 31, 2013, ranging from 32% to 100%, with the percentage depending on the officer's position, and then multiplied that result by the officer's annualized base salary. The following table sets forth the 2013 standard short-term compensation percentage of annualized base salary as of December 31, 2013 for each of the Named Executive Officers:

Named Executive Officer	2013 Standard Short-Term Compensation Percentage of Annualized Base Salary
Kevin M. Modany	100%
Daniel M. Fitzpatrick	65%
Eugene W. Feichtner	60%
June M. McCormack	60%
Glenn E. Tanner	60%

An executive officer's actual short-term compensation payment, however, could be more or less than the officer's potential short-term compensation amount as calculated and described above. An executive officer's actual short-term compensation amount also took into consideration the Compensation Committee's discretionary assessment of the officer's individual contribution toward accomplishing each 2013 Management Objective. The Committee did not adjust any of the Named Executive Officers' 2013 short-term compensation from the amounts calculated as described above.

On January 20, 2014, the Compensation Committee approved the payment of the 2013 short-term compensation amount in cash to each of the Named Executive Officers, as follows:

Named Executive Officer	2013 Short-Term Compensation Payment	2013 Short-Term Compensation Payment as a Percentage of 2013 Annualized Base Salary
Kevin M. Modany	$ 1,000,093	125.00%
Daniel M. Fitzpatrick	$ 325,000	81.25%
Eugene W. Feichtner	$ 232,581	75.00%
June M. McCormack	$ 207,593	75.00%
Glenn E. Tanner	$ 194,330	75.00%

Table of Contents

Equity-Based Compensation. The Compensation Committee believes that equity-based compensation should be a major component of the total compensation for executives. The Committee believes that the use of equity in the payment of compensation enhances our executives' commitment to our company over the long-term, because the value of equity-based compensation awards, such as time-based stock options, restricted stock and RSUs, helps align the executives' interests with those of our shareholders. The type and value of the equity-based compensation awards vary based on the executive's level and type of responsibilities.

In February 2013, the Compensation Committee reviewed the equity awards granted in 2011 and 2012 to our executives and executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking, and calculated the average percentage that those awards bore to the applicable company's outstanding common shares. See"—*Process for Establishing Compensation—Benchmarking*." The Committee had utilized that information in the prior year to determine the upper quartile range of peer practices based on the percentage of common stock outstanding and to grant equity awards within that range to our executives. In February 2013, the Committee also reviewed the equity grants that had been granted to executives in the same or similar positions at those comparator companies in 2012. The Committee determined that for the 2013 annual equity grant, it would approve an award of the same number of shares to each executive that it had awarded in each of the prior two years (based on the number of shares that would be included in the award if it consisted entirely of a stock option), notwithstanding the fact that, as a result, the 2013 equity grants would not be in the upper quartile range of peer practices, and the total direct compensation of our executives would not be in the upper third of the range of compensation provided to executives of comparator companies. The number of shares to be used for the 2013 grant to Mr. Fitzpatrick was increased, however, from the number awarded to him in each of the prior two years, in order to bring the number of shares awarded to him closer to the median of the range of peer practices based on the percentage of common stock outstanding. The Compensation Committee used a binomial option pricing model to determine the fair value of the stock options that would be included in the awards if they consisted entirely of a stock option, and it decided that each executive would receive one-half of the fair value applicable to that executive in the form of stock options and the other half of that value in RSUs. The number of RSUs to be included in each award were then calculated by dividing one-half of the fair value to be received by the executive by $16.50, the same market price used in the binomial option pricing model.

The Compensation Committee acknowledged that the number of shares available for issuance under the 2006 Equity Compensation Plan was insufficient to make the 2013 stock option and RSU grants to executives that it determined should be made as described above. As a result, the Committee approved the awards on February 19, 2013, but made the awards contingent on our shareholders' approval of the ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan (the "Amended 2006 Plan"). Our shareholders approved the Amended 2006 Plan at the 2013 Annual Meeting of Shareholders, and the stock option and RSU awards to our executives were granted on May 9, 2013.

The following table sets forth information about the stock options and RSUs that were granted under the Amended 2006 Plan effective May 9, 2013 to each Named Executive Officer as described above.

	Stock Options			RSUs		
Named Executive Officer	**Number of Securities Underlying Option Granted**	**Exercise Price**	**Expiration Date**	**Number of RSUs**	**Grant Date (1)**	**Date Compensation Committee Took Action (2)**
Kevin M. Modany	62,500 (3)	$ 19.31	05/09/20	28,125 (4)	05/09/13	02/19/13
Daniel M. Fitzpatrick	15,000 (3)	$ 19.31	05/09/20	6,750 (4)	05/09/13	02/19/13
Eugene W. Feichtner	10,000 (3)	$ 19.31	05/09/20	4,500 (4)	05/09/13	02/19/13
June M. McCormack	10,000 (3)	$ 19.31	05/09/20	4,500 (4)	05/09/13	02/19/13
Glenn E. Tanner	10,000 (3)	$ 19.31	05/09/20	4,500 (4)	05/09/13	02/19/13

(1) The effective date of the stock option and RSU grants.
(2) The stock option and RSU grants were approved by the Compensation Committee during a Committee meeting on February 19, 2013, and had an effective grant date of May 9, 2013.
(3) Nonqualified stock option granted at 100% of the closing market price of a share of our common stock on May 9, 2013, the effective date of the grant. One-third of the option is exercisable on the anniversary date of the grant in each of the years 2014, 2015 and 2016.
(4) The period of restriction for this RSU grant lapses in thirds on the anniversary date of the grant in each of the years 2014, 2015 and 2016.

2014 Compensation

Base Salary. In January 2014, the Compensation Committee established the salary levels for the Named Executive Officers, that became effective on February 10, 2014, based on a review of:

- the base salaries of executives in the same or similar positions at the comparator companies that the Committee uses for benchmarking;
- the area and level of job responsibilities of each executive;
- inflationary factors; and
- tenure and industry knowledge and experience.

Table of Contents

The following table sets forth the annualized base salary information for each of the Named Executive Officers as of February 10, 2014.

Named Executive Officer	2014 Annualized Base Salary	Dollar Increase Over Prior Year	Percentage Increase Over Prior Year
Kevin M. Modany	$ 824,076	$ 24,002	3.0%
Daniel M. Fitzpatrick	$ 412,000	$ 12,000	3.0%
Eugene W. Feichtner	$ 319,411	$ 9,303	3.0%
June M. McCormack	$ 285,094	$ 8,303	3.0%
Glenn E. Tanner	$ 266,880	$ 7,773	3.0%

Short-Term Compensation. In March 2014, the Compensation Committee established a short-term compensation element for our executive officers that will be payable in early 2015, if certain management objectives (the "2014 Management Objectives") are accomplished during 2014. As with the 2013 Management Objectives, the 2014 Management Objectives are not in any way related to the enrollment of students or the award of financial aid to avoid violating the Incentive Compensation Prohibition. Instead, the 2014 Management Objectives consist of various business objectives that relate to certain initiatives that are part of our strategic plan. The 2014 Management Objectives and their relative weightings are as follows:

	Management Objectives	Weight
1.	Obtain requisite state and accrediting commission authorizations for corporate training, continuing education and/or test preparation programs.	20%
2.	Design and implement an operational optimization plan to increase ITT/ESI's operational efficiencies for the corporation.	20%
3.	Obtain requisite federal, state and accrediting commission authorizations for additional health science, technology and/or engineering programs at the ITT Technical Institutes at both the associate degree and diploma levels.	20%
4.	Improve the 2014 ITT Technical Institute quarterly student evaluation average score.	10%
5.	Revise and begin teaching the six identified high volume, high-impact program courses at the majority of ITT Technical Institute campuses.	10%
6.	Acquire a training company to support strategic initiatives associated with The Center for Professional Development.	10%
7.	Obtain requisite federal, state and accrediting commission authorizations for a dual high school diploma and associate degree program at an ITT Technical Institute.	5%
8.	Obtain requisite federal, state and accrediting commission authorizations for additional nursing programs at the ITT Technical Institutes at both the associate and bachelor degree levels	5%

Table of Contents

The determination of the extent to which the 2014 Management Objectives are accomplished by our executive officers will be made by the Compensation Committee in early 2015. The Committee intends to assign one to five points to each 2014 Management Objective, based on the extent to which the Committee determines the objective was accomplished. The number of points assigned to each 2014 Management Objective will be multiplied by the weight associated with that 2014 Management Objective, resulting in a weighted number of points for that 2014 Management Objective. The weighted number of points for all of the 2014 Management Objectives will be added together, resulting in a total number of weighted points. The following table sets forth the maximum short-term compensation percentage that is associated with the total number of weighted points that are assigned to the 2014 Management Objectives by the Compensation Committee:

Total Weighted Points	Maximum Short-Term Compensation Percentage
4.76 - 5.00	200.0%
4.51 - 4.75	187.5%
4.26 - 4.50	175.0%
4.01 - 4.25	162.5%
3.76 - 4.00	150.0%
3.51 - 3.75	137.5%
3.26 - 3.50	125.0%
3.01 - 3.25	112.5%
2.76 - 3.00	100.0%
2.51 - 2.75	87.5%
2.26 - 2.50	75.0%
2.01 - 2.25	62.5%
1.76 - 2.00	50.0%
1.51 - 1.75	41.7%
1.26 - 1.50	33.3%
1.00 - 1.25	25.0%

To determine the maximum short-term compensation amount that an officer may receive, the maximum short-term compensation percentage (determined as described above) will be multiplied by a standard short-term compensation percentage of annualized base salary as of December 31, 2014, ranging from 32% to 100%, with the percentage depending on the officer's position, and the result will be multiplied by the officer's annualized base salary. The following table sets forth the 2014 standard short-term compensation percentage of annualized base salary as of December 31, 2014 for each of the Named Executive Officers:

Named Executive Officer	2014 Standard Short-Term Compensation Percentage of Annualized Base Salary
Kevin M. Modany	100%
Daniel M. Fitzpatrick	65%
Eugene W. Feichtner	60%
June M. McCormack	60%
Glenn E. Tanner	60%

An executive officer's actual short-term compensation payment, however, may be more or less than the officer's potential short-term compensation as calculated as described above. An executive officer's actual short-term compensation amount will be based on the Compensation Committee's discretionary assessment of the officer's individual contribution toward accomplishing each 2014 Management Objective. Any 2014 short-term compensation payment will be made in cash. The Compensation Committee may, in its sole discretion, modify the terms of the short-term compensation element at any time before it is paid.

Equity-Based Compensation. In January 2014, the Compensation Committee reviewed market information regarding the form and grant value of equity awards granted at comparator companies and companies in the survey data provided by Towers Watson & Co. ("Towers Watson"). The Committee determined to continue its practice of granting equity awards to executives in an amount that had been based on the upper quartile range of peer practices based on the percentage of common stock outstanding when that analysis was conducted in 2011. As a result, for the 2014 annual equity grant, the Committee approved an award of the same number of shares to each executive that it had awarded in each of the prior three years, except in the case of Mr. Fitzpatrick, who was awarded the same number of shares as in the prior year, notwithstanding the fact that, due to changes in the price of our common stock, the grant value of the 2014 equity awards would not be in the upper quartile range of current peer practices.

Table of Contents

The following table sets forth information about the stock options and RSUs that were granted under the Amended 2006 Plan effective February 4, 2014 to each Named Executive Officer as described above.

	Stock Options			RSUs		
Named Executive Officer	Number of Securities Underlying Option Granted	Exercise Price	Expiration Date	Number of RSUs	Grant Date (1)	Date Compensation Committee Took Action (2)
Kevin M. Modany	62,500 (3)	$ 27.94	02/04/21	28,125 (4)	02/04/14	01/20/14
Daniel M. Fitzpatrick	15,000 (3)	$ 27.94	02/04/21	6,750 (4)	02/04/14	01/20/14
Eugene W. Feichtner	10,000 (3)	$ 27.94	02/04/21	4,500 (4)	02/04/14	01/20/14
June M. McCormack	10,000 (3)	$ 27.94	02/04/21	4,500 (4)	02/04/14	01/20/14
Glenn E. Tanner	10,000 (3)	$ 27.94	02/04/21	4,500 (4)	02/04/14	01/20/14

(1) The effective date of the stock option and RSU grants.
(2) The stock option and RSU grants were approved by the Compensation Committee during a Committee meeting on January 20, 2014, and had an effective grant date of February 4, 2014.
(3) Nonqualified stock option granted at 100% of the closing market price of a share of our common stock on February 4, 2014, the effective date of the grant. One-third of the option is exercisable on the anniversary date of the grant in each of the years 2015, 2016 and 2017.
(4) The period of restriction for this RSU grant lapses in thirds on the anniversary date of the grant in each of the years 2015, 2016 and 2017.

Other Elements of Compensation

Retirement Plans

Qualified Retirement Savings. Our executives participate in our ESI 401(k) Plan, a qualified defined contribution plan, that is designed to provide substantially all of our employees with a tax-deferred, long-term savings vehicle. See "– Equity Compensation and Qualified Savings Plans – *ESI 401(k) Plan*."

Nonqualified Deferred Compensation. Due to federal limitations that preclude our highly-compensated employees from fully participating in the ESI 401(k) Plan, we established the ESI Excess Savings Plan, an unfunded, nonqualified deferred compensation plan for a select group of our management, including executive officers. We froze the ESI Excess Savings Plan, effective for plan years beginning on and after January 1, 2008, such that executives may no longer make elective deferrals and we no longer make contributions under the ESI Excess Savings Plan. Amounts previously credited to an executive under the ESI Excess Savings Plan, however, continue to accrue interest in accordance with the terms of the ESI Excess Savings Plan until those amounts are distributed pursuant to the plan's terms. See "– Nonqualified Deferred Compensation Plans – *ESI Excess Savings Plan*."

In addition, we established the ESI Executive Deferred Bonus Compensation Plan (the "Deferred Bonus Plan"), an unfunded, nonqualified deferred compensation plan, for a select group of our management and highly-compensated employees, including the Named Executive Officers. The Deferred Bonus Plan allows eligible employees to defer payment of all or a portion of his or her annual bonus compensation and to earn interest on any annual bonus compensation payable in the form of cash and deferred under the plan. Since the Committee did not establish an annual bonus award component of executive compensation for 2013, executives did not receive any compensation that they could elect to defer under the Deferred Bonus Plan with respect to 2013. See "– Nonqualified Deferred Compensation Plans – *Deferred Bonus Plan*."

The terms of the ESI Excess Savings Plan and the Deferred Bonus Plan, including the interest rate on the earnings on the Named Executive Officers' account balances under each plan, are based on common and typical terms and types of nonqualified deferred compensation plans that had been adopted by other publicly traded companies at the time that we adopted those plans.

Pension Benefits. Pension benefits provide retirement compensation that is based on the salary and bonus compensation paid to the employee during his or her employment. We froze the benefit accruals under the ESI Pension Plan and ESI Excess Pension Plan for all participants in the plans on March 31, 2006, such that no further benefits accrue under those plans after March 31, 2006. Participants do, however, continue to be credited with vesting service and interest credits according to the terms of those plans. See "– Pension Plans – *ESI Pension Plan*" and "– *ESI Excess Pension Plan*."

Employee Benefits and Perquisites

Employee Benefits. All of our executives are eligible to participate in our employee benefits, which include medical and dental benefits, vision insurance, life insurance, flexible spending account, tuition reimbursement, disability insurance, vacation leave, sick leave, bereavement leave, ITT Technical Institute tuition discounts and an employee assistance program that can help employees find answers to various kinds of personal concerns by offering consultation, support, information, planning and referrals. The employee benefits are generally available on a non-discriminatory basis to all full-time and part-time regular employees.

Perquisites. We also provide limited perquisites to our executives, including the Named Executive Officers, that vary based on the executive's level. The perquisites include use of a company car for our Chief Executive Officer only, a tax return

Table of Contents

preparation and financial planning allowance, tickets to sporting, theater and other events, enhanced disability benefits, an annual physical examination, reimbursement for certain commuting expenses and relocation assistance for newly-hired executive officers from outside the Indianapolis metropolitan area whom we ask to relocate. The value and type of perquisites made available to our executives are based on the value and type of perquisites that had been made available to executives at other publicly-traded companies at the time that we began making those perquisites available, and at the time of each subsequent annual review by the Compensation Committee of those perquisites. The Compensation Committee believes that the limited perquisites assist in furthering the objectives of attracting, retaining and motivating executives, as well as helping our executives focus on their job responsibilities. The Compensation Committee also believes that our executives value the perquisites provided to them and, given that the cost to us of the perquisites is not significant, the Committee has determined to continue providing these perquisites to our executives.

The perquisites that we provided to our Named Executive Officers in 2013 are disclosed in the Summary Compensation Table and footnotes thereto. See "– Summary Compensation Table." In January 2014, the Compensation Committee approved the value and type of perquisites to be provided in 2014 to the Named Executive Officers, which are consistent with the value and type of perquisites provided to them in 2013. The aggregate incremental cost to us in 2014 for providing all of the 2014 perquisites to the Named Executive Officers is not expected to exceed $150,000.

Potential Payments Upon Termination of Employment or a Change In Control of Us

Senior Executive Severance Plan. Our executive officers, including the Named Executive Officers, participate in the ITT Educational Services, Inc. Senior Executive Severance Plan (the "Senior Executive Severance Plan"), which provides for severance benefits if:

- we terminate the executive's employment, other than for cause, or when the executive terminates his or her employment for good reason, in each case within two years after the occurrence of a change in control of us; or
- we terminate the executive's employment, other than for cause, if a change in control of us is imminent.

The benefits vary depending on the executive's level and include, among other things, two or three times the executive's base salary and bonus and a stipend equal to two or three times the annual cost of certain employee benefits. See "– Potential Payments Upon Termination or Change in Control – *Senior Executive Severance Plan*."

The Compensation Committee believes that a change in control transaction, or potential change in control transaction, would create uncertainty regarding the continued employment of our executives. This is because many change in control transactions result in significant organizational changes, particularly at the senior executive level. In order to encourage our executives to remain employed with us during an important time when their continued employment in connection with or following a transaction is often uncertain and to help keep our executives focused on our business rather than on their personal financial security, we believe that providing certain of our executives with severance benefits upon the specified terminations of employment is in the best interests of our company and our shareholders.

The benefits under the Senior Executive Severance Plan are not payable merely because a change in control transaction occurs or is imminent. Instead, payment of the severance benefits is only triggered if a change in control has occurred or is imminent and certain types of termination of employment occur within certain limited time periods. The Compensation Committee has determined that this "double trigger" requirement is appropriate and reasonable.

If benefits are triggered under the Senior Executive Severance Plan, our Chief Executive Officer would be entitled to payments under the "three times" multiplier and the other covered executives would be entitled to payments under the "two times" multiplier. Our Chief Executive Officer would also be entitled to certain benefits that would not be available to the other covered executives, including that our Chief Executive Officer would receive a tax gross-up payment on any excise taxes and that his severance benefits would not be limited in the event of the imposition of an excise tax. The Compensation Committee believes that our Chief Executive Officer should receive the higher multiplier and the enhanced benefits given his high level of responsibility and the substantial duties that he has with us, as well as the fact that it is common market practice for a chief executive officer to receive a higher level of severance benefits than other executive officers.

The amount and type of severance pay made available to our executive officers are based on common and typical amounts and types of severance pay that were made available to executives by other publicly-traded companies at the time that these benefits were determined.

Other Plans. In addition, awards granted under our equity compensation plans and all or a portion of the contributions, benefits and earnings under our qualified savings plan, nonqualified deferred compensation plans and pension plans may vest and/or become payable to the participating employees, including the Named Executive Officers, if the participating employee's employment terminates in certain situations or we undergo a change in control. See "– Potential Payments Upon Termination or Change In Control." The accelerated vesting and payments are useful in providing security to our executives and helps them to focus on their job responsibilities, instead of the safety of compensation that they have previously been awarded or paid. Further, the accelerated vesting of equity compensation awards upon a change in control:

- provides employees with the same opportunities as shareholders, who are free to sell their equity at the time of the change in control event and thereby realize the value created at the time of the transaction;

Table of Contents

- ensures that employees do not have the fate of their outstanding equity tied to the future success of the new and different company that results from the change in control;
- can be a strong retention device during change in control discussions, particularly for those employees whose equity represents a significant portion of their total pay package; and
- treats all employees the same regardless of their employment status after the transaction.

Process for Establishing Compensation. The Compensation Committee of our Board of Directors has overall responsibility and authority for approving and evaluating the compensation programs and policies pertaining to our executives and Directors. Each year, the Compensation Committee reviews all elements of all of our executive officers' compensation and the internal pay equity of our Chief Executive Officer's compensation compared to our other executive officers' compensation. The Compensation Committee also annually reviews the tally of total compensation of our executives in order to determine that the amount of compensation is within appropriate competitive parameters. The tally information is not, however, a key factor in the Committee's current compensation decisions, because the tally information is reflective of past competitive market practice.

The Compensation Committee has met, and will continue to meet, in executive sessions which are not attended by any of our employees. The Committee regularly reports its activities to our Board of Directors.

When making executive compensation decisions, the Compensation Committee also considers, for all executives other than our Chief Executive Officer, the recommendation of our Chief Executive Officer. Our Chief Executive Officer recommends salary levels, short-term compensation amounts, equity-based compensation awards and perquisites for our other executives based on their salary grade level. Our Chief Executive Officer's compensation is determined solely by the Compensation Committee with the assistance of the Committee's independent compensation consultant. The Compensation Committee applies the same principles for executive compensation in determining our Chief Executive Officer's compensation that it applies in determining the compensation of our other executive officers. The Compensation Committee has established a higher level of compensation for our Chief Executive Officer than the levels for our other executive officers, due to:

- the high level of responsibility that he has with us;
- the substantial duties and responsibilities that he has to us; and
- the fact that the market and comparator compensation information demonstrates higher levels of compensation for chief executive officers both within and outside of our industry.

Independent Compensation Consultant. The Compensation Committee directly retains consultants from independent compensation consulting firms to provide advice on aspects of our executive and Director compensation programs. The Committee requests written reports and holds meetings with the consultants, which are not attended by any of our employees, in order to obtain independent opinions on compensation proposals. The independent compensation consultants help the Committee determine the amount and, where applicable, the formula for each element of the compensation program for each executive. The independent compensation consultants also assist the Committee in selecting the companies used for benchmarking and comparison purposes. The Compensation Committee retained the independent compensation consulting firm Farient to advise it on 2013 compensation determinations and retained the independent compensation consulting firm Towers Watson in the later part of 2013 to advise it on 2014 compensation determinations.

Determinations. In determining and recommending the compensation of our executives, the Compensation Committee consults with its independent compensation consulting firms and, along with our Chief Executive Officer, makes assessments after deliberate and thorough review and consideration of various factors. In 2013 and 2014, these factors included:

- the competitive marketplace and, in particular, how the level of an executive's compensation compares with the compensation paid to executives in the same or similar positions and with similar responsibilities at comparator companies;
- the level and area of job responsibilities of the executive;
- inflationary factors; and
- tenure and industry knowledge and experience.

In January 2013, the Compensation Committee met in executive session to review a tally of the total compensation received by each of the executive officers in 2012 and information provided by Farient. The Committee noted that there had not been any clarification by the ED regarding the types of compensation that are prohibited and which activities and employees are covered by the Incentive Compensation Prohibition and, therefore, it would continue to avoid basing executive compensation on performance-related metrics. In February 2013, the Committee determined to continue the short-term compensation element of executive compensation, and it established the management objectives for 2013 under such element. See "—*Compensation Elements—2013 Compensation*—Short-Term Compensation."

In January 2014, the Compensation Committee met in executive session to review a tally of the total compensation received by each of the executive officers in 2013 and information provided by Towers Watson. The Committee noted that there still had not been any clarification regarding the types of compensation that are prohibited and which activities and employees are covered by the Incentive Compensation Prohibition and, therefore, it would continue to avoid basing executive compensation on performance-related metrics. In January 2014, the Committee determined to continue the short-term compensation element of executive compensation, and it established the management objectives for 2014 under such element. See "—*Compensation Elements—2014 Compensation*—Short-Term Compensation."

Table of Contents

Shareholder Feedback. In October 2013 and January 2014, the Compensation Committee considered the fact that, at the 2013 Annual Meeting of Shareholders, our shareholders approved the compensation paid to our Named Executive Officers as disclosed in the Proxy Statement for our 2013 Annual Meeting, and that the votes cast for that advisory proposal totaled approximately 54% of the shares represented at the 2013 Annual Meeting. The Committee also considered discussions that our Chairman and Chief Executive Officer had prior to the 2013 Annual Meeting with certain of our shareholders that own a significant percentage of our common stock regarding our executive compensation program and any concerns that such shareholders had related to it. Our Chairman and Chief Executive Officer was told by some of those shareholders that while they would prefer that we base executive compensation on performance-related metrics, as we did prior to 2011, they understand that we have concluded that to do so would present a significant risk of violating the Incentive Compensation Prohibition. Despite understanding these limitations on our executive compensation program, some of those shareholders may be required to follow formulaic internal or external voting guidelines and, therefore, may be forced to cast a vote against our executive compensation proposal when otherwise they may not have. In addition, some of the shareholders expressed their support for the Compensation Committee's objective that the compensation of executives be reflective of the competitive marketplace in an effort to attract, retain and motivate talented executives. None of the shareholders that our Chairman and Chief Executive Officer talked to identified any other areas of concern related to our executive compensation program. The Compensation Committee evaluated the feedback received from these shareholders and the results of the 2013 advisory vote on compensation, and reiterated that it too would prefer to include performance-based metrics in our executive compensation program, but that the risk of violating the Incentive Compensation Prohibition is too high. As a result, the Committee determined that it is not able to make changes to the program at this time to address concerns related to the lack of performance-based metrics. The Committee noted that it continues to monitor the ED for any guidance that might reduce the risk of certain types of performance-based compensation violating the Incentive Compensation Prohibition.

Equity-Based Compensation. The Compensation Committee is responsible for determining equity-based compensation paid to our executives. All equity-based compensation awards to our executives at the Senior Vice President level and above are granted exclusively by our Compensation Committee. The Compensation Committee has delegated limited authority to our Chief Executive Officer to grant equity-based compensation awards to our newly-hired executives below the Senior Vice President level and other key employees.

Equity-based compensation is granted to our executives and other key employees under the following circumstances:

- the Compensation Committee has typically made grants to our executives and other key employees annually during its first regularly scheduled meeting of the calendar year, which grants become effective prospectively;
- the Compensation Committee has typically made grants to our newly-hired executives at the Senior Vice President level and above at a Committee meeting occurring either:
  - prior to the date that the executive's employment with us begins, in which case the effective date of the grant is typically the executive's first day of employment with us but, if the markets are closed on that day, is the next subsequent day that the markets are open; or
  - after the executive's employment with us begins, in which case the effective date of the grant is the date of the Committee meeting or a subsequent date specified by the Committee at its meeting; and
- pursuant to authority delegated to him by the Compensation Committee, our Chief Executive Officer typically grants equity-based compensation to our newly-hired executives below the Senior Vice President level and other key employees on the newly-hired employee's first day of employment with us.

In each of the above circumstances, the exercise price of any stock option granted is the closing market price of a share of our common stock on the effective date of the stock option grant. In addition, the number of any RSUs or shares of restricted stock is either determined prior to the effective date of grant or is based on the closing market price of a share of our common stock on the effective date of the RSU or restricted stock grant.

We do not time our release of material non-public information for the purpose of affecting the value of our executives' compensation, nor do we time our grants of equity-based compensation to take advantage of material non-public information. Nevertheless, our process for granting equity-based compensation (as described above) may result in equity-based compensation, including stock options, being granted to our executives and other key employees at times when our Board of Directors or the Compensation Committee is in possession of material non-public information about us. This possibility is not taken into account in determining whether to make the equity-based compensation awards or the amount or value of those awards.

Benchmarking. The Compensation Committee believes that compensation decisions are complex and should be made after a review of the compensation levels paid to executives in the same or similar positions at other comparator companies. Although the Compensation Committee does not rely solely on benchmarking to determine any element of compensation or overall compensation, the Compensation Committee does believe that compensation data are important to the decisions made regarding the competitive positioning of the Company's compensation levels.

In setting and administering the compensation program and policies for our executives, the Committee attempts to target:

- the cash portion of the compensation of our executives to the median of the range of the cash compensation provided to executives of comparator companies, based on the dollar amount of such compensation; and
- the equity-based compensation of our executives not to exceed the upper quarter of the range of equity-based compensation provided to executives of comparator companies, based on the number of shares awarded as a percentage of the number of shares outstanding.

Table of Contents

This is intended to result in targeting the overall total direct compensation of our executives to the upper third of the range of compensation provided to executives of comparator companies. The Committee targets the upper third of the range, because it believes that part of the range will help us attract and retain a higher than average level of executive.

The companies used for the comparisons vary from time to time. For 2013 compensation determinations, the Compensation Committee benchmarked the appropriateness and competitiveness of our executive compensation program against a market composite that consisted of 13 companies in our industry and a subset of six of those market comparator companies that were selected by Farient based on their size, type of operations and longevity in the industry. The 13 companies in our industry that were used included:

- American Public Education, Inc.;
- Apollo Education Group, Inc.;
- Bridgepoint Education, Inc.;
- Capella Education Company;
- Career Education Corp.;
- Corinthian Colleges, Inc.;
- DeVry Education Group, Inc.;
- Education Management Corporation;
- Grand Canyon Education, Inc.;
- Learning Tree International, Inc.;
- Lincoln Educational Services Corporation;
- Strayer Education, Inc.; and
- Universal Technical Institute, Inc.

The six companies that were included in the industry subset were as follows:

- Apollo Education Group, Inc.;
- Career Education Corp.;
- Corinthian Colleges, Inc.;
- DeVry Education Group, Inc.;
- Education Management Corporation; and
- Strayer Education, Inc.

In order to provide benchmark data for executive positions not included in proxy materials, the Compensation Committee also reviewed compensation information in connection with its 2013 compensation determinations that is contained in the:

- 2011 Mercer Executive Compensation Database, which consists of a broad market survey of companies that generated between $1 billion and $2.5 billion in annual revenue; and
- 2012 Towers Watson General Industry Top Management Compensation Report, which consists of a broad market survey of companies that generated between $500 million and $2.5 billion in annual revenue.

For 2014 compensation determinations, the Compensation Committee reviewed compensation information provided by Towers Watson and contained in the 2013/2014 Towers Watson Compensation DataBank ("Towers Watson Survey") and the 2013/2014 Mercer Executive Compensation Database ("Mercer Survey"). The Towers Watson Survey consisted of 241 companies with less than $3 billion in annual revenue. The Mercer Survey consisted of 445 companies. The Compensation Committee did not select specific companies from among the survey participants. Information from the surveys was adjusted to our company's size by using regression analysis to reflect each executive's scope of revenue responsibility.

Additionally, our Compensation Committee used information from proxy statements of a company-specific peer group as a supplement to the general industry published survey data, which remains a primary data source given the similarity in size to our company of the companies included. The proxy peer group data was primarily used for the Chief Executive Officer and Chief Financial Officer positions, because these positions are most directly comparable to the positions at our company. The proxy peer group companies were used for industry financial comparison purposes and as a source of data for compensation plan design characteristics. In consultation with Towers Watson, the Compensation Committee considered the following characteristics in choosing which companies to include in the peer group:

- U.S.-based companies that either compete with our company for market share or operate in similar industries as our company;
- competitors for senior executive talent;
- revenue and market capitalization; and
- the degree to which certain companies list our company as a compensation peer.

As part of its engagement, Towers Watson reviewed the peer group used in 2013 and Towers Watson recommended, and the Compensation Committee approved, the following changes to the peer group:

- removed Learning Tree International, Inc., due to its revenue size relative to our company; and
- added K12 Inc., because of its industry alignment and size relative to our company.

Table of Contents

As a result, the Compensation Committee reviewed proxy data obtained from proxy materials of the following 13 companies in our industry:

- American Public Education, Inc.;
- Apollo Education Group, Inc.;
- Bridgepoint Education, Inc.;
- Capella Education Company;
- Career Education Corp.;
- Corinthian Colleges, Inc.;
- DeVry Education Group, Inc.;
- Education Management Corporation;
- Grand Canyon Education, Inc.;
- K12 Inc.;
- Lincoln Educational Services Corporation;
- Strayer Education, Inc.; and
- Universal Technical Institute, Inc.

Additional Compensation Matters.

Clawback, Stock Ownership and Hedging Policies. We do not have any policies regarding automatic adjustment or recovery of compensation paid or awarded to our executives in the event any of the performance measures upon which that compensation was paid or awarded are restated or adjusted, such that the compensation paid or awarded would have been less under the restated or adjusted performance measures.

We do not impose any specific equity or security ownership requirements on our executives. We believe that the equity-based compensation paid to our executives serves to align their interests with those of our shareholders. We believe that it is improper and inappropriate for any employee or Director to engage in short-term or speculative transactions involving our securities. It is our policy that our executives and Directors are prohibited from purchasing or selling any publicly traded options for our securities, including the trading of any call or put, the writing of any call or put, hedging or the use of collars.

The Impact of Accounting and Tax Treatments on the Compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended (the "IRC") limits the allowable deduction for compensation paid or accrued with respect to the chief executive officer and each of the three other most highly compensated executive officers (other than the chief financial officer) of a publicly held corporation to no more than $1 million per year. This limitation does not apply to compensation that meets the requirements under Section 162(m) and the regulations promulgated thereunder for "qualified performance-based" compensation. Our equity-based compensation plans have been approved by our shareholders and include a fixed limit on the number of stock options that may be granted to any individual in any given year, and the exercise price is based on the fair market value of our stock on the date of grant. As a result, any future gains that may be realized on the stock options granted under our equity-based compensation plans would be exempt from the $1 million limit on deductible compensation under Section 162(m). RSUs granted under our equity compensation plans, however, are subject to the 162(m) deduction limitation because the vesting of those RSUs is based on the passage of time instead of performance conditions. Further, the Committee's ability to maximize the tax deductibility of other forms of compensation beginning July 1, 2011 is limited by the Incentive Compensation Prohibition, because those regulations can be reasonably interpreted to prohibit the payment of performance-based compensation.

Section 409A of the IRC provides certain requirements for deferred compensation arrangements. Those requirements, among other things, limit flexibility with respect to the time and form of payment of deferred compensation. If a payment or award constitutes deferred compensation subject to Section 409A and the applicable requirements are not satisfied, the recipient could be subject to tax on the award and all other deferred compensation of the same type, and an additional 20% tax and interest at the underpayment rate plus 1%, at the time the legally binding right to the payment or award arises or, if later, when that right ceases to be subject to a substantial risk of forfeiture. Payments or awards under our plans and arrangements either are intended to not constitute "deferred compensation" for Section 409A purposes (and will thereby be exempt from Section 409A's requirements) or, if they constitute "deferred compensation," are intended to comply with the Section 409A statutory provisions and final regulations.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K under the Exchange Act with our management. Based on that review and discussions, the Compensation Committee recommended to our Board of Directors that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and in our Proxy Statement for our 2014 Annual Meeting of Shareholders for filing with the U.S. Securities and Exchange Commission.

Compensation Committee
John F. Cozzi
James D. Fowler, Jr.
Samuel L. Odle
John A. Yena, Chair

Compensation-Related Risk Assessment

Our Compensation Committee conducted an assessment of the risks related to our compensation policies and practices in January 2014. In conducting this assessment, the Compensation Committee noted several features of our compensation programs that reduce the likelihood of excessive risk-taking, including the following:

- We have established internal controls, enterprise risk management and a compliance program to discourage and identify any excessive risk-taking by our employees.

- There is a balanced mix of cash, equity, annual and longer-term components in the compensation program for our executives.
- Due to the Incentive Compensation Regulations, our compensation programs are not based on the performance of our employees.
- While our short-term compensation element is based on certain management objectives for a particular year:
  - the maximum short-term compensation percentage is capped at 200% of the standard short-term percentage of our executives' annualized base salary, to protect against disproportionately large shorter-term incentives;
  - the Compensation Committee has substantial discretion on which to base the actual amount of the short-term compensation payments, including the ability to consider and reduce a payment amount if the Committee determines that an executive caused us to incur unnecessary or excessive risk;
  - the management objectives include many different business objectives that are company-wide objectives, as opposed to individual objectives, which encourage decision-making that is in the best long-term interests of our company and shareholders; and
  - the management objectives are not unreasonable or clearly unattainable without excessive risk-taking.
- A significant portion of our executives' total compensation consists of equity-based long-term awards, most of which vest over a period of three years, which encourages our executives to focus on sustaining our long-term interests. The equity grants are also made annually, so executives always have unvested awards that could decrease in value if our business is not managed for the long term.
- Some of our non-executive employees are eligible to receive equity awards. For those non-executive employees who are eligible to receive equity awards, the equity awards encourage those employees to focus on our long-term interests.

Based on these factors, the Compensation Committee believes that our compensation policies and practices encourage behaviors that are aligned with our long-term interests, and that numerous factors, such as the lack of performance-related incentives, dissuade our employees from taking risks for short-term gain. As a result, the Compensation Committee determined that any risks arising from our compensation policies and practices are not reasonably likely to have a material adverse effect on us.

Summary Compensation Table

The following table sets forth information regarding the compensation of the Named Executive Officers for each of our last three completed fiscal years.

Summary Compensation Table for Fiscal Years 2013, 2012 and 2011

Name and Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Option Awards(4)	Non-Equity Incentive Plan Compensation (5)	Change in Pension Value and Non-qualified Deferred Compensation Earnings (6)	All Other Compensation(7)	Total (8)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Kevin M. Modany	2013	$798,596	$ 0	$ 543,094	$ 572,500	$ 1,000,093	$ 3,011	$ 55,333	$2,972,627
Chief Executive	2012	$788,250	$ 985,313	$4,962,439	$1,960,000	$ 0	$ 10,857	$ 56,525	$8,763,384
Officer	2011	$783,438	$1,153,500	$ 788,308	$3,612,500	$ 0	$ 10,664	$ 64,044	$6,412,454
Daniel M. Fitzpatrick	2013	$391,915	$ 0	$ 130,343	$ 137,400	$ 325,000	$ 0	$ 19,468	$1,004,126
Executive Vice President, Chief	2012	$334,905	$ 272,448	$ 930,556	$ 344,960	$ 0	$ 0	$ 15,722	$1,898,591
Financial Officer	2011	$330,000	$ 324,000	$ 381,101	$ 476,850	$ 0	$ 0	$ 15,976	$1,527,927
Eugene W. Feichtner	2013	$309,535	$ 0	$ 86,895	$ 91,600	$ 232,581	$ 214	$ 10,949	$ 731,774
Executive Vice President and	2012	$305,147	$ 229,144	$ 846,903	$ 313,600	$ 0	$ 61,046	$ 11,454	$1,767,294
President, ITT Technical Institute Division	2011	$300,625	$ 295,000	$ 481,983	$ 289,000	$ 0	$ 75,601	$ 11,499	$1,453,708
June M. McCormack	2013	$258,596	$ 0	$ 86,895	$ 91,600	$ 207,593	$ 0	$ 10,794	$ 655,478
Executive Vice	2012	$272,363	$ 204,525	$ 744,760	$ 313,600	$ 0	$ 0	$ 12,322	$1,547,570
President and President, Online Division	2011	$268,250	$ 263,000	$ 762,897	$ 0	$ 0	$ 0	$ 13,145	$1,307,292
Glenn E. Tanner	2013	$258,628	$ 0	$ 86,895	$ 91,600	$ 194,330	$ 732	$ 8,741	$ 640,926
Executive Vice	2012	$254,956	$ 191,459	$ 733,411	$ 313,600	$ 0	$ 21,105	$ 10,534	$1,525,065
President, Chief Marketing Officer	2011	$251,025	$ 246,600	$ 752,552	$ 0	$ 0	$ 28,779	$ 9,484	$1,288,440

(1) Amounts shown represent the dollar value of base salary earned during each of the years indicated.

Table of Contents

(2) Amounts shown represent the dollar value of discretionary bonus amounts earned in the stated year. Under Item 402(a) of Regulation S-K under the Exchange Act, any bonus award that is paid above the amounts earned by the Named Executive Officer under, or that is otherwise paid to the Named Executive Officer without regard to, pre-established targets is to be reported in this column. The amounts earned under pre-established targets are reported in column (g), "Non-Equity Incentive Plan Compensation," of the Summary Compensation Table. The amounts shown in this column for 2012 consist of amounts paid under the short-term compensation element of our executive compensation, based on certain management objectives for 2012 (the "2012 Management Objectives"). In December 2012, the Compensation Committee decided to assign zero to five points to each 2012 Management Objective based on the extent to which it was accomplished, instead of the previously-established determination to assign five points to each 2012 Management Objective only if it was fully accomplished. This change resulted in these payments being included in this column instead of in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table. The amounts shown in this column for 2011 consist of a special bonus that was paid to our executives in June 2011. The Compensation Committee approved the special bonuses in December 2010, to be paid to our executives who were still employed by us on June 27, 2011, in order to help motivate and retain those executives, as well as to recognize their extraordinary efforts during a particularly difficult regulatory and legislative environment affecting us and our industry.

(3) Amounts shown represent the aggregate grant date fair value, computed in accordance with ASC 718, of all awards of stock granted to the Named Executive Officer in the year indicated. For 2011, amounts shown include grants of RSUs that settled in cash and grants of RSUs that settle in shares of our common stock. To determine the grant date fair value of stock awards, we use the closing market price of a share of our common stock on the effective date of the stock award. The amounts ultimately realized by the Named Executive Officers from the stock awards will depend on the price of our common stock in the future and may be quite different from the values shown.

(4) Amounts shown represent the aggregate grant date fair value, computed in accordance with ASC 718, of all awards of stock options granted to the Named Executive Officer in the year indicated. The option awards relate solely to shares of our common stock. None of the Named Executive Officers has received any stock appreciation rights ("SARs") from us. We did not adjust or amend the exercise price of any options previously awarded to any of the Named Executive Officers, whether through amendment, cancellation or replacement grants, or any other means (such as a repricing), or otherwise materially modify such awards, during any of the years indicated. We used a binomial option pricing model to determine the grant date fair value of the stock options granted in each of the years indicated, which takes into account the variables defined below:

- "Volatility" is a statistical measure of the extent to which the stock price is expected to fluctuate during a period and combines our historical stock price volatility and the implied volatility as measured by actively traded stock options.
- "Expected life" is the weighted average period that those stock options are expected to remain outstanding, based on the historical patterns of our stock option exercises, as adjusted to reflect the current position-level demographics of the stock option grantees.
- "Risk-free interest rate" is based on interest rates for terms that are similar to the expected life of the stock options.
- "Dividend yield" is based on our historical and expected future dividend payment practices.

The following table sets forth the assumptions supporting those variables that were used to determine the values reported with respect to the stock options granted to the Named Executive Officers in each of the years indicated:

	Assumptions Associated with Stock Options Granted In		
	2013	2012	2011
Volatility	60%	51%	48%
Expected life (in years)	4.6	4.5	4.7
Risk-free interest rate	0.7%	0.7%	1.8%
Dividend yield	None	None	None

The amounts ultimately realized by the Named Executive Officers from the option awards will depend on the price of our common stock in the future and may be quite different from the values shown.

(5) Amounts shown represent the dollar value of all amounts earned for services performed during each of the years indicated pursuant to awards under non-equity incentive plans. There were no earnings on any outstanding non-equity incentive plan awards during any of the years indicated. The amounts reported in this column for 2013 consist of amounts earned under the short-term compensation element of our executive compensation, based on the 2013 Management Objectives, and paid in 2014. Under Item 402(a) of Regulation S-K under the Exchange Act, our short-term compensation element is defined to be non-equity incentive plan compensation, instead of bonus compensation, to the extent that the outcome with respect to the relevant targets under our management objectives was substantially uncertain at the time the targets were established by the Compensation Committee and communicated to the participants. As a result, our short-term compensation element is intended to serve as an incentive to obtain results over a specified fiscal year, which caused it to be reported in this column. Amounts shown in this column include any portion of the award that may have been deferred by the Named Executive Officers under the Deferred Bonus Plan. See "– Nonqualified Deferred Compensation Plans – *Deferred Bonus Plan*."

(6) Amounts shown consist of:

- the aggregate change in actuarial present value of the Named Executive Officer's accumulated benefit on an annualized basis under all defined benefit and actuarial pension plans (including supplemental plans) from December 31 of the prior completed fiscal year to December 31 of the covered fiscal year, except that with respect to the 2013 aggregate change in

Table of Contents

actuarial present value for all Named Executive Officer participants, that aggregate change was a negative number (see table below), and therefore in accordance with the SEC rule, that negative change is not included in the amount reported in this column or in the "Total" column; and

- the above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified, including such earnings on nonqualified defined contribution plans.

The aggregate change in actuarial present value of the Named Executive Officer's accumulated benefit on an annualized basis under each of the following plans is presented in the table below:

- the Retirement Plan for Salaried Employees of ITT Corporation (the "Old Pension Plan"), a non-contributory defined benefit pension plan;
- the ESI Pension Plan, a cash balance defined benefit plan; and
- the ESI Excess Pension Plan, an unfunded, nonqualified retirement plan.

See "– Pension Plans."

Named Executive Officer	Old Pension Plan Aggregate Change in Present Value of Accumulated Benefit	ESI Pension Plan Aggregate Change in Present Value of Accumulated Benefit	ESI Excess Pension Plan Aggregate Change in Present Value of Accumulated Benefit	Total
Kevin M. Modany				
2013	$ 0	$ (1,612)	$ (2,078)	$ (3,690)
2012	$ 0	$ 3,619	$ 4,667	$ 8,286
2011	$ 0	$ 3,905	$ 5,034	$ 8,939
Daniel M. Fitzpatrick				
2013	$ 0	$ 0	$ 0	$ 0
2012	$ 0	$ 0	$ 0	$ 0
2011	$ 0	$ 0	$ 0	$ 0
Eugene W. Feichtner				
2013	$ (36,285)	$ 11,788	$ 2,893	$(21,604)
2012	$ 46,795	$ 11,286	$ 2,782	$ 60,863
2011	$ 61,583	$ 11,091	$ 2,803	$ 75,477
June M. McCormack				
2013	$ 0	$ 0	$ 0	$ 0
2012	$ 0	$ 0	$ 0	$ 0
2011	$ 0	$ 0	$ 0	$ 0
Glenn E. Tanner				
2013	$ (21,737)	$ 12,176	$ 0	$ (9,561)
2012	$ 8,824	$ 11,656	$ 0	$ 20,480
2011	$ 16,911	$ 11,451	$ 0	$ 28,362

In addition, the above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified for the benefit of the Named Executive Officers under the ESI Excess Savings Plan, an unfunded, nonqualified retirement plan are specified in the table below. There were no above-market or preferential earnings on compensation that is deferred on a basis that is not tax-qualified for the benefit of the Named Executive Officers under the Deferred Bonus Plan, an unfunded, nonqualified deferred compensation plan, in 2013, 2012 or 2011. See "– Nonqualified Deferred Compensation Plans."

Table of Contents

Named Executive Officer		ESI Excess Savings Plan Above-Market or Preferential Earnings on Deferred Compensation (A)
Kevin M. Modany		
2013	$	3,011
2012	$	2,571
2011	$	1,725
Daniel M. Fitzpatrick		
2013	$	0
2012	$	0
2011	$	0
Eugene W. Feichtner		
2013	$	214
2012	$	183
2011	$	124
June M. McCormack		
2013	$	0
2012	$	0
2011	$	0
Glenn E. Tanner		
2013	$	732
2012	$	625
2011	$	417

(A) Interest is above-market only if the rate of interest exceeds 120% of the applicable federal long-term rate, with compounding (as prescribed under Section 1274(d) of the IRC), at the rate that corresponds most closely to the rate under the applicable plan at the time the interest rate or formula is set. In the event of a discretionary reset of the interest rate, the requisite calculation is made on the basis of the interest rate at the time of such reset, rather than when originally established. Only the above-market portion of the interest is included.

(7) Amounts shown represent all other compensation for each of the years indicated that could not properly be reported in columns (c) through (h) of the Summary Compensation Table, as follows:

	Perquisites (A)							
Named Executive Officer	Use of a Company Car (B)	Tax Return and Financial Planning Allowance (C)	Event Tickets (D)	Enhanced Disability Benefits (E)	Annual Physical Examination (F)	Perquisites Total	ITT/ESI Contributions Under ESI 401(k) Plan (G)	All Other Compensation (H)
Kevin M. Modany								
2013	$25,261	$ 6,331	$ 6,487	$ 6,422	$ 3,182	$ 47,683	$ 7,650	$ 55,333
2012	$25,280	$ 14,230	$ 2,334	$ 6,503	$ 2,665	$ 51,012	$ 5,513	$ 56,525
2011	$23,674	$ 15,765	$ 11,083	$ 6,503	$ 0	$ 57,025	$ 7,019	$ 64,044
Daniel M. Fitzpatrick								
2013	$ 0	$ 4,000	$ 2,056	$ 3,222	$ 2,540	$ 11,818	$ 7,650	$ 19,468
2012	$ 0	$ 3,353	$ 436	$ 2,766	$ 1,667	$ 8,222	$ 7,500	$ 15,722
2011	$ 0	$ 3,320	$ 2,898	$ 2,739	$ 0	$ 8,957	$ 7,019	$ 15,976
Eugene W. Feichtner								
2013	$ 0	$ 3,101	$ 0	$ 2,502	$ 0	$ 5,603	$ 5,346	$ 10,949
2012	$ 0	$ 3,055	$ 604	$ 2,521	$ 0	$ 6,180	$ 5,274	$ 11,454
2011	$ 0	$ 3,025	$ 887	$ 2,496	$ 0	$ 6,408	$ 5,091	$ 11,499
June M. McCormack								
2013	$ 0	$ 2,669	$ 0	$ 2,236	$ 0	$ 4,905	$ 5,889	$ 10,794
2012	$ 0	$ 2,649	$ 150	$ 2,250	$ 1,761	$ 6,810	$ 5,512	$ 12,322
2011	$ 0	$ 2,700	$ 0	$ 2,228	$ 2,666	$ 7,594	$ 5,551	$ 13,145
Glenn E. Tanner								
2013	$ 0	$ 2,591	$ 1,383	$ 2,094	$ 0	$ 6,068	$ 2,673	$ 8,741
2012	$ 0	$ 2,550	$ 1,558	$ 2,106	$ 1,681	$ 7,895	$ 2,639	$ 10,534
2011	$ 0	$ 2,528	$ 727	$ 2,085	$ 1,569	$ 6,909	$ 2,575	$ 9,484

(A) Amounts shown represent the aggregate incremental cost to us for the perquisites provided to the Named Executive Officers in each of the years indicated.

(B) The methodology for computing the aggregate incremental cost to us for providing use of a company car involves compiling the expenses that were paid by us or reimbursed to the Named Executive Officer for the Named Executive Officer's use of the vehicle. Those expenses include:

- the amount of depreciation expense that we recognized on the company-owned car;

Table of Contents

- the cost of insurance premiums relating to the car that were paid by us;
- the cost of gasoline used in the car that was paid or reimbursed by us; and
- the cost of maintenance and repairs of the car that was paid or reimbursed by us.

(C) The methodology for computing the aggregate incremental cost to us for providing a tax return and financial planning allowance involves determining the sum of all receipts for tax return and financial planning services that are submitted by and reimbursed to the Named Executive Officer up to the amount of the allowance authorized by the Compensation Committee (i.e., 2% of annualized base salary as of the effective date of any increase in base salary for that fiscal year for Mr. Modany, and 1% of annualized base salary as of the effective date of any increase in base salary for that fiscal year for each of the other Named Executive Officers).

(D) The methodology for computing the aggregate incremental cost to us for providing event tickets involves identifying the specific events that the Named Executive Officer and his or her guests attended during the year and attributing the actual costs paid by us or reimbursed to the Named Executive Officer for the Named Executive Officer and his or her guests to attend the event. Those costs include:

- the portion of a license fee for a private suite and associated spectator seats used by the Named Executive Officer and his or her guests;
- the cost of food and beverages consumed by the Named Executive Officer and his or her guests in connection with the event;
- the cost of tickets used by the Named Executive Officer and his or her guests to attend the event; and
- the cost of parking fees incurred by the Named Executive Officer and his or her guests to attend the event.

(E) The methodology for computing the aggregate incremental cost to us for providing enhanced disability benefits involves:

- multiplying the monthly charge to us per employee for the enhanced short-term disability benefits by the number of months;
- multiplying the annual charge to us per $100 of coverage for the enhanced long-term disability benefits by the number of $100 increments in the coverage; and
- adding together the sum of the amounts calculated in the prior two bullet points.

(F) The methodology for computing the aggregate incremental cost to us for providing annual physical examinations involves determining the expenses for such examination that have been paid by us directly to the provider or reimbursed to the Named Executive Officer.

(G) Amounts shown represent our contributions or other allocations made under the ESI 401(k) Plan, a defined contribution plan, for the benefit of the Named Executive Officers in each of the years indicated. See "– Equity Compensation and Qualified Savings Plans – *ESI 401(k) Plan*."

(H) Amounts shown do not include our cost for employee benefits that do not discriminate in scope, terms or operation in favor of our executive officers and that are available generally to all full-time and part-time regular employees, including, without limitation, medical and dental benefits, vision insurance, life insurance, flexible spending account, business travel and accident insurance, and disability insurance.

(8) Amounts shown represent the sum of the dollar values for each compensation element in columns (c) through (i) in each of the years indicated.

Table of Contents

Amount of Salary and Bonus in Proportion to Total Compensation

The salary, non-equity incentive plan and bonus compensation and salary, non-equity incentive plan and bonus compensation, as a percentage of each Named Executive Officer's total compensation, for the years indicated was as follows:

Named Executive Officer	Salary	Non-Equity Incentive Plan and Bonus Compensation (1)	Salary and Non-Equity Incentive Plan and Bonus Compensation (1)	Total Compensation (2)	Salary as a Percentage of Total Compensation	Non-Equity Incentive Plan and Bonus Compensation as a Percentage of Total Compensation	Salary and Non-Equity Incentive Plan and Bonus Compensation as a Percentage of Total Compensation
Kevin M. Modany							
2013	$798,596	$ 1,000,093	$ 1,798,689	$ 2,972,627	26.9%	33.6%	60.5%
2012	$788,250	$ 985,313	$ 1,773,563	$ 8,763,384	9.0%	11.2%	20.2%
2011	$783,438	$ 1,153,500	$ 1,936,938	$ 6,412,454	12.2%	18.0%	30.2%
Daniel M. Fitzpatrick							
2013	$391,915	$ 325,000	$ 716,915	$ 1,004,126	39.0%	32.4%	71.4%
2012	$334,905	$ 272,448	$ 607,353	$ 1,898,591	17.6%	14.4%	32.0%
2011	$330,000	$ 324,000	$ 654,000	$ 1,527,927	21.6%	21.2%	42.8%
Eugene W. Feichtner							
2013	$309,535	$ 232,581	$ 542,116	$ 731,774	42.3%	31.8%	74.1%
2012	$305,147	$ 229,144	$ 534,291	$ 1,767,294	17.3%	13.0%	30.2%
2011	$300,625	$ 295,000	$ 595,625	$ 1,453,708	20.7%	20.3%	41.0%
June M. McCormack							
2013	$258,596	$ 207,593	$ 466,189	$ 655,478	39.5%	31.7%	71.1%
2012	$272,363	$ 204,525	$ 476,888	$ 1,547,570	17.6%	13.2%	30.8%
2011	$268,250	$ 263,000	$ 531,250	$ 1,307,292	20.5%	20.1%	40.6%
Glenn E. Tanner							
2013	$258,628	$ 194,330	$ 452,958	$ 640,926	40.4%	30.3%	70.7%
2012	$254,956	$ 191,459	$ 446,415	$ 1,525,065	16.7%	12.6%	29.3%
2011	$251,025	$ 246,600	$ 497,625	$ 1,288,440	19.5%	19.1%	38.6%

(1) The amounts of non-equity incentive plan and bonus compensation reported in this table include the amounts of such compensation as reported in the Non-Equity Incentive Plan Compensation and Bonus columns of the Summary Compensation Table for each of the years indicated.

(2) Amounts shown represent the sum of the dollar values for each compensation element that we are required to report in the Summary Compensation Table for each of the years indicated. See "– Summary Compensation Table."

Generally in the years indicated, the amount of salary has represented less than 45%, and the amount of salary and non-equity incentive plan and bonus compensation combined has represented approximately 20% to 75%, of the Named Executive Officer's total compensation. In addition, depending on our results, the amount of non-equity incentive plan compensation in 2012 and 2013 could have ranged from 15% to 200% of the Named Executive Officer's salary, depending on the Named Executive Officer's position. As a consequence, the better our results in that year, the greater the percentage that non-equity incentive plan compensation represented of the Named Executive Officer's total compensation for that year. This result corresponded to the goal of the compensation program for our executives and with the Compensation Committee's intentions prior to July 1, 2011. The increases in non-equity incentive plan and bonus compensation, and salary and non-equity incentive plan and bonus compensation, in each case as a percentage of total compensation, in 2013 compared to 2011 and 2012 were primarily due to no supplemental equity awards being made in 2013 and the lower grant date value of equity awards in 2013 as a result of a lower stock price.

Form W-2, Wage and Tax Statement Compensation Table

The Form W-2, Wage and Tax Statement Compensation Table below supplements the SEC-required disclosure in the Summary Compensation Table set forth above. The Form W-2, Wage and Tax Statement Compensation Table below sets forth the total taxable wages, tips and other compensation (collectively, "Wages") that we paid to the Named Executive Officers in each of the last five calendar years, as shown in Box 1 of the U.S. Internal Revenue Service's Form W-2, Wage and Tax Statement that we provided to the Named Executive Officers with respect to each of those calendar years. Total compensation as calculated under the SEC's rules and as shown in the Summary Compensation Table above and in prior year's Proxy Statements includes several items that are driven by accounting and actuarial assumptions, which are not necessarily reflective of the Wages that we paid to the Named Executive Officers in a particular calendar year.

Amounts shown in the Total Wages column below differ substantially from, and should not be considered a substitute for, the amounts shown in the Total column of the Summary Compensation Table. The Total Wages amounts in the table below represent:

- amounts paid as salary to the Named Executive Officer in the applicable year, less any tax-qualified deductions such as contributions or premiums paid by the Named Executive Officer to the ESI 401(k) Plan, certain health and welfare benefit plans and health savings accounts;

- amounts paid as bonus, non-equity incentive plan compensation and short-term compensation to the Named Executive Officer in the applicable year;
- the value realized from the exercise of stock options by the Named Executive Officer in the applicable year, determined by subtracting the exercise price of the option from the market price of a share of our common stock at exercise, and then multiplying that amount by the total number of shares acquired on exercise at that exercise price;
- the value realized from the vesting of RSUs held by the Named Executive Officer in the applicable year, determined, for stock-settled RSUs, by multiplying the number of RSUs vested by the market price of a share of our common stock on the vesting date, and for cash-settled RSUs, by multiplying the number of RSUs vested by the average of the closing market prices of our common stock over the 20 trading day period prior to the settlement date;
- the value of noncash payments, including certain fringe benefits, made to the Named Executive Officer in the applicable year;
- the taxable cost of group-term life insurance in excess of $50,000 for the Named Executive Officer in the applicable year; and
- the taxable amount of all other compensation paid to the Named Executive Officer in the applicable year.

Form W-2, Wage and Tax Statement Compensation Table

Name and Principal Position	Year	Total Wages (1)	Summary Compensation Table Total Compensation (2)	Difference (3)	Total Wages as a Percentage of Summary Compensation Table Total Compensation
Kevin M. Modany	2013	$ 919,595	$ 2,972,627	$(2,053,032)	30.9%
Chief Executive Officer	2012	$ 5,336,585	$ 8,763,384	$(3,426,799)	60.9%
	2011	$ 2,419,077	$ 6,412,454	$(3,993,377)	37.7%
	2010	$ 2,211,344	$ 6,745,967	$(4,534,623)	32.8%
	2009	$ 1,892,239	$ 7,628,172	$(5,735,933)	24.8%
Daniel M. Fitzpatrick	2013	$ 400,468	$ 1,004,126	$ (603,658)	39.9%
Executive Vice President, Chief Financial Officer	2012	$ 1,259,366	$ 1,898,591	$ (639,225)	66.3%
	2011	$ 764,326	$ 1,527,927	$ (763,601)	50.0%
	2010	$ 698,426	$ 1,429,072	$ (730,646)	48.9%
	2009	$ 573,278	$ 1,794,617	$(1,221,339)	31.9%
Eugene W. Feichtner	2013	$ 323,208	$ 731,774	$ (408,566)	44.2%
Executive Vice President and President, ITT Technical Institute Division	2012	$ 1,542,401	$ 1,767,294	$ (224,893)	87.3%
	2011	$ 678,190	$ 1,453,708	$ (775,518)	46.7%
	2010	$ 1,409,800	$ 1,327,513	$ 82,287	106.2%
	2009	$ 475,002	$ 1,601,380	$(1,126,378)	29.7%
June M. McCormack	2013	$ 297,578	$ 655,478	$ (357,900)	45.4%
Executive Vice President and President, Online Division	2012	$ 791,344	$ 1,547,570	$ (756,226)	51.1%
	2011	$ 605,789	$ 1,307,292	$ (701,503)	46.3%
	2010	$ 528,924	$ 1,239,303	$ (710,379)	42.7%
	2009	$ 378,997	$ 1,512,783	$(1,133,786)	25.1%
Glenn E. Tanner	2013	$ 295,617	$ 640,926	$ (345,309)	46.1%
Executive Vice President, Chief Marketing Officer	2012	$ 858,222	$ 1,525,065	$ (666,843)	56.3%
	2011	$ 562,180	$ 1,288,440	$ (726,260)	43.6%
	2010	$ 490,034	$ 1,236,442	$ (746,408)	39.6%
	2009	$ 336,343	$ 1,470,653	$(1,134,310)	22.9%

(1) Amounts shown are described above the table.
(2) Amounts shown represent the amounts shown in, or calculated in accordance with the rules for, the Total column of the Summary Compensation Table.
(3) Amounts shown represent the difference between the Total Wages column and the Summary Compensation Table Total Compensation column.

Table of Contents

Grants of Plan-Based Awards Table

The following table sets forth information regarding grants of plan-based awards in 2013 to each of our Named Executive Officers.

Grants of Plan-Based Awards in Fiscal Year 2013

Named Executive Officer	Grant Date(1)	Date Compensation Committee Took Action to Grant Awards	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(2) Threshold(3)	Target(4)	Maximum(5)	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards ($/sh)(6)	Grant Date Fair Value of Stock and Option Awards(7)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Kevin M. Modany									
Stock Option Award(8)	05/09/13	02/19/13(9)				N/A	62,500	$ 19.31(10)	$572,500
RSU Award(11)	05/09/13	02/19/13(9)				28,125(12)	N/A	N/A	$543,094
2013 Management Objectives(13)	N/A	02/19/13	$ 200,019	$800,074	$1,600,148	N/A	N/A	N/A	N/A
Daniel M. Fitzpatrick									
Stock Option Award(8)	05/09/13	02/19/13(9)				N/A	15,000	$ 19.31(10)	$137,400
RSU Award(11)	05/09/13	02/19/13(9)				6,750(12)	N/A	N/A	$130,343
2013 Management Objectives(13)	N/A	02/19/13	$ 65,000	$260,000	$ 520,000	N/A	N/A	N/A	N/A
Eugene W. Feichtner									
Stock Option Award(8)	05/09/13	02/19/13(9)				N/A	10,000	$ 19.31(10)	$ 91,600
RSU Award(11)	05/09/13	02/19/13(9)				4,500(12)	N/A	N/A	$ 86,895
2013 Management Objectives(13)	N/A	02/19/13	$ 46,516	$186,065	$ 372,130	N/A	N/A	N/A	N/A
June M. McCormack									
Stock Option Award(8)	05/09/13	02/19/13(9)				N/A	10,000	$ 19.31(10)	$ 91,600
RSU Award(11)	05/09/13	02/19/13(9)				4,500(12)	N/A	N/A	$ 86,895
2013 Management Objectives(13)	N/A	02/19/13	$ 41,519	$166,075	$ 332,149	N/A	N/A	N/A	N/A
Glenn E. Tanner									
Stock Option Award(8)	05/09/13	02/19/13(9)				N/A	10,000	$ 19.31(10)	$ 91,600
RSU Award(11)	05/09/13	02/19/13(9)				4,500(12)	N/A	N/A	$ 86,895
2013 Management Objectives(13)	N/A	02/19/13	$ 38,866	$155,464	$ 310,928	N/A	N/A	N/A	N/A

"N/A" means not applicable.

(1) Defined as the date of the grant for financial statement reporting purposes pursuant to ASC 718.

(2) Amounts shown represent the dollar value of the estimated possible payout upon satisfaction of the conditions subject to the 2013 short-term compensation element.

(3) "Threshold" refers to the minimum amount payable for a certain level of results under the plan.

(4) "Target" refers to the amount payable, if the specified results target(s) are reached.

(5) "Maximum" refers to the maximum payout possible under the plan.

(6) Amounts shown represent the per-share exercise or base price of the options granted in the fiscal year.

(7) Amounts shown represent the grant date fair value, computed in accordance with ASC 718, of each stock and option award granted to the Named Executive Officer in 2013. There were no adjustments or amendments made in 2013 to the exercise price of any option awards held by any of the Named Executive Officers, whether through amendment, cancellation or replacement grants, or any other means (such as a repricing), or that otherwise materially modified any option awards.

(8) Represents a nonqualified stock option to purchase our common stock that was granted under the Amended 2006 Plan. See "– Equity Compensation and Qualified Savings Plans – *Amended 2006 Plan*."

Table of Contents

(9) The awards were granted by the Compensation Committee during a Committee meeting on February 19, 2013 and became effective on May 9, 2013.
(10) Nonqualified stock option granted at 100% of the closing market price of a share of our common stock on the effective date of the grant. One-third of the shares subject to each option granted is exercisable on the anniversary date of the grant in each of the years 2014, 2015 and 2016.
(11) Represents a grant of RSUs that was made under the Amended 2006 Plan. See "—Equity Compensation and Qualified Savings Plans – *Amended 2006 Plan*."
(12) The period of restriction for this RSU grant lapses in thirds on the anniversary date of the grant in each of the years 2014, 2015 and 2016. These RSUs will be settled in shares of our common stock, one share for each RSU in the grant.
(13) Represents awards that could be earned pursuant to the 2013 Management Objectives under the short-term compensation element that were approved by the Compensation Committee on February 19, 2013. Amounts actually earned in 2013 are reported in the Summary Compensation Table for that year in the "Non-Equity Incentive Plan Compensation" column. See "– Summary Compensation Table."

Employment Contracts

We have not entered into an employment contract, whether written or oral, with any of the Named Executive Officers. We entered into a letter agreement with Mr. Modany, however, on August 4, 2014, pursuant to which Mr. Modany will remain our Chief Executive Officer for a period ending on February 4, 2015 (the "Applicable Period"). We may extend the Applicable Period by up to three months and may terminate it at any time upon notice to Mr. Modany. In addition, during the Applicable Period, we are permitted to change Mr. Modany's role to that of Senior Advisor. Under the terms of the letter agreement, Mr. Modany will resign his position as our Chief Executive Officer on the last day of the Applicable Period.

The letter agreement with Mr. Modany provides that during the Applicable Period, Mr. Modany will continue to receive his current cash compensation and participate in our employee benefit plans, but will not receive any further grants of equity-based compensation. Furthermore, if we terminate the Applicable Period before February 4, 2015, Mr. Monday will be entitled to the cash compensation he would have been paid through that date. During the 18-month period following the Applicable Period, Mr. Modany will serve as a consultant to us in exchange for a monthly fee equivalent to his current monthly base salary and continued vesting of his equity-based awards. Pursuant to the letter agreement, Mr. Modany has agreed that during such 18-month period, he will not compete with us or solicit our customers or employees. The letter agreement also includes confidentiality and cooperation provisions and requires Mr. Modany to execute a release of claims against us. Mr. Modany will not be entitled to receive any severance pay or other separation benefits in connection with his resignation, but we will pay him a lump sum equal to the cost of 18 months of coverage under the Consolidated Omnibus Budget Reconciliation Act of 1984, as amended ("COBRA"), following his execution of the release.

Non-Equity Incentive Plan Awards and Bonuses

The annual short-term compensation element for our executive officers relating to 2013 was based on the 2013 Management Objectives. Pursuant to the SEC's regulations, the amounts paid pursuant to this compensation element are classified in the tables in this document as non-equity incentive plan compensation, due to the fact that the awards were based on pre-established objectives. The annual short-term compensation element for our executive officers relating to 2012 also was based on management objectives, but because the Compensation Committee determined in late 2012 to assign zero to five points to each 2012 Management Objective based on the extent to which it was accomplished (instead of the previously-established determination to assign five points to each 2012 Management Objective only if it was fully accomplished), the amounts paid pursuant to this compensation element are classified in the tables in this document as bonus compensation, pursuant to the SEC's regulations. As described in more detail in the Compensation Discussion and Analysis section of this document, because the Incentive Compensation Prohibition became effective on July 1, 2011, our Compensation Committee did not establish performance objectives for purposes of an annual short-term compensation element for 2011. A special bonus, however, was paid to our executives in June 2011, which is classified in the tables in this document as bonus compensation.

Under the Deferred Bonus Plan, each eligible employee may elect to defer payment of all or a portion of his or her annual bonus award in the same form that the bonus is otherwise payable, either in cash or shares of our common stock. See "– Nonqualified Deferred Compensation Plans – *Deferred Bonus Plan*." None of the Named Executive Officers deferred any amounts under the Deferred Bonus Plan in 2011, 2012 or 2013.

Equity Compensation and Qualified Savings Plans

1997 Stock Plan. On May 13, 1997, our shareholders approved our adoption of the 1997 ITT Educational Services, Inc. Incentive Stock Plan (the "1997 Stock Plan"), which became effective on the same date and provides for the grant of:

- stock options that are intended to qualify as "incentive stock options" under Section 422 of the IRC;
- nonqualified stock options;
- SARs;
- performance shares and restricted stock; or
- any combination of the foregoing, as the Compensation Committee may determine, as well as substitute stock options, SARs and restricted stock.

Table of Contents

The 1997 Stock Plan expired on May 13, 2007. The only awards that have been granted under the 1997 Stock Plan are nonqualified stock options and restricted stock. As a result of our shareholders' approval of our adoption of the 2006 Equity Compensation Plan at the 2006 Annual Meeting of Shareholders on May 9, 2006, no awards have been, or will be, made under the 1997 Stock Plan after May 9, 2006. As of December 31, 2013, the total number of shares of our common stock that were subject to unexercised nonqualified stock option awards granted under the 1997 Stock Plan was 80,200. There were no other outstanding awards under the 1997 Stock Plan as of December 31, 2013.

Recipients of awards under the 1997 Stock Plan must be, or have been at the time of grant, key employees (including any officer or Director who is also an employee) whose responsibilities and decisions directly affect our performance or the performance of any of our subsidiaries or other affiliates.

The Compensation Committee administers the 1997 Stock Plan and made determinations with respect to the designation of those employees who would receive awards, the number of shares to be covered by options and restricted stock awards, the exercise price of options and other option terms and conditions. The Compensation Committee may impose such additional terms and conditions on an award as it deems advisable. Shares of our common stock issued under the 1997 Stock Plan may be made available from the authorized but unissued shares of our common stock, from treasury stock or from shares purchased on the open market.

Nonqualified stock options under the 1997 Stock Plan must expire within ten years after grant. The exercise price for nonqualified stock options must be at least equal to the fair market value of our common stock on the date of grant. A nonqualified stock option may be exercised only by the employee who received the option (or his or her estate or designated beneficiary) within:

- five years after the date of his or her termination of employment resulting from the employee's death, total disability or retirement, but in no event later than the expiration of the original term of the option; or
- three months after the date of his or her termination of employment resulting from any other reason, except for the employee's voluntary resignation or termination for cause, but in no event later than the expiration of the original term of the option.

If an optionee voluntarily resigns or is terminated for cause, the nonqualified stock options are canceled immediately.

The 1997 Stock Plan provides for the automatic protection of intended economic benefits by key employees upon the occurrence of an acceleration event. See Exhibit No. 10.8 to our Quarterly Report on Form 10-Q for the second fiscal quarter ended June 30, 1997, Exhibit No. 10.38 to our Quarterly Report on Form 10-Q for the second fiscal quarter ended June 30, 2003 and Exhibit No. 10.58 to our Quarterly Report on Form 10-Q for the third fiscal quarter ended September 30, 2006 filed with the SEC for a complete copy of the 1997 Stock Plan, as amended. Notwithstanding any other provisions of the 1997 Stock Plan, upon the occurrence of an acceleration event:

- all options will generally become exercisable immediately for a period of 60 calendar days;
- options will continue to be exercisable for a period of seven months in the case of an employee whose employment is terminated other than for cause or who voluntarily terminates employment because of a good faith belief that such employee will not be able to discharge his or her duties;
- "limited stock appreciation rights" will be granted automatically on all outstanding options not otherwise covered by a SAR, which will generally be exercisable immediately in full, will entitle the holders to the same exercise period referred to in the bullets above and will be settled fully in cash based on a formula price generally reflecting the highest price paid for a share of our common stock during the 60-day period preceding the exercise date; and
- restrictions applicable to awards of restricted stock will be waived automatically.

Options or restricted shares which are granted, accelerated or enhanced upon the occurrence of a takeover may give rise, in whole or in part, to "excess parachute payments" within the meaning of Section 280G of the IRC and, to such extent, will be nondeductible by us and subject to a 20% excise tax to the awardee.

An "acceleration event" is generally defined in the 1997 Stock Plan as any of the following events:

- a report on Schedule 13D is filed with the SEC pursuant to Section 13(d) of the Exchange Act disclosing that any person (within the meaning of Section 13(d) of the Exchange Act), other than us, ITT Corporation (a Nevada corporation ("ITT Nevada") that was formerly affiliated with ITT Corporation, an Indiana corporation), one of our subsidiaries or any employee benefit plan sponsored by us, ITT Nevada or one of our subsidiaries, is the beneficial owner directly or indirectly of 20% or more of the outstanding shares of our common stock;

- any person (within the meaning of Section 13(d) of the Exchange Act), other than us, ITT Nevada, one of our subsidiaries or any employee benefit plan sponsored by us, ITT Nevada or one of our subsidiaries, purchases shares pursuant to a tender offer or exchange offer to acquire any shares of our common stock (or securities convertible into our common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act) directly or indirectly of 15% or more of the outstanding shares of our common stock (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire our common stock);

- our shareholders approve:
  - any consolidation or merger of us in which we are not the continuing or surviving corporation or pursuant to which shares of our common stock would be converted into cash, securities or other property, other than a merger of us in which holders of our common stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before; or
  - any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of our assets; or
- a change in a majority of the members of our Board of Directors within a 12-month period, unless the election or nomination for election by our shareholders of each new Director during such 12-month period was approved by the vote of two-thirds of the Directors then still in office who were Directors at the beginning of such 12-month period.

Amended 2006 Plan. On May 9, 2006, our shareholders approved the 2006 ITT Educational Services, Inc. Equity Compensation Plan (the "2006 Equity Compensation Plan"). On January 21, 2013, based on the recommendation of our Compensation Committee, our Board of Directors approved the Amended 2006 Plan and on May 7, 2013, our shareholders approved the Amended 2006 Plan.

Eligibility to Receive Awards. The approximate number of persons eligible to participate in the Amended 2006 Plan is 1,000.

Types of Awards. The Amended 2006 Plan permits the grant of the following types of awards:

- stock options (incentive and nonqualified);
- SARs;
- restricted stock;
- RSUs;
- performance shares;
- performance units; and
- other stock-based awards.

Duration of the Amended 2006 Plan. No award may be granted under the Amended 2006 Plan after May 7, 2023.

Administration. The Amended 2006 Plan is administered by a committee consisting of two or more members of our Board of Directors (the "Plan Committee"). It is intended that each member of the Plan Committee will be a "non-employee director" within the meaning of Rule 16b-3 of the Exchange Act, an "outside director" under regulations promulgated under Section 162(m) of the IRC, and an "independent director" under the NYSE listing standards. Our Board of Directors has currently designated the Compensation Committee as the Plan Committee for the Amended 2006 Plan; however, the entire Board will act as the Plan Committee with respect to awards to non-employee Directors. Subject to applicable law, the Plan Committee may delegate its authority under the Amended 2006 Plan.

Shares Subject to the Amended 2006 Plan. The total number of shares of our common stock available for awards under the Amended 2006 Plan is 7,350,000, subject to antidilution adjustments. Each share underlying stock options and SARs granted under the Amended 2006 Plan, and not forfeited or terminated, will reduce the number of shares available for future awards under the Amended 2006 Plan by one share. The delivery of a share in connection with a "full-value award" (i.e., an award of restricted stock, RSUs, performance shares, performance units or any other stock-based award with value denominated in shares) will reduce the number of shares remaining for other awards by two shares.

The source of shares for issuance under the Amended 2006 Plan may be authorized and unissued shares or treasury shares.

If an award under the Amended 2006 Plan is forfeited or terminated for any reason before being exercised, fully vested or settled, as the case may be, then the shares underlying that award will be added back to the remaining shares and will be available for future awards under the Amended 2006 Plan. The number of shares available for future awards under the Amended 2006 Plan, however, will be reduced by: (a) any shares subject to an award that are withheld or otherwise not issued upon the exercise of the award to satisfy the participant's tax withholding obligations or to pay the exercise price of the award; and (b) shares subject to an award that is settled in cash in lieu of shares. In addition, any shares tendered by a participant in payment of the exercise price of an option may not be re-issued under the Amended 2006 Plan.

Pursuant to the Amended 2006 Plan, subject to antidilution adjustments:

- the maximum aggregate number of shares that may be delivered in connection with stock options intended to be incentive stock options under Section 422 of the IRC ("incentive stock options") may not exceed 7,350,000 shares;
- the maximum aggregate number of shares that may be granted to an individual participant during any calendar year pursuant to:
  - all forms of awards is 400,000 shares;
  - incentive stock options is 400,000 shares;
  - restricted stock and RSU awards is 250,000 shares; and
  - performance share awards is 250,000 shares;

Table of Contents

- the aggregate fair market value of shares that may be granted to a non-employee director during any calendar year may not exceed $400,000; and
- the maximum aggregate compensation that may be paid pursuant to performance units awarded in any one calendar year to an individual participant is $2,000,000, or a number of shares having an aggregate fair market value not in excess of that amount.

Further, no incentive stock option will be granted to a participant if, as a result of such grant, the aggregate fair market value of shares with respect to which incentive stock options are exercisable for the first time in any calendar year would exceed $100,000.

No Repricing. The Amended 2006 Plan prohibits repricing of stock options or SARs, including by way of an exchange for another award with a lower exercise price, unless shareholder approval is obtained.

Stock Options. Stock options granted under the Amended 2006 Plan may be either nonqualified or incentive stock options. Each option grant will be evidenced by an award agreement between the optionee and us setting forth the terms and conditions of the option. The Plan Committee will set the exercise price of each option, provided that the exercise price may not be less than 100% of the fair market value of our common stock on the date the option is granted. The Amended 2006 Plan defines "fair market value" as the closing price of our common stock on the effective date of the option grant or, if that date is not a trading day, on the most recent trading day prior to the effective date of the option grant. In addition, in the case of an incentive stock option granted to a participant who, at the time the option is granted, owns stock representing more than 10% of the voting power of all classes of our stock, the exercise price of the incentive stock option will not be less than 110% of the fair market value of our common stock on the effective date of the option grant.

The Plan Committee will determine the term of each stock option that it grants under the Amended 2006 Plan; however, the term may not exceed seven years from the date of grant. Moreover, in the case of an incentive stock option granted to a participant who, at the time the option is granted, owns stock representing more than 10% of the voting power of all classes of our stock, the term of the option may not exceed five years from the date of grant.

Unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service, if an optionee's employment or service terminates due to death or disability:

- all of the optionee's stock options with time-based vesting provisions will become immediately exercisable and will remain exercisable until the earlier of:
  - the date three years after the date of the optionee's death or disability, or
  - the date the options expire in accordance with their terms; and
- with respect to the optionee's options with performance-based vesting provisions:
  - the optionee will forfeit all such options that are not exercisable as of the date of death or disability; and
  - options that were exercisable as of the date of death or disability will remain exercisable until the earlier of (a) the date three years after such date, or (b) the date the options expire in accordance with their terms.

For stock options granted under the 2006 Equity Compensation Plan prior to November 24, 2010, termination of an optionee's employment or service due to retirement is treated in the same manner as termination of employment or service due to death or disability. In all cases, incentive stock options will not be exercisable for more than three months following an optionee's death or retirement or more than one year following the termination of an optionee's employment by reason of disability.

Unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service, upon termination by us of an optionee's employment or service without cause, or upon termination of employment or service by the optionee for a reason other than death or disability (or retirement for stock options granted prior to November 24, 2010):

- an optionee will forfeit all of his or her options that had not yet become exercisable; and
- options that were exercisable as of the date of the optionee's termination will remain exercisable until the earlier of (a) the date 90 days after the date of termination, or (b) the date the options expire in accordance with their terms.

Unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service, upon termination of employment or service for cause, an optionee will immediately forfeit all of his or her outstanding options.

SARs. SAR grants may be either freestanding or tandem with option grants. Each SAR grant will be evidenced by an agreement that will specify the number of shares to which the SAR pertains, the grant price, the term of the SAR and such other provisions as the Plan Committee shall determine. The grant price of a freestanding SAR will not be less than 100% of the fair market value of our common stock on the effective date of the SAR grant, and the grant price of a tandem SAR will equal the exercise price of the related option. The Plan Committee will determine the term of each SAR that it grants under the Amended 2006 Plan; however, the term may not exceed seven years from the date of grant.

Upon exercise of a SAR, the holder will receive payment from us in an amount equal to the product of (a) the excess of the fair market value of our common stock on the date of exercise over the grant price and (b) the number of shares with respect to which the SAR is exercised. At the discretion of the Plan Committee, payment to the holder of a SAR may be in cash, shares of our common stock or a combination thereof.

Table of Contents

If the employment or service of a holder of a SAR is terminated, the SAR will be treated in the same manner as options are treated.

Restricted Stock and Restricted Stock Units. Each restricted stock or RSU grant will be evidenced by an agreement that specifies the applicable period of restriction, the number of restricted shares or RSUs granted, the vesting or settlement date, and such other provisions as the Plan Committee determines.

The period of restriction applicable to an award of restricted stock or RSUs is at least one year for awards with a time-based period of restriction granted after November 24, 2010 and all awards with a performance-based period of restriction, and was at least three years for awards with a time-based period of restriction granted under the 2006 Equity Compensation Plan prior to November 24, 2010.

Participants holding restricted stock may exercise full voting rights and will receive all regular cash dividends paid with respect to those shares. Except as otherwise determined by the Plan Committee, all other distributions paid with respect to the restricted stock will be credited to the participant subject to the same restrictions on transferability and forfeitability as the underlying restricted stock.

When the applicable period of restriction on the restricted stock ends, the stock will become freely transferable, and the participant will receive those shares. When the applicable period of restriction ends, RSUs will be settled and paid. At the time of the grant, the Plan Committee shall determine whether the RSUs will be settled by delivery of shares, payment in cash of an amount equal to the fair market value of the shares on the settlement date or the average of the fair market value of the shares over a specified number of days prior to the settlement date, or a combination of shares and cash.

With respect to restricted stock with a time-based period of restriction, unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service:

- upon a participant's death or disability, the period of restriction will lapse immediately; and
- upon termination of a participant's employment or service with us for any reason other than death or disability, the participant will forfeit all unvested restricted stock immediately after the termination of employment or service.

Unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service, with respect to restricted stock with a performance-based period of restriction, upon termination of a participant's employment or service with us for any reason, the participant will forfeit all unvested restricted stock immediately after the termination of employment or service.

With respect to RSUs with a time-based period of restriction, unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service:

- upon a participant's death or disability, the period of restriction will lapse immediately, and the RSUs will be settled immediately thereafter; and
- upon termination of a participant's employment or service with us for any reason other than death or disability, the participant will forfeit all of his or her unvested RSUs immediately after the termination of employment or service.

Unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service, with respect to RSUs with a performance-based period of restriction, upon termination of a participant's employment or service with us for any reason, the participant will forfeit all of his or her unvested RSUs immediately after the termination of employment or service.

Performance Shares and Performance Units. Each grant of performance shares and performance units will be evidenced by an agreement that specifies the number of shares or units granted, the applicable performance measures and performance periods, and such other provisions as the Plan Committee determines. Except as otherwise provided in the applicable award agreement, upon termination of employment or service or upon a change in control or subsidiary disposition, the performance period for performance shares and performance units must be at least one year.

A participant will not have voting rights or other rights as a shareholder with respect to the shares subject to an award of performance shares or performance units until the time, if at all, when shares are issued to the participant pursuant to the terms of the applicable award agreement.

As soon as practicable following the completion of the performance period applicable to outstanding performance shares or performance units, the Plan Committee will certify in writing the extent to which the applicable performance measures have been attained and the resulting final value of the award earned by the participant and to be paid upon its settlement. The Plan Committee, in its sole discretion as specified in the award agreement, may pay earned performance shares or performance units by delivery of shares or by payment in cash or a combination thereof.

Unless otherwise provided with respect to an award by a participant's award agreement or by written contract of employment of service, if a participant terminates employment or service with us for any reason prior to the end of the performance period respecting an award of performance shares or performance units, the participant will forfeit any and all right to payment under the performance shares or performance units.

Table of Contents

Other Stock-Based Awards. The Plan Committee has the right to grant other stock-based awards that may include, without limitation, grants of shares based on attainment of performance measures, payment of shares as a bonus or in lieu of cash based on attainment of performance measures, and the payment of shares in lieu of cash under other of our incentive or bonus programs.

The Plan Committee may determine to pay a non-employee Director's regular annual retainer, retainer for Board committee memberships, retainer for chairperson duties, fees for attendance at Board or Board committee meetings, or any other retainers or fees in the form of another stock-based award under the Amended 2006 Plan. The Plan Committee may also determine to permit the non-employee Directors to elect whether to receive all or a portion of such retainers and fees in the form of other stock-based award. Any such other stock-based awards would not be subject to any restrictions (other than restrictions applicable to our "affiliates").

Performance-Based Awards. The Plan Committee may grant awards that are intended to qualify as "performance-based compensation" for purposes of deductibility under Section 162(m) of the IRC. For any such award, the Plan Committee will establish the goals to be used within 90 days after the commencement of the performance period, or, if the number of days in the performance period is less than 90, the number of days equal to 25% of the performance period applicable to such award. The Amended 2006 Plan sets forth certain performance measures from which the Plan Committee may select for these awards. The Plan Committee may establish performance measures, in its discretion, on a corporate-wide basis or with respect to one or more business units, divisions, subsidiaries, business segments, functions, salary grade levels, or positions, and in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies. In addition, unless otherwise determined by the Plan Committee, measurement of performance measures will exclude the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, as well as the cumulative effects of tax or accounting changes, each as determined in accordance with generally accepted accounting principles or identified in our financial statements, notes to the financial statements, management's discussion and analysis, or other filings with the SEC. As a result of the Incentive Compensation Prohibition and until there is further clarification of the scope and breadth of the Incentive Compensation Prohibition, the Plan Committee will not grant performance-based awards on or after July 1, 2011.

Change in Control, Cash-Out and Subsidiary Disposition. Except as otherwise provided in the applicable award agreement, if we experience a change in control:

- any and all outstanding stock options and SARs granted under the Amended 2006 Plan with time-based vesting provisions will become immediately exercisable;
- any restrictions imposed on restricted stock, RSUs and other stock-based awards granted under the Amended 2006 Plan with time-based vesting provisions will lapse; and
- any and all performance shares, performance units and other awards (if performance-based) granted under the Amended 2006 Plan will vest on a pro rata monthly basis, including full credit for partial months elapsed, and will be paid (a) based on the level of performance achieved as of the date of the change in control, if determinable, or (b) at the target level, if not determinable.

In addition, the Plan Committee may, in its sole discretion, determine that: (a) all outstanding stock options and SARs will be terminated upon the occurrence of a change in control and that each participant will receive, with respect to each share subject to the options or SARs, an amount in cash equal to the excess of the consideration payable with respect to one share in connection with the change in control over the option's exercise price or the SAR's grant price; and (b) options and SARs outstanding as of the date of the change in control may be cancelled and terminated without payment, if the consideration payable in connection with the change in control is less than the option's exercise price or the SAR's grant price.

Further, the Plan Committee has the authority to provide for the automatic full vesting and exercisability of one or more outstanding unvested awards under the Amended 2006 Plan and the termination of restrictions on transfer and repurchase or forfeiture rights on the awards, in connection with a disposition of a subsidiary of ours, but only with respect to those participants who are at the time engaged primarily in service with the subsidiary involved in the subsidiary disposition.

A change in control means the occurrence of one or more of the following:

- the acquisition by any person (within the meaning of Section 13(d) of the Exchange Act) or group (as used in Section 14(d)(2) of the Exchange Act), other than us, a subsidiary of ours or any employee benefit plan sponsored by us or a subsidiary of ours, of beneficial ownership (within the meaning of Section 13(d) of the Exchange Act) directly or indirectly of 25% or more of the outstanding shares of our common stock, provided that an increase in the percentage of the outstanding shares of our common stock beneficially owned by any person or group solely as a result of a reduction in the number of shares of our common stock then outstanding due to the repurchase by us of such common stock shall not constitute a change in control, however any subsequent acquisition of shares of our common stock by any person or group resulting in such person or group beneficially owning 25% or more of the outstanding shares of our common stock shall constitute a change in control;
- the consummation of any consolidation or merger of us or any sale, lease, exchange or other transfer of all or substantially all of our assets, unless, immediately following such consolidation, merger or sale,
  - all or substantially all the persons (within the meaning of Section 13(d) of the Exchange Act) who were the beneficial owners of the securities eligible to vote for the election of our Board of Directors ("company voting

Table of Contents

securities") outstanding immediately prior to the consummation of such consolidation, merger or sale continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such consolidation, merger or sale in substantially the same proportions as their ownership, immediately prior to the consummation of such consolidation, merger or sale, of the outstanding company voting securities, subject to certain exceptions, and

- no person (within the meaning of Section 13(d) of the Exchange Act) (excluding any employee benefit plan or related trust sponsored or maintained by the continuing company or any entity controlled by the continuing company) beneficially owns, directly or indirectly, 25% or more of the combined voting power of the then outstanding voting securities of the continuing company, and
- at least a majority of the members of the board of directors of the continuing company were incumbent directors of ours (as defined below) at the time of the execution of the definitive agreement providing for such consolidation, merger or sale or, in the absence of such an agreement, at the time at which approval of our Board of Directors was obtained for such transaction;

- during any period of 12 consecutive calendar months, individuals who were directors of ours on the first day of such period ("incumbent directors") cease for any reason to constitute a majority of our Board of Directors; provided, that any individual becoming a director after the first day of such period whose election or nomination by our shareholders was approved by a vote of at least a majority of the incumbent directors shall be deemed to be an incumbent director (unless such individual's initial assumption of office occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any person); or
- the liquidation or dissolution of us.

Notwithstanding any other provision of the Amended 2006 Plan, with respect to any provision or feature of the plan that constitutes or provides for a deferred compensation plan subject to IRC Section 409A, no event or transaction will constitute a change in control unless it is a change in control within the meaning of IRC Section 409A.

Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Plan Committee may make adjustments in the terms and conditions of, and the criteria included in, awards under the Amended 2006 Plan in recognition of unusual or nonrecurring events (including, without limitation, changes in capitalization) affecting us or our financial statements or of changes in applicable law, regulations, or accounting principles, whenever the Plan Committee determines that such adjustments are appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Amended 2006 Plan. With respect to any awards intended to comply with the performance-based exception under the Amended 2006 Plan, unless otherwise determined by the Plan Committee, any such exception will be specified at such times and in such manner as will not cause such awards to fail to qualify under the performance-based exception.

Recoupment of Awards. All awards granted under the Amended 2006 Plan will be subject to any company policy on recoupment of awards, as in effect from time to time, and all laws relating to the recoupment of equity-based awards.

Amendment, Suspension and Termination of the Amended 2006 Plan. The Board of Directors may amend, suspend or terminate the Amended 2006 Plan at any time; provided, however, that shareholder approval is required for any amendment to the extent necessary to comply with the NYSE listing standards or applicable laws. In addition, no amendment, suspension or termination may adversely impact an award previously granted without the consent of the participant to whom such award was granted unless required by applicable law.

See Exhibit 10.1 to our Current Report on Form 8-K, filed on May 7, 2013 with the SEC for a complete copy of the Amended 2006 Plan.

2013 Awards. During 2013, the following equity-based compensation awards were granted under the Amended 2006 Plan:

- nonqualified stock options to our key employees to purchase an aggregate of 156,500 shares of our common stock;
- an aggregate of 493,230 RSUs to our key employees, which RSUs settle in shares of our common stock; and
- an aggregate of 28,784 RSUs to our non-employee Directors, which RSUs settle in shares of our common stock.

ESI 401(k) Plan. On May 16, 1998, we established the ESI 401(k) Plan, a qualified defined contribution plan. The ESI 401(k) Plan is designed to provide substantially all of our employees with a tax-deferred, long-term savings vehicle. Prior to July 1, 2013, for each payroll period, we made matching cash contributions in an amount equal to (a) 100% of the first 1% of the employee's salary that the employee contributed to the plan and (b) 50% of the next 4% of the employee's salary that the employee contributed to the plan. Beginning on July 1, 2013, for each payroll period, we make matching cash contributions in an amount equal to 50% of the first 6% of the employee's salary that the employee contributes to the plan. Our matching contributions vest 100% upon completion of the third full year that the employee is employed by us. Employees can elect to contribute from 1% to the maximum amount of their salaries that is permitted by federal law, and they have a choice of 22 investment funds in which to invest their contributions.

After age 59 1⁄2, employees may withdraw most of their and our vested contributions, including rollover, matching, employee pre-tax and predecessor plan contributions, and the earnings thereon. Regardless of the employee's age, our retirement contributions made before January 1, 2002 and the earnings thereon may not be withdrawn while the employee is still employed by us. Prior to age 59 1⁄2, withdrawals by an employee are limited to rollover and predecessor plan contributions, unless the

Table of Contents

employee qualifies for a financial hardship withdrawal or a withdrawal in connection with a leave to perform qualifying military service. Upon termination of employment, the employee may withdraw all amounts attributable to the employee's contributions and our vested contributions. Payments are normally made in a single lump sum, but if the employee's balance is above a threshold amount, the employee may elect to receive payment in annual or monthly installments over a period not to exceed 20 years.

Outstanding Equity Awards at Fiscal Year-End Table

The following table sets forth information concerning the outstanding equity awards granted by us to the Named Executive Officers that were outstanding on December 31, 2013.

Outstanding Equity Awards at Fiscal Year-End 2013

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options					
Named Executive Officer	Exercisable(1)	Unexercisable(2)	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested(3)	Market Value of Shares or Units of Stock that have Not Vested(4)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Kevin M. Modany						
01/19/04 Award (5)	27,000	0	$ 51.20	01/21/14		
01/31/07 Award (6)	41,289	0	$ 77.60	01/31/14		
04/02/07 Award (7)	69,282	0	$ 82.20	04/02/14		
01/30/08 Award (8)	74,147	0	$ 88.38	01/30/15		
01/28/09 Award (9)	100,000	0	$121.56	01/28/16		
01/27/10 Award (10)	125,000	0	$113.41	01/27/17		
01/27/11 Award (11)	83,333	41,667	$ 69.43	01/27/18		
02/13/12 Award - Option (12)	20,833	41,667	$ 75.16	02/13/19		
02/13/12 Award - RSUs (13)					14,531	$ 487,951
02/13/12 Award - RSUs (14)					44,229	$ 1,485,210
05/09/13 Award - Option (15)	0	62,500	$ 19.31	05/09/20		
05/09/13 Award - RSUs (16)					28,125	$ 944,438
Daniel M. Fitzpatrick						
01/31/07 Award (6)	21,750	0	$ 77.60	01/31/14		
01/30/08 Award (8)	15,508	0	$ 88.38	01/30/15		
01/28/09 Award (9)	20,000	0	$121.56	01/28/16		
01/27/10 Award (10)	22,000	0	$113.41	01/27/17		
01/27/11 Award - Option (11)	11,000	5,500	$ 69.43	01/27/18		
01/27/11 Award - RSUs (17)					794	$ 26,663
02/13/12 Award - Option (12)	3,666	7,334	$ 75.16	02/13/19		
02/13/12 Award - RSUs (13)					2,558	$ 85,898
02/13/12 Award - RSUs (14)					8,545	$ 286,941
05/09/13 Award - Option (15)	0	15,000	$ 19.31	05/09/20		
05/09/13 Award - RSUs (16)					6,750	$ 226,665
Eugene W. Feichtner						
01/19/04 Award (5)	18,000	0	$ 51.20	01/21/14		
01/31/07 Award (6)	19,000	0	$ 77.60	01/31/14		
01/30/08 Award (8)	15,508	0	$ 88.38	01/30/15		
01/28/09 Award (9)	17,500	0	$121.56	01/28/16		
01/27/10 Award (10)	20,000	0	$113.41	01/27/17		
01/27/11 Award - Option (11)	6,666	3,334	$ 69.43	01/27/18		
01/27/11 Award - RSUs (17)					1,443	$ 48,456
02/13/12 Award - Option (12)	3,333	6,667	$ 75.16	02/13/19		
02/13/12 Award - RSUs (13)					2,326	$ 78,107
02/13/12 Award - RSUs (14)					7,780	$ 261,252
05/09/13 Award - Option (15)	0	10,000	$ 19.31	05/09/20		
05/09/13 Award - RSUs (16)					4,500	$ 151,110
June M. McCormack						
05/19/08 Award (18)	15,000	0	$ 70.03	05/19/15		
01/28/09 Award (9)	17,500	0	$121.56	01/28/16		
01/27/10 Award (10)	20,000	0	$113.41	01/27/17		
01/27/11 Award (17)					2,885	$ 96,878
02/13/12 Award - Option (12)	3,333	6,667	$ 75.16	02/13/19		
02/13/12 Award - RSUs (13)					2,326	$ 78,107
02/13/12 Award - RSUs (14)					6,421	$ 215,617
05/09/13 Award - Option (15)	0	10,000	$ 19.31	05/09/20		
05/09/13 Award - RSUs (16)					4,500	$ 151,110
Glenn E. Tanner						
01/19/04 Award (5)	9,000	0	$ 51.20	01/21/14		
01/31/07 Award (6)	10,640	0	$ 77.60	01/31/14		
01/30/08 Award (8)	9,305	0	$ 88.38	01/30/15		
01/28/09 Award (9)	17,500	0	$121.56	01/28/16		

01/27/10 Award (10)	20,000	0	$113.41	01/27/17		
01/27/11 Award (17)					2,885	$ 96,878
02/13/12 Award - Option (12)	3,333	6,667	$ 75.16	02/13/19		
02/13/12 Award - RSUs (13)					2,326	$ 78,107
02/13/12 Award - RSUs (14)					6,270	$ 210,547
05/09/13 Award - Option (15)	0	10,000	$ 19.31	05/09/20		
05/09/13 Award - RSUs (16)					4,500	$ 151,110

Table of Contents

(1) Amounts shown represent on an award-by-award basis, the number of securities underlying unexercised options that were exercisable as of December 31, 2013.

(2) Amounts shown represent on an award-by-award basis, the number of securities underlying unexercised options that were unexercisable as of December 31, 2013. These options will become exercisable on their scheduled vesting dates as noted in the footnotes below, except that the options will become immediately exercisable upon the occurrence of an acceleration event or change in control, or upon termination of employment due to death, disability or, in the case of options granted prior to November 24, 2010, retirement.

(3) Amounts shown represent on an award-by-award basis, the total number of shares of our common stock that had not vested as of December 31, 2013. These awards will vest on their scheduled vesting dates as noted in the footnotes below, except that the RSUs will immediately vest upon the occurrence of a change in control or upon termination of employment due to death or disability.

(4) Amounts shown represent on an award-by-award basis, the aggregate market value of shares of our common stock that had not vested as of December 31, 2013. The aggregate market value is calculated by multiplying the number of shares or units by the closing market price of a share of our common stock on December 31, 2013.

(5) This stock option award vested in two installments: one-third on January 19, 2005; and two-thirds on October 24, 2005.

(6) This stock option award vested in three equal installments on January 31, 2008, 2009 and 2010.

Table of Contents

(7) This stock option award vested in three equal installments on April 2, 2008, 2009 and 2010.
(8) This stock option award vested in three equal installments on January 30, 2009, 2010 and 2011.
(9) This stock option award vested in three equal installments on January 28, 2010, 2011 and 2012.
(10) This stock option award vested in three equal installments on January 27, 2011, 2012 and 2013.
(11) This stock option award vested in three equal installments on January 27, 2012, 2013 and 2014.
(12) This stock option award vests in three equal installments on February 13, 2013, 2014 and 2015.
(13) This RSU award vests in three equal installments on February 13, 2013, 2014 and 2015, and will be settled in shares of our common stock.
(14) This RSU award vests in full on February 13, 2015, and will be settled in shares of our common stock.
(15) This stock option award vests in three equal installments on May 9, 2014, 2015 and 2016.
(16) This RSU award vests in three equal installments on May 9, 2014, 2015 and 2016, and will be settled in shares of our common stock.
(17) This RSU award vested in three equal installments on January 27, 2012, 2013 and 2014, and was settled in shares of our common stock.
(18) This stock option award vested in three equal installments on May 19, 2009, 2010 and 2011.

Option Exercises and Stock Vested Table

The following table sets forth, on an aggregated basis, information concerning the exercise of stock options to purchase common stock by, and the vesting of RSUs held by, the Named Executive Officers during 2013.

Option Exercises and Stock Vested in Fiscal Year 2013

	Option Awards		Stock Awards	
Named Executive Officer	**Number of Shares Acquired on Exercise**	**Value Realized on Exercise**	**Number of Shares Acquired on Vesting (1)**	**Value Realized on Vesting (2)**
Kevin M. Modany	0	$ 0	7,265	$ 132,586
Daniel M. Fitzpatrick	0	$ 0	2,071	$ 36,138
Eugene W. Feichtner	0	$ 0	2,604	$ 44,509
June M. McCormack	0	$ 0	4,047	$ 67,828
Glenn E. Tanner	0	$ 0	4,047	$ 67,828

(1) Amounts shown represent the number of shares of our common stock related to which RSUs vested during the fiscal year.
(2) Amounts shown represent the aggregate dollar amount realized by the Named Executive Officer upon vesting of the RSUs. The dollar amount realized upon vesting of RSUs in 2013 was determined by multiplying the number of RSUs vested by the market price of a share of our common stock on the vesting date. The dollar amounts realized upon vesting of all RSUs in 2013 held by the Named Executive Officer are then added together to obtain the aggregate dollar amount shown in this column.

Pension Benefits Table

The following table sets forth information concerning the Named Executive Officers' pension benefits under each pension plan in which we participated.

Table of Contents

Pension Benefits

Named Executive Officer	Plan Name (1)	Number of Years of Credited Service (2)	Present Value of Accumulated Benefit (3)	Payments During Last Fiscal Year (4)
Kevin M. Modany				
	Old Pension Plan	0(5)	$ 0	$ 0
	ESI Pension Plan	12(6)	$ 34,908	$ 0
	ESI Excess Pension Plan	12(6)	$ 45,009	$ 0
Daniel M. Fitzpatrick				
	Old Pension Plan	0(5)	$ 0	$ 0
	ESI Pension Plan	0(5)	$ 0	$ 0
	ESI Excess Pension Plan	0(5)	$ 0	$ 0
Eugene W. Feichtner				
	Old Pension Plan	21.6(7)	$ 270,715	$ 0
	ESI Pension Plan	35(6)	$ 279,797	$ 0
	ESI Excess Pension Plan	35(6)	$ 75,218	$ 0
June M. McCormack				
	Old Pension Plan	0(5)	$ 0	$ 0
	ESI Pension Plan	0(5)	$ 0	$ 0
	ESI Excess Pension Plan	0(5)	$ 0	$ 0
Glenn E. Tanner				
	Old Pension Plan	21.5(7)	$ 167,059	$ 23,495(8)
	ESI Pension Plan	34(6)	$ 288,614	$ 0
	ESI Excess Pension Plan	0(5)	$ 0	$ 0

(1) Includes each plan that provides for specific retirement payments and benefits, or payments and benefits that will be provided primarily following retirement, including, without limitation, tax-qualified defined benefit plans and supplemental executive retirement plans, but excluding tax-qualified defined contribution plans and nonqualified defined contribution plans.

(2) Computed as of December 31, 2013.

(3) Amounts shown represent the actuarial present value of the Named Executive Officer's accumulated benefit under the plan, computed as of December 31, 2013. The estimated amounts assume that the Named Executive Officer's retirement age is the normal retirement age as defined in the plan or, if not so defined, the earliest time at which a participant may retire under the plan without any benefit reduction due to age. The estimated amounts are based on the Named Executive Officer's most current compensation subject to the plan and, as such, future levels of the Named Executive Officer's compensation are not estimated for purposes of the calculation. The estimated amounts used to quantify the present value of the accumulated benefit under the Old Pension Plan assume a normal retirement age of 65 using the RP-2000 mortality table and a 4.25% discount rate as of December 31, 2013 for each of the Named Executive Officers who participates in the plan. No mortality is assumed prior to age 65 for any of the Named Executive Officers in the estimated amounts shown for the Old Pension Plan. See Note 15 – Employee Benefit Plans of the Notes to Consolidated Financial Statements, for a discussion of the valuation method and all material assumptions applied in quantifying the present value of the accumulated benefit under the ESI Pension Plan and ESI Excess Pension Plan.

(4) Amounts shown represent the dollar amount of any payments and benefits paid to the Named Executive Officer under each plan identified during 2013.

(5) The Named Executive Officer's employment with us, or his or her eligibility to participate in the plan, began after participation in the plan by new eligible employees had ended.

(6) The Named Executive Officer's number of years of credited service with respect to the ESI Pension Plan and the ESI Excess Pension Plan is different from the Named Executive Officer's number of actual years of service with us, because:

- any benefit service with ITT Corporation or any of its affiliated companies that was credited to the participating employee under the Old Pension Plan or the Retirement Plan for Salaried Employees of ITT Nevada (the "Nevada Pension Plan"), is treated as benefit service with us under the ESI Pension Plan and the ESI Excess Pension Plan;
- the ESI Pension Plan covers only most of our eligible salaried employees who were employed by us prior to June 2, 2003; and
- the ESI Excess Pension Plan covers only a select group of our management and highly-compensated employees who were employed by us prior to June 2, 2003.

The number of years of credited service attributed to each Named Executive Officer reflects the Named Executive Officer's actual service with us or an affiliated company under the ESI Pension Plan and the ESI Excess Pension Plan through the date that the plans were frozen. The number of years of actual service with us or an affiliated company by each Named Executive Officer who participates in the ESI Pension Plan or the ESI Excess Pension Plan and the difference between that Named Executive Officer's actual service and credited service under the ESI Pension Plan and the ESI Excess Pension Plan are as follows:

Named Executive Officer	Actual Years of Service With Us or an Affiliated Company (a)	Credit Years of Service Under the Plan (b)	Difference (b-a)
Kevin M. Modany	11.5	12	0.5
Eugene W. Feichtner	34.6	35	0.4
Glenn E. Tanner	34.5	34	(0.5)

The number of actual years of service with us or an affiliated company under the ESI Pension Plan and the ESI Excess Pension Plan, rounded to the nearest whole year in accordance with each plan's terms, is the same as the number of credited years of service under the ESI Pension Plan and the ESI Excess Pension Plan and, therefore, no benefit augmentation resulted under the ESI Pension Plan or the ESI Excess Pension Plan to any of the Named

Executive Officers as a result of the difference in the number of years of actual service from the number of years of credited service. The benefit accruals under the ESI Pension Plan and the ESI Excess Pension Plan for all participants in the plans were frozen on March 31, 2006, such that no further benefits accrue under those plans after March 31, 2006. See "– Pension Plans – *ESI Pension Plan*" and "– *ESI Excess Pension Plan*."

(7) The Named Executive Officer's number of years of credited service under the Old Pension Plan is different from the Named Executive Officer's number of actual years of service with us, because our participation in the Old Pension Plan ended on December 19, 1995. The number of years of credited service attributed to each Named Executive Officer reflects the Named Executive Officer's actual service with a participating company under the Old Pension Plan through the end of our participation in the Old Pension Plan. See "– Pension Plans – *Old Pension Plan*." The number of years of actual service with us or an affiliated company by each Named Executive Officer who participated in the Old Pension Plan and the difference between that Named Executive Officer's actual service and credited service under the Old Pension Plan are as follows:

Table of Contents

Named Executive Officer	Actual Years of Service With Us or an Affiliated Company (a)	Credit Years of Service Under the Plan (b)	Difference (b-a)
Eugene W. Feichtner	34.6	21.6	(13.0)
Glenn E. Tanner	34.5	21.5	(13.0)

The number of actual years of service with us or an affiliated company is greater than the number of credited years of service under the Old Pension Plan and, therefore, no benefit augmentation resulted under the Old Pension Plan to any of the Named Executive Officers as a result of the difference in the number of years of actual service from the number of years of credited service.

(8) Mr. Tanner previously qualified for, elected to receive and has begun receiving the early retirement annual benefit under the Old Pension Plan, which is paid in the form of a life annuity by ITT Corporation. Since we are no longer affiliated with ITT Corporation, Mr. Tanner's continued employment with us does not prevent him from being retired under the terms of the Old Pension Plan.

Pension Plans

Old Pension Plan. Prior to December 19, 1995, we participated in the Old Pension Plan, a non-contributory defined benefit pension plan that covered substantially all of our eligible salaried employees, including our executive officers. We paid the entire cost of the Old Pension Plan with respect to our employees. Normal retirement age under the Old Pension Plan is 65.

The annual pension amounts to 2% of a participant's average final compensation (as defined below) for each of the first 25 years of benefit service, plus 1.5% of a participant's average final compensation for each of the next 15 years of benefit service prior to December 19, 1995, reduced by 1.25% of the participant's primary Social Security benefit for each year of benefit service to a maximum of 40 years; provided that no more than 50% of the participant's primary Social Security benefit is used for such reduction. A participant's average final compensation (including salary plus approved bonus payments) is defined under the Old Pension Plan as the total of (a) a participant's average annual base salary for the five calendar years of the last 120 consecutive calendar months of eligibility service affording the highest such average, plus (b) a participant's average annual compensation not including base salary (such as approved bonus compensation and overtime) for the five calendar years of the participant's last 120 consecutive calendar months of eligibility service affording the highest such average. The dollar value of base salary and approved bonus (which may include non-equity incentive plan compensation under Item 402(a) of Regulation S-K under the Exchange Act), whether cash and/or non-cash, are the components of the compensation that are used for purposes of determining "average final compensation" under the Old Pension Plan, but annual compensation in excess of $160,000 and compensation accrued after December 18, 1995 are not taken into account. The Old Pension Plan also provides for: (a) undiscounted early retirement pensions for participants who retire at or after age 60 and prior to normal retirement age following completion of 15 years of eligibility service; and (b) discounted early retirement pensions for participants who retire between ages 55 and 59 and whose age and years of eligibility service equate to at least 80. A participant is vested in benefits accrued under the Old Pension Plan upon completion of five years of eligibility service. A participant may receive a distribution in the form of a qualified joint and survivor annuity or a life annuity. The amount of the resulting monthly benefit under a joint and survivor annuity is typically less than a life annuity based solely on the participant's life expectancy. No extra years of credited service under the Old Pension Plan have been granted to any of the Named Executive Officers. As of December 31, 2013, Messrs. Feichtner and Tanner were the only Named Executive Officer participants who qualified for early retirement under the Old Pension Plan based on age and years of service. Mr. Tanner has elected to receive and has begun receiving the early retirement annual benefit under the Old Pension Plan. See "– Pension Benefits Table." ITT Corporation is responsible for all benefits accrued under the Old Pension Plan and for administering those benefits with respect to its own employees as well as our retirees.

ESI Pension Plan. On June 9, 1998, we established the ESI Pension Plan that, prior to June 2, 2003, covered most of our eligible salaried employees, including our executive officers. The purpose for establishing the ESI Pension Plan was to replace the Nevada Pension Plan. We participated in the Nevada Pension Plan, which covered substantially all of our eligible salaried employees, including our executive officers, from December 20, 1995 to June 9, 1998. The Nevada Pension Plan was terminated and liquidated in June 2000 and is no longer in existence. Effective June 2, 2003, the ESI Pension Plan was amended to cover only most of our eligible salaried employees, including our executive officers, who were employed by us prior to June 2, 2003. The benefit accruals under the ESI Pension Plan for all participants in the plan were frozen on March 31, 2006, such that no further benefits accrue under that plan after March 31, 2006, other than interest credits described below.

The ESI Pension Plan is a cash balance defined benefit plan, which provides a set benefit to participating employees at their retirement that is not affected by the amount of our contributions to the ESI Pension Plan trust or the investment gains or losses with respect to such contributions. The ESI Pension Plan credited a bookkeeping account associated with each participating employee with:

- an amount based on the employee's compensation, age and years of benefit service (the "Pay Credit") at the end of each plan year (i.e., January 1 through December 31, except for the first plan year of June 9, 1998 through December 31, 1998) through March 31, 2006 of the 2006 plan year;

Table of Contents

- interest credits on the portion of the balance attributable to Pay Credits credited to the bookkeeping account for plan years prior to the 2002 plan year, calculated as of the end of each plan year at the fixed rate of 8% through December 31, 2010 and 5% beginning January 1, 2011, compounded annually; and
- interest credits on the portion of the balance attributable to Pay Credits credited to the bookkeeping account for the 2002 and subsequent plan years, calculated as of the end of each plan year at a variable rate ranging from 6% to 12% through December 31, 2010 and 4% to 12% beginning January 1, 2011, compounded annually.

The variable rate for a plan year is the average of the 30-year U.S. Treasury Bond (or a comparable instrument) rates on each of March 31, June 30 and September 30 of the immediately preceding plan year. At retirement, the participating employee will receive a benefit equal to the value of the bookkeeping account associated with such employee. We pay the entire cost of the ESI Pension Plan. The Pay Credit equals a percentage of the participating employee's compensation (consisting of base salary, overtime pay and bonuses (which may include non-equity incentive plan compensation under Item 402(a) of Regulation S-K under the Exchange Act) whether cash and/or non-cash) for the plan year and is determined under the following schedule according to points based on the participating employee's age and years of benefit service:

	Standard Schedule Allocation Percentage	
Points	**Prior to 2002**	**Beginning in 2002**
1-29	2.0	2.5
30-34	2.5	2.5
35-39	3.0	3.0
40-44	3.5	3.5
45-49	4.0	4.0
50-54	4.5	4.5
55-59	5.5	5.5
60-64	6.5	6.5
65-69	7.5	7.5
70-74	9.0	9.0
75-79	10.5	10.5
80+	12.0	12.0

Participating employees who met certain age and service requirements received Pay Credits under the following "Transition Schedule," which is more generous:

	Transition Schedule Allocation Percentage	
Points	**Prior to 2002**	**Beginning in 2002**
1-29	2.0	8.0
30-34	2.5	8.0
35-39	3.0	8.0
40-44	3.5	8.0
45-49	4.0	8.0
50-54	4.5	8.0
55-59	5.5	8.0
60-64	7.0	8.0
65-69	8.5	8.5
70-74	10.5	10.5
75-79	13.0	13.0
80+	16.0	16.0

Mr. Modany received Pay Credits under the "Standard Schedule," Messrs. Feichtner and Tanner received Pay Credits under the "Transition Schedule" and Mr. Fitzpatrick and Ms. McCormack were ineligible to participate in the ESI Pension Plan.

The participating employee's points for a plan year equal the sum of the employee's age and years of benefit service as of the last day of the plan year. Any benefit service and vesting service with ITT Corporation or any of its affiliated companies that were credited to the participating employee under the Old Pension Plan as of December 19, 1995 or under the Nevada Pension Plan from December 20, 1995 through June 9, 1998 are treated as benefit service and vesting service, respectively, with us under the ESI Pension Plan. A participating employee who has completed three or more years of vesting service (or his or her beneficiary) is eligible to receive a distribution from the ESI Pension Plan upon the participating employee's retirement on or after age 55, disability, death or after the employee has both terminated employment and reached age 55. The form and timing of the distribution may vary depending on the reason the participant's employment ends, the participant's marital status, the present value of the bookkeeping account associated with the employee and the employee's election. An employee may receive a distribution in the form of a lump sum, qualified joint and survivor annuity (for married participants) or life annuity (for unmarried participants). The amount of the resulting monthly benefit under a joint and survivor annuity is typically less than for a life annuity based solely on the participant's life expectancy. We do not have a policy with regard to crediting extra years of benefit service under our pension plans, but no extra years of benefit service under the ESI Pension Plan have been credited to any

Table of Contents

of the Named Executive Officers. As of December 31, 2013, Messrs. Feichtner and Tanner were the only Named Executive Officer participants who qualified for retirement under the ESI Pension Plan based on age and years of service. If Mr. Feichtner's employment with us terminated as of December 31, 2013, he would receive his accrued benefit under the ESI Pension Plan as of that date, which was $279,797. If Mr. Tanner's employment with us terminated as of December 31, 2013, he would receive his accrued benefit under the ESI Pension Plan as of that date, which was $288,614. An eligible employee's benefits under the ESI Pension Plan will be paid from the trust maintained for the ESI Pension Plan that has been funded by us.

ESI Excess Pension Plan. On June 9, 1998, we established, and effective January 1, 2008, we restated, the ESI Excess Pension Plan, an unfunded, nonqualified retirement plan for a select group of our management and highly compensated employees. The benefit accruals under the ESI Excess Pension Plan for all participants in the plan were frozen on March 31, 2006, such that no further benefits accrue under that plan after March 31, 2006. The purpose of the ESI Excess Pension Plan was to restore benefits earned, but not available, to eligible employees under the ESI Pension Plan due to federal limitations on the amount of benefits that can be paid and compensation that may be recognized under a tax-qualified retirement plan. The practical effect of the ESI Excess Pension Plan was to continue the calculation of retirement benefits to all employees on a uniform basis. The eligible employee's compensation upon which the benefits under the ESI Excess Pension Plan are based is the same as for that eligible employee's benefits under the ESI Pension Plan (but without regard to the IRC limit on includible compensation for qualified plans).

An eligible employee will receive his or her benefit under the ESI Excess Pension Plan in a lump sum cash payment within 60 days following his or her termination of employment. If an eligible employee is a "specified employee" as defined in Section 409A of the IRC, however, then his or her benefit will be paid on the first day that is six months after the eligible employee's termination of employment. If an eligible employee dies before the benefit due to the employee under the ESI Excess Pension Plan has been paid, then the benefit will be paid to the employee's beneficiary within 60 days after the employee's death. We do not have a policy with regard to crediting extra years of benefit service under our pension plans, but no extra years of benefit service under the ESI Excess Pension Plan have been credited to any of the Named Executive Officers. As of December 31, 2013, Mr. Feichtner was the only Named Executive Officer participant who qualified for retirement under the ESI Excess Pension Plan based on age and years of service. If Mr. Feichtner's employment with us terminated as of December 31, 2013, he would receive his accrued benefit under the ESI Excess Pension Plan as of that date, which was $75,218. An eligible employee's benefits under the ESI Excess Pension Plan will generally be paid directly by us. See "– *ESI Pension Plan*."

Nonqualified Deferred Compensation Plan Table

The following table sets forth information concerning the compensation of the Named Executive Officers in our 2013 fiscal year under the ESI Excess Savings Plan. None of the Named Executive Officers has deferred any bonus compensation under the Deferred Bonus Plan.

Nonqualified Deferred Compensation in Fiscal Year 2013

Named Executive Officer	Executive Contributions in Last Fiscal Year (1)	ITT/ESI Contributions in Last Fiscal Year (1)	Aggregate Earnings in Last Fiscal Year(2)	Aggregate Balance at Last Fiscal Year-End (3)
Kevin M. Modany				
ESI Excess Savings Plan	$ 0	$ 0	$ 4,195	$ 54,736
Daniel M. Fitzpatrick				
ESI Excess Savings Plan	$ 0	$ 0	$ 0	$ 0
Eugene W. Feichtner				
ESI Excess Savings Plan	$ 0	$ 0	$ 297	$ 3,871
June M. McCormack				
ESI Excess Savings Plan	$ 0	$ 0	$ 0	$ 0
Glenn E. Tanner				
ESI Excess Savings Plan	$ 0	$ 0	$ 1,023	$ 13,346

(1) Effective for plan years beginning on and after January 1, 2008, we froze the ESI Excess Savings Plan, such that eligible employees may no longer make elective contributions and we no longer make contributions under the ESI Excess Savings Plan.

(2) Amounts shown represent the dollar amount of the aggregate interest or other earnings accrued during 2013 to the Named Executive Officer's account under the ESI Excess Savings Plan. The only portion of these amounts that is reported as compensation to the Named Executive Officer in the Summary Compensation Table for the 2013 year is the above-market or preferential earnings in 2013 on the balance of the Named Executive Officer's account under the ESI Excess Savings Plan which are included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table. See "– Summary Compensation Table."

(3) Amounts shown represent the dollar amount of the total balance of the Named Executive Officer's account at the end of 2013 under the ESI Excess Savings Plan. The only portion of these amounts that is reported as compensation to the Named Executive Officer in the Summary Compensation Table for each of the 2012 and 2011 years is the above-market or preferential portion of aggregate earnings under the ESI Excess Savings Plan in 2012 and 2011, which contribute to the aggregate balance

Table of Contents

of the Named Executive Officer's ESI Excess Savings Plan account at year-end 2013. Those earnings are included in the amount of the Named Executive Officer's compensation for the particular year and are reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table for that particular year. The amount of those above-market or preferential earnings for each of the Named Executive Officers is specified in the table below.

	ESI Excess Savings Plan Above-Market Earnings in Fiscal Year	
Named Executive Officer	**2012**	**2011**
Kevin M. Modany	$ 2,571	$ 1,725
Daniel M. Fitzpatrick	$ 0	$ 0
Eugene W. Feichtner	$ 183	$ 124
June M. McCormack	$ 0	$ 0
Glenn E. Tanner	$ 625	$ 417

Nonqualified Deferred Compensation Plans

ESI Excess Savings Plan. On June 9, 1998, we established, and effective January 1, 2008, we restated, the ESI Excess Savings Plan, an unfunded, nonqualified deferred compensation plan for a select group of our management and highly compensated employees. Effective for plan years beginning on and after January 1, 2008, we froze the ESI Excess Savings Plan, such that eligible employees may no longer make elective deferrals and we will no longer make contributions under the ESI Excess Savings Plan. The ESI Excess Savings Plan offered eligible employees, who were precluded by federal limitations from fully participating in the ESI 401(k) Plan, a means for:

- restoring their contributions lost under the ESI 401(k) Plan due to the federal limitations;
- restoring our matching and non-matching contributions lost under the ESI 401(k) Plan due to the federal limitations; and
- deferring a portion of their salaries equal to either 5% or the same deferral percentage that they elected under the ESI 401(k) Plan.

Any deferral of an eligible employee's salary under the ESI Excess Savings Plan applied only with respect to the salary that exceeded the federal limitations. See "– Equity Compensation and Qualified Savings Plans – *ESI 401(k) Plan*."

Prior to the freeze of the ESI Excess Savings Plan, we made matching contributions under the ESI Excess Savings Plan equal to 100% of the first 1% and 50% of the next 4% of the eligible employee's salary that the employee deferred under the ESI Excess Savings Plan. Any amounts credited to an eligible employee under the ESI Excess Savings Plan will accrue interest at the rate of 8% compounded monthly. This rate is determined by the Compensation Committee and may be changed at any time by that Committee. Our matching contributions vest 100% upon completion of the third full year that the employee is employed by us. The payment of the eligible employee's salary deferrals, our vested matching contributions and the attributable interest accrued thereon will be made in a single lump sum cash payment within 60 days following a Change in Control (as defined in the ESI Excess Savings Plan and below) or the eligible employee's termination of employment. If an eligible employee is a "specified employee" as defined in Section 409A of the IRC, however, then his or her amounts will be paid on the first day that is six months after his or her termination of employment. If an eligible employee dies before the amounts due to the employee under the ESI Excess Savings Plan have been paid, then those amounts will be paid to the employee's beneficiary within 60 days after the employee's death.

A Change in Control under the ESI Excess Savings Plan means one of the following events:

- the acquisition of ownership (other than by way of merger or consolidation with an entity that, immediately before the acquisition, was a Controlling Company (as defined in the ESI Excess Savings Plan and below)) during any 12 month period, by any one person or more than one person acting as a group, of all or substantially all of the assets of a Controlling Company;
- the acquisition (other than by a Controlling Company) by any one person or more than one person acting as a group, of ownership of more than 50% of the total fair market value or total voting power of the ownership interests of stock of a Controlling Company;
- the acquisition (other than by a Controlling Company) during any 12 month period, by any one person or more than one person acting as a group, of ownership of stock of a Controlling Company possessing 30% or more of the total voting power of stock of the Controlling Company; or

- the replacement of a majority of members of the board of directors or comparable governing body of a Controlling Company, during any 12-month period, by members whose appointment or election is not endorsed by a majority of the members of the Controlling Company's board of directors or comparable governing body prior to the date of the appointment or election.

A "Controlling Company" means:

- us;
- a related company that participates in the ESI Excess Savings Plan and employs the eligible employee;

Table of Contents

- a related company that is the majority owner of us or a participating company that employs the eligible employee; or
- any related company in an uninterrupted chain of majority ownership culminating in the ownership of us or a participating company that employs the eligible employee.

Deferred Bonus Plan. On March 15, 2000, we established, and effective January 1, 2008, we restated, the Deferred Bonus Plan, an unfunded, nonqualified deferred compensation plan for a select group of our management and highly compensated employees. The Deferred Bonus Plan provides that each eligible employee may elect to defer payment of all or a portion of his or her annual bonus compensation in the same form that the bonus is otherwise payable, either in cash or shares of our common stock. The deferral of payment of cash or shares of our common stock can only be made in increments of 25%. Any deferred cash amounts will accrue interest at the rate of 6% compounded annually. This rate is determined by the Compensation Committee and may be changed at any time by that Committee. Any deferred shares of our common stock will be credited with any cash dividends on those shares and, on a semi-annual basis, those cash dividends will be converted to shares of our common stock, based on the fair market value at the time of the conversion.

An eligible employee under the Deferred Bonus Plan may elect, as part of his or her deferral election, to receive payment of the deferred portion of his or her annual bonus compensation (a) within 60 days after termination of his or her employment with us or (b) in January of a designated calendar year that is no earlier than the second calendar year after the year in which the deferred bonus compensation was determined. If an eligible employee is a "specified employee" as defined in Section 409A of the IRC, then any amounts payable to the eligible employee under the Deferred Bonus Plan on account of his or her termination of employment with us will be paid on the first day that is six months after termination of his or her employment. If an eligible employee dies before all amounts due to the employee under the Deferred Bonus Plan have been paid, the unpaid balance will be paid in a lump sum within 60 days following the eligible employee's death, regardless of the employee's election. Payment of cash amounts deferred are made in the form of cash, and payment of shares of our common stock deferred are made in the form of shares of our common stock, except that any cash dividends that have not been converted to shares of our common stock will be paid in cash.

None of the Named Executive Officers deferred any amounts under the Deferred Bonus Plan in 2013.

Potential Payments Upon Termination or Change In Control

The amounts set forth or referenced in this section reflect amounts payable and the value of benefits under our plans and arrangements to each of the Named Executive Officers in the event of termination of such executive's employment and/or a change in control of us under various circumstances. The various types of circumstances that would trigger payments and benefits are specified in the discussion of each plan and arrangement under which benefits would be received. The following discussion is of plans and arrangements currently in effect, but it is always possible that different arrangements could be negotiated in connection with an actual termination of employment or change in control. Further, the amounts shown are estimates and are based on numerous assumptions, including that employment terminated or a change in control occurred on December 31, 2013, except as otherwise noted. Therefore, the actual amounts of the payments and benefits that would be received by the Named Executive Officers could be more or less than the amounts set forth below, and can only be determined at the time of an actual termination of employment or change in control event.

Senior Executive Severance Plan. On October 22, 2007, we established the Senior Executive Severance Plan, which provides severance benefits for a select group of our executives (including all of the Named Executive Officers) when:

- the covered executive's employment is terminated, other than for cause, or when the covered executive terminates his or her employment for good reason, in each case within two years after the occurrence of an acceleration event, as described below; or
- the covered executive's employment is terminated, other than for cause, during an imminent acceleration event period, as described below.

As a result, the benefits under the Senior Executive Severance Plan are not payable merely because a change in control transaction occurs or is imminent. Instead, payment of the severance benefits is only triggered if a change in control has occurred or is imminent and certain types of termination of employment occur. The Compensation Committee has determined that this "double trigger" requirement is in the best interests of our company and our shareholders.

The Senior Executive Severance Plan provides two levels of benefits for covered executives, based on the covered executive's position with us. Under the Senior Executive Severance Plan, Mr. Modany would receive the higher level of benefits and Messrs. Feichtner, Fitzpatrick and Tanner and Ms. McCormack would receive the lower level of benefits. If Mr. Modany's employment is terminated other than for cause during an imminent acceleration event period or within two years after an acceleration event, or if he resigns for good reason within two years after an acceleration event, he would be entitled to the following from us:

- three times his highest annual base salary rate paid and his highest bonus paid or awarded any time during the three years immediately preceding the acceleration event (or in the case of a termination that occurs during an imminent acceleration event period, the three-year period immediately preceding the first day of the imminent acceleration event period);

Table of Contents

- a lump sum amount equal to three times the product of his highest annual base salary rate paid during the three years immediately preceding the acceleration event (or in the case of a termination that occurs during an imminent acceleration event period, the three-year period immediately preceding the first day of the imminent acceleration event period), multiplied by the highest percentage rate of our contributions with respect to him under the ESI 401(k) Plan at any time during that three year period;
- a lump sum stipend equal to 36 times the monthly premium that, as of the date of Mr. Modany's termination of employment, is charged to qualified beneficiaries for health care continuation coverage under COBRA, for the same coverage options and levels of medical, prescription drug, dental and vision coverage that he had in effect under our welfare plans immediately prior to his termination of employment;
- a lump sum stipend equal to 36 times the full monthly premium payable to our life insurance carrier for the type and level of life insurance coverage (including, if applicable, dependent life insurance coverage) in effect for him immediately prior to his termination of employment; and
- a tax gross-up payment that covers any excise tax, interest and penalties under the IRC arising from the payment to him of any amount under the Senior Executive Severance Plan or otherwise as a result of an acceleration event.

If any of the other Named Executive Officers' employment is terminated other than for cause during an imminent acceleration event period or within two years after an acceleration event, or if he or she resigns for good reason within two years after an acceleration event, he or she would be entitled to the following from us under the Senior Executive Severance Plan:

- two times his or her highest annual base salary rate paid and his or her highest bonus paid or awarded any time during the three years immediately preceding the acceleration event (or in the case of a termination that occurs during an imminent acceleration event period, the three-year period immediately preceding the first day of the imminent acceleration event period);
- a lump sum amount equal to two times the product of his or her highest annual base salary rate paid during the three years immediately preceding the acceleration event (or in the case of a termination that occurs during an imminent acceleration event period, the three-year period immediately preceding the first day of the imminent acceleration event period), multiplied by the highest percentage rate of our contributions with respect to that executive under the ESI 401(k) Plan at any time during that three year period;
- a lump sum stipend equal to 24 times the monthly premium that, as of the date of the executive's termination of employment, is charged to qualified beneficiaries for COBRA continuation coverage for the same coverage options and levels of medical, prescription drug, dental and vision coverage that the executive had in effect under our welfare plans immediately prior to his or her termination of employment; and
- a lump sum stipend equal to 24 times the full monthly premium payable to our life insurance carrier for the type and level of life insurance coverage (including, if applicable, dependent life insurance coverage) in effect for him or her immediately prior to his or her termination of employment;

provided, however, that in the event that any payments to one of these other Named Executive Officers under the Senior Executive Severance Plan or otherwise in connection with an acceleration event would be subject to any excise tax under Section 4999 of the IRC, then those payments will be reduced to the extent necessary to prevent any portion of the payments from being subject to an excise tax under that section of the IRC, but only if such reduction would allow the executive to retain a greater net after-tax benefit than he or she would have received if the payments had not been reduced and the executive had paid all applicable income, employment and excise taxes.

The Senior Executive Severance Plan provides that, in order to receive any severance benefits under that plan, the covered executive must agree to comply with certain restrictive covenants, including that the covered executive:

- will not be employed by, work for, consult with, lend assistance to or engage in businesses competitive with ours for a period of one year after termination of employment;
- will not solicit or induce to leave any of our employees for a period of one year after the executive's termination of employment;
- will not urge or induce any of our customers or others with whom we have a business relationship to terminate or limit their business with us for a period of one year after termination of employment;
- will not disparage us for a period of one year after termination of employment; and

- will not disclose or use our confidential information for as long a period of time as permitted by applicable law, and in any event for a period of at least three years after termination of employment.

The covered executive must also execute a general release releasing us and certain related entities and individuals from all claims that he or she has or may have against us or them that arise on or before the date the executive signs the release.

The Senior Executive Severance Plan provides that the severance amounts will be paid by us in a lump sum cash payment within 30 calendar days following the covered executive's termination or, if later, on the first business day after expiration of the revocation period of the general release. Payment of any gross-up amount to Mr. Modany is to be made within five business days after a chosen accounting firm determines whether such a payment is due. In all cases, any amounts due under the Senior Executive Severance Plan must be paid no later than March 15 of the calendar year following the calendar year in which the executive's termination of employment occurs.

Table of Contents

An "acceleration event" under the Senior Executive Severance Plan will occur if:

- a report on Schedule 13D is filed with the SEC disclosing that any person, other than us or one of our subsidiaries or any employee benefit plan that we or one of our subsidiaries sponsors, is the beneficial owner of 20% or more of the outstanding shares of our common stock, other than as a result of an increase in the percentage of the outstanding shares beneficially owned by such person solely as a result of a reduction in the number of shares then outstanding due to the repurchase by us of our common stock, provided that any subsequent acquisition of shares of our common stock by any person resulting in such person beneficially owning 20% or more of the outstanding shares of our common stock shall constitute an acceleration event;
- a person, other than us or one of our subsidiaries or any employee benefit plan that we or one of our subsidiaries sponsors, purchases shares of our common stock in connection with a tender or exchange offer, if after consummation of the offer the person purchasing the shares is the beneficial owner of 15% or more of the outstanding shares of our common stock;
- our shareholders approve:
  - any consolidation or merger of us in which we are not the continuing or surviving corporation or our common stock is converted into cash, securities or other property, unless the transaction was a merger in which our shareholders immediately prior to the merger would have the same proportionate ownership of common stock of the surviving corporation that they held in us immediately prior to the merger; or
  - any sale, lease, exchange or other transfer of all or substantially all of our assets; or
- a majority of the members of our Board of Directors changes within a 12-month period, unless the election or nomination for election of each of the new Directors by our shareholders had been approved by two-thirds of the Directors still in office who had been Directors at the beginning of the 12-month period.

An "imminent acceleration event period" under the Senior Executive Severance Plan means the period:

- beginning on the first to occur of:
  - a public announcement of a proposal or offer that, if consummated, would be an acceleration event;
  - a making to one or more of our Directors or executive officers of a written proposal that, if consummated, would be an acceleration event; or
  - approval by our Board of Directors or shareholders of a transaction that, upon closing, would be an acceleration event; and
- ending upon the first to occur of:
  - a public announcement that the contemplated acceleration event has been terminated or abandoned;
  - the occurrence of the contemplated acceleration event; or
  - 18 months after the beginning of the imminent acceleration event period.

A resignation for "good reason" means:

- a material diminution in the covered executive's base compensation;
- a material diminution in the covered executive's authority, duties or responsibilities;
- a material diminution in the authority, duties or responsibilities of the person to whom the covered executive is required to report (including, for example, a requirement that a covered executive who previously reported to the Board of Directors instead report to a corporate officer or employee);
- a material diminution in the budget over which the covered executive retains authority;
- a material change in the geographic location at which the covered executive must perform services; and
- if the terms and conditions of a covered executive's employment are governed by an agreement, any other action or inaction that constitutes a material breach by us or any successor of the agreement.

A termination for "cause" means any action by a covered executive involving willful malfeasance or his or her failure to act involving material nonfeasance that would have a materially adverse effect on us. No act or omission on the part of the covered executive will be considered "willful," unless it is done or omitted in bad faith or without reasonable belief that the action or omission was in our interests.

Table of Contents

If termination of employment and an acceleration event or imminent acceleration event under the Senior Executive Severance Plan occurred that entitled the Named Executive Officers to severance benefits under the Senior Executive Severance Plan, the value that could have been realized from those benefits as if employment terminated on December 31, 2013 is as follows:

Value of Benefit that Could have been Realized by the Named Executive Officers under the Senior Executive Severance Plan as of December 31, 2013

Type of Benefit	Modany	Fitzpatrick	Feichtner	McCormack	Tanner
Salary	$2,400,222	$ 800,000	$ 620,216	$ 553,582	$518,214
Bonus	$3,000,279	$ 650,000	$ 465,162	$ 415,186	$388,660
Stipend in Lieu of Health Insurance Benefits(1)	$ 40,788	$ 27,192	$ 27,192	$ 9,359	$ 27,192
Stipend in Lieu of Life Insurance Benefits(1)	$ 18	$ 12	$ 12	$ 12	$ 12
Foregone Savings Plan Benefits(1)	$ 22,950	$ 15,300	$ 15,300	$ 15,300	$ 15,300
Tax Gross-Up Payment to Cover Excise Tax(2)	$ 0	N/A	N/A	N/A	N/A
Reduction to Limit Excise Taxes(2)	N/A	$ (0)	$ (0)	$ (0)	$ (0)
Total	$5,464,257	$1,492,504	$1,127,882	$ 993,439	$949,378

(1) The estimated value of the severance benefit is based on the cost to us using the assumptions used for financial reporting purposes under generally accepted accounting principles in the United States.

(2) The estimated value of any excise tax, and thereby the amount of any tax gross-up payment and the calculation of any reduction to limit excise taxes, are based on the highest marginal rate of federal, state and local taxes related to the severance benefits specified in the table and any other payments to the Named Executive Officer arising from an acceleration event. These amounts are also based on an assumption that, as a result of the covenant not to compete in the Senior Executive Severance Plan, the value of one year's base salary and target bonus would constitute "reasonable compensation" under Section 280G of the IRC and therefore would be excluded from the calculation of the amount of any excise tax, the amount of any tax gross-up payment and the reduction, if any, required to limit excise taxes.

Letter Agreement. We entered into a letter agreement with Mr. Modany on August 4, 2014. See "—Employment Contracts" for a further discussion of the letter agreement. If we terminate the Applicable Period before February 4, 2015, Mr. Monday will be entitled to the cash compensation he would have been paid through that date. During the 18-month period following the Applicable Period, Mr. Modany will serve as a consultant to us in exchange for a monthly fee equivalent to his current monthly base salary and continued vesting of his equity-based awards. Mr. Modany will not be entitled to receive any severance pay or other separation benefits in connection with his resignation, but we will pay him a lump sum cash payment equal to 18 times his monthly premium with respect to COBRA for continued health and dental coverage. This payment will be made following Mr. Modany's execution of a release of claims against us, and the amount of such payment will be approximately $21,750.

1997 Stock Plan. If a Named Executive Officer's employment with us terminates as a result of the Named Executive Officer's death, retirement or total disability, or if an acceleration event occurs under the 1997 Stock Plan, all stock options granted to the Named Executive Officer under the 1997 Stock Plan would immediately vest and become exercisable. See "– Equity Compensation and Qualified Savings Plans – *1997 Stock Plan*." If such an event occurred, none of the Named Executive Officers would have realized any value from the exercise of unvested stock options granted under the 1997 Stock Plan, because all of the outstanding stock options granted to the Named Executive Officers under the 1997 Stock Plan were fully vested as of December 31, 2013.

Amended 2006 Plan. If a Named Executive Officer's employment with us terminates as a result of the Named Executive Officer's death or disability:

- all outstanding stock options with time-based vesting restrictions granted to the Named Executive Officer under the Amended 2006 Plan will become exercisable immediately;
- all restrictions imposed on restricted stock and RSUs with time-based vesting restrictions granted to the Named Executive Officer under the Amended 2006 Plan will lapse immediately, and the RSUs will be settled immediately thereafter; and
- the Plan Committee will determine the extent to which a Named Executive Officer will have the right to receive other stock awards granted to the Named Executive Officer under the Amended 2006 Plan.

In addition, upon a Named Executive Officer's retirement, all outstanding stock options with time-based vesting restrictions granted to the Named Executive Officer prior to November 24, 2010 under the Amended 2006 Plan will become exercisable immediately.

In the event of a change in control of us under the Amended 2006 Plan:

- all outstanding stock options with time-based vesting restrictions granted to the Named Executive Officer under the Amended 2006 Plan will become exercisable immediately;
- all restrictions imposed on restricted stock and RSUs with time-based vesting restrictions granted to the Named Executive Officer under the Amended 2006 Plan will lapse immediately, and the RSUs will be settled immediately thereafter; and
- in the discretion of the Plan Committee, all outstanding stock options may be terminated and each participant may receive, with respect to each share subject to the options, an amount in cash equal to the excess of the consideration payable with respect to one share in connection with the change in control over the option's exercise price.

A change in control under the Amended 2006 Plan means the occurrence of one or more of the following:

- the acquisition by any person (within the meaning of Section 13(d) of the Exchange Act), other than us, a subsidiary of ours or any employee benefit plan sponsored by us or a subsidiary of ours, of a beneficial ownership directly or indirectly of 20% or more of the outstanding shares of our common stock, provided that an increase in the percentage of the outstanding shares of our common stock beneficially owned by any person (within the

meaning of Section 13(d) of the Exchange Act) solely as a result of a reduction in the number of shares of our common stock then outstanding due to the repurchase by us of such common stock shall not constitute a change in control, however any subsequent acquisition of shares of our common stock by any person (within the meaning of Section 13(d) of the Exchange Act) resulting in such person beneficially owning 20% or more of the outstanding shares of our common stock shall constitute a change in control;

- the purchase by any person (within the meaning of Section 13(d) of the Exchange Act), other than us, a subsidiary of ours or any employee benefit plan sponsored by us or a subsidiary of ours, of shares pursuant to a tender offer or exchange offer to acquire our common stock (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 15% or more of the outstanding shares of our common stock (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire common stock);

- our shareholders approve (a) any consolidation or merger of us in which we are not the continuing or surviving corporation or pursuant to which shares of our common stock would be converted into cash, securities or other property, other than a merger of us in which holders of our common stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger as immediately before, or (b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of our assets;

- a change in a majority of the members of our Board of Directors within a 12-month period, unless the election or nomination for election by our shareholders of each new Director during such 12-month period was approved by the vote of two-thirds of the Directors then still in office who were Directors at the beginning of such 12-month period; or

- the liquidation or dissolution of us.

In addition, one or more outstanding unvested awards under the Amended 2006 Plan may become fully vested and exercisable and the restrictions on the transfer and repurchase or forfeiture rights on the awards may be terminated in connection with a disposition of a subsidiary of ours, but only with respect to those participants who are at the time engaged primarily in service with the subsidiary involved in the subsidiary disposition. See "– Equity Compensation and Qualified Savings Plans – *Amended 2006 Plan*."

If any of the following occurs:

- a Named Executive Officer's employment with us terminates as a result of the Named Executive Officer's death or disability;

- there is a change in control of us; or

- the Plan Committee determines to fully vest awards in a disposition of a subsidiary with which the officer was engaged primarily in service,

the value that could have been realized from the exercise or acceleration of unvested awards with time-based vesting restrictions granted to the Named Executive Officer under the Amended 2006 Plan as of December 31, 2013, is as follows:

	December 31, 2013 Value of Unvested Awards			
	Termination Due to Death or Disability		Change in Control	
Named Executive Officer	Stock Options(1)	RSUs(2)	Stock Options(1)	RSUs(2)
Kevin M. Modany	$ 891,875	$2,917,599	$ 891,875	$2,917,599
Daniel M. Fitzpatrick	$ 214,050	$ 626,167	$ 214,050	$ 626,167
Eugene W. Feichtner	$ 142,700	$ 538,925	$ 142,700	$ 538,925
June M. McCormack	$ 142,700	$ 541,712	$ 142,700	$ 541,712
Glenn E. Tanner	$ 142,700	$ 536,642	$ 142,700	$ 536,642

(1) Amounts shown represent the aggregate dollar amount that could be realized from all outstanding, unvested stock option awards granted to the Named Executive Officer under the Amended 2006 Plan, if those options became vested and were exercised by the Named Executive Officer on December 31, 2013.

(2) Amounts shown are calculated by multiplying the number of unvested RSUs held by the Named Executive Officer that would vest upon the specified event by the closing market price of a share of our common stock on December 31, 2013.

In addition, the Plan Committee, in its discretion, may amend the terms of any outstanding award granted under the Amended 2006 Plan in the event of a participant's termination of employment or service or in the event of a change in control of us, subject to certain limitations. See "– Equity Compensation and Qualified Savings Plans – *Amended 2006 Plan*."

ESI 401(k) Plan. If a Named Executive Officer's employment with us terminates, the Named Executive Officer may withdraw from his or her account under the ESI 401(k) Plan all of the Named Executive Officer's contributions, all of our vested contributions and all earnings on both types of contributions. Payments are normally made in a single lump sum, but if the Named Executive Officer's balance is above a threshold amount, he or she may elect to receive payments in annual or monthly installments. See "– Equity Compensation and Qualified Savings Plans – *ESI 401(k) Plan*."

Table of Contents

If a Named Executive Officer's employment with us terminated, the amount that could have been realized from the distribution of the contributions and earnings thereon in the Named Executive Officer's account under the ESI 401(k) Plan as of December 31, 2013 is as follows:

Named Executive Officer	Amount of Employee Contributions, ITT/ESI Vested Contributions and Earnings on Those Contributions as of December 31, 2013	
Kevin M. Modany	$	333,504
Daniel M. Fitzpatrick	$	267,367
Eugene W. Feichtner	$	1,395,904
June M. McCormack	$	151,017
Glenn E. Tanner	$	1,280,588

ESI Excess Savings Plan. If a Named Executive Officer's employment with us terminates, all eligible employee salary deferrals, our vested contributions and the attributable interest accrued on those deferrals and contributions under the ESI Excess Savings Plan would be paid in a single lump sum cash payment to the Named Executive Officer on the first day that is six months following his or her termination of employment (because each Named Executive Officer is a "specified employee" within the meaning of Section 409A of the IRC), or within 60 days of his or her death if death occurs prior to payment. If a Change in Control occurs, all Named Executive Officers would receive the balance of their accounts under the ESI Excess Savings Plan in a single lump sum cash payment within 60 day after the Change in Control. See "– Nonqualified Deferred Compensation Plans – *ESI Excess Savings Plan*." If a Named Executive Officer's employment with us terminated or a Change in Control under the ESI Excess Savings Plan occurred, the amount that would have been realized from the distribution of the deferrals, contributions and interest thereon in the Named Executive Officer's account under the ESI Excess Savings Plan as of December 31, 2013 is as follows:

Named Executive Officer	Amount of Salary Deferrals, ITT/ESI Vested Contributions and Accrued Interest as of December 31, 2013	
Kevin M. Modany	$	54,736
Daniel M. Fitzpatrick	$	0
Eugene W. Feichtner	$	3,871
June M. McCormack	$	0
Glenn E. Tanner	$	13,346

Deferred Bonus Plan. If a Named Executive Officer's employment with us terminates and he or she had elected to receive the deferred portion of his or her annual bonus compensation under the Deferred Bonus Plan following his termination, or the termination was a result of his or her death, the balance of the Named Executive Officer's account under the Deferred Bonus Plan will be paid in a lump sum on the first day that is six months following his or her termination of employment, or within 60 days of death if his or her death occurs prior to payment. See "– Nonqualified Deferred Compensation Plans – *Deferred Bonus Plan*." If a Named Executive Officer's employment with us terminated, triggering the payment of the balance of his or her account under the Deferred Bonus Plan, the Named Executive Officer would not have realized any amount as of December 31, 2013, because none of them had any amount in his or her account as of that date.

ESI Pension Plan. If a Named Executive Officer has completed three or more years of vesting service, then upon his or her retirement on or after age 55, disability, death or after he or she has both terminated employment and reached age 55, a distribution of the Named Executive Officer's accrued benefit under the ESI Pension Plan will be paid to the Named Executive Officer in the form and on the date elected by the Named Executive Officer beginning on the first day of any month following the termination of employment after the participant becomes entitled to begin distribution. The Named Executive Officer can elect to receive payment of the distribution in the form of a lump sum, qualified joint and survivor annuity (if he or she is married on the annuity starting date) or life annuity (if he or she is not married on the annuity starting date). See "– Pension Plans – *ESI Pension Plan*." If one of the triggering events occurred and a Named Executive Officer elected a lump sum distribution under the ESI Pension Plan, the amount of the Named Executive Officer's benefit that would have been accrued and payable under the ESI Pension Plan as of December 31, 2013 is as follows:

Named Executive Officer	Balance of ESI Pension Plan Account as of December 31, 2013	
Kevin M. Modany	$	34,908 (1)
Daniel M. Fitzpatrick	$	0
Eugene W. Feichtner	$	279,797
June M. McCormack	$	0
Glenn E. Tanner	$	288,614

(1) Benefit payable upon death or disability as of December 31, 2013. If the employment of Mr. Modany was terminated for any reason other than death or disability on December 31, 2013, his benefit would not be payable until he reaches age 55, because he was not at least age 55 as of that date.

Table of Contents

ESI Excess Pension Plan. Following the restatement of the ESI Excess Pension Plan effective January 1, 2008, upon a Named Executive Officer's death, retirement or other termination of employment, a distribution of the Named Executive Officer's accrued benefit under the ESI Excess Pension Plan will be paid to the Named Executive Officer in a lump sum on the first day that is six months following his or her termination of employment (because each Named Executive Officer is a "specified employee" within the meaning of Section 409A of the IRC), or within 60 days of his or her death if death occurs prior to payment. See "– Pension Plans – *ESI Excess Pension Plan*." If one of the triggering events occurred and a Named Executive Officer received a lump sum distribution under the ESI Excess Pension Plan, the amount of the Named Executive Officer's benefit that would have been accrued and payable under the ESI Excess Pension Plan as of December 31, 2013 is as follows:

Named Executive Officer	Balance of ESI Excess Pension Plan Account as of December 31, 2013	
Kevin M. Modany	$	45,009
Daniel M. Fitzpatrick	$	0
Eugene W. Feichtner	$	75,218
June M. McCormack	$	0
Glenn E. Tanner	$	0

Old Pension Plan. If a Named Executive Officer's employment with us terminates and the Named Executive Officer qualifies for retirement under the Old Pension Plan, a distribution will be paid to the Named Executive Officer. The Named Executive Officer can elect to receive payment of the distribution of the Named Executive Officer's accumulated benefit under the Old Pension Plan in the form of a qualified joint and survivor annuity or life annuity. See "– Pension Plans – *Old Pension Plan*." If a Named Executive Officer qualified for retirement under the Old Pension Plan, the actuarial present value of the Named Executive Officer's accumulated benefit under the Old Pension Plan as of December 31, 2013 is set forth in the Pension Benefits Table. See "– Pension Benefits Table." As of December 31, 2013, Messrs. Feichtner and Tanner were the only Named Executive Officer participants who qualified for retirement under the Old Pension Plan. Mr. Tanner has elected to receive and has begun receiving the early retirement annual benefit under the Old Pension Plan. See "– Pension Benefits Table."

Director Compensation Table

The following table sets forth information concerning the compensation of our non-employee Directors in 2013 for their service on our Board of Directors in 2013. Mr. Modany, the only employee Director in 2013, did not receive any compensation for his services as a Director of ours in 2013. Mr. Modany's compensation as an executive officer of ours is disclosed in previous sections of this document.

Director Compensation Table for Fiscal Year 2013

Name (a)	Fees Earned or Paid in Cash (1) (b)	Stock Awards (2) (c)	Option Awards (3) (d)	Nonqualified Deferred Compensation Earnings (4) (e)	All Other Compensation (f)	Total (5) (g)
John F. Cozzi	$ 75,000	$100,024	$ 0	$ 0	$ 0	$175,024
John E. Dean	$ 75,000	$100,024	$ 0	$ 0	$ 0	$175,024
James D. Fowler, Jr.	$ 75,000	$100,024	$ 0	$ 0	$ 0	$175,024
Joanna T. Lau	$ 75,000	$100,024	$ 0	$ 0	$ 0	$175,024
Thomas I. Morgan	$ 70,890	$100,024	$ 0	$ 0	$ 0	$170,914
Samuel L. Odle	$ 75,000	$100,024	$ 0	$ 7,262	$ 0	$182,286
Vin Weber	$ 75,000	$100,024	$ 0	$ 0	$ 0	$175,024
John A. Yena	$ 75,000	$100,024	$ 0	$ 0	$ 0	$175,024

(1) Amounts shown represent the aggregate dollar amount of all fees earned or paid for services as a Director, including meeting fees, committee and/or chairperson fees and annual retainer. In 2013, all fees were paid in cash, but each non-employee Director elected to receive payment of the annual retainer in cash or shares of our common stock, in increments of 25% each. See "–

Table of Contents

Director Compensation – *Directors Deferred Compensation Plan*." The full amount of the annual retainer that was paid to or deferred by a non-employee Director, whether in cash or shares of our common stock, is reported in this column. The grant date fair value of any portion of the annual retainer that a non-employee Director elected to receive in shares of our common stock is set forth in footnote (2) below.

(2) Amounts shown represent the aggregate grant date fair value, computed in accordance with ASC 718, of all RSU awards granted for services as a Director in 2013. In 2013, each non-employee Director received a grant of 3,598 RSUs that will be settled in shares of our common stock after vesting. The aggregate grant date fair value includes any earnings, such as dividends, that may be received on the stock awards. In 2013, each non-employee Director elected to receive payment of the annual retainer in cash or shares of our common stock, in increments of 25% each. See "– Director Compensation – *Directors Deferred Compensation Plan*." The amount related to any portion of the annual retainer that a non-employee Director elected to receive in shares of our common stock is included in column (b) of the table, but the grant date fair value of such shares is disclosed in the table below.

To determine the grant date fair value of stock awards, we use the closing market price of a share of our common stock on the effective date of the stock award. The amounts ultimately realized by the non-employee Directors from the stock awards will depend on the price of our common stock in the future and may be quite different from the value shown. The following table sets forth information regarding the grant date fair value, computed in accordance with ASC 718, of each stock award granted in 2013 for services as a non-employee Director:

Grant Date Fair Value of Stock Awards in Fiscal Year 2013

Name (a)	Grant Date Fair Value of Stock Award (b)
John F. Cozzi	
Portion of Retainer Payable in Stock	$ 74,987
Amended 2006 Plan Award	$ 100,024
John E. Dean	
Portion of Retainer Payable in Stock	$ 74,987
Amended 2006 Plan Award	$ 100,024
James D. Fowler, Jr.	
Portion of Retainer Payable in Stock	N/A
Amended 2006 Plan Award	$ 100,024
Joanna T. Lau	
Portion of Retainer Payable in Stock	N/A
Amended 2006 Plan Award	$ 100,024
Thomas I. Morgan	
Portion of Retainer Payable in Stock	N/A
Amended 2006 Plan Award	$ 100,024
Samuel L. Odle	
Portion of Retainer Payable in Stock	N/A
Amended 2006 Plan Award	$ 100,024
Vin Weber	
Portion of Retainer Payable in Stock	$ 74,987
Amended 2006 Plan Award	$ 100,024
John A. Yena	
Portion of Retainer Payable in Stock	N/A
Amended 2006 Plan Award	$ 100,024

"N/A" means not applicable.

The following table sets forth information regarding the aggregate number of unvested stock awards granted by us to the non-employee Directors that were outstanding on December 31, 2013:

Table of Contents

Outstanding Stock Awards at Fiscal Year-End 2013

Name (a)	Number of Shares or Units of Stock that have Not Vested (A) (b)		Market Value of Shares or Units of Stock that have Not Vested (B) (c)
John F. Cozzi			
05/17/11 Award (C)	1,412	$	47,415
05/22/12 Award (D)	1,722	$	57,825
05/21/13 Award (E)	3,598	$	120,821
John E. Dean			
05/17/11 Award (C)	1,412	$	47,415
05/22/12 Award (D)	1,722	$	57,825
05/21/13 Award (E)	3,598	$	120,821
James D. Fowler, Jr.			
05/17/11 Award (C)	1,412	$	47,415
05/22/12 Award (D)	1,722	$	57,825
05/21/13 Award (E)	3,598	$	120,821
Joanna T. Lau			
05/17/11 Award (C)	1,412	$	47,415
05/22/12 Award (D)	1,722	$	57,825
05/21/13 Award (E)	3,598	$	120,821
Thomas I. Morgan			
05/21/13 Award (E)	3,598	$	120,821
Samuel L. Odle			
05/17/11 Award (C)	1,412	$	47,415
05/22/12 Award (D)	1,722	$	57,825
05/21/13 Award (E)	3,598	$	120,821
Vin Weber			
05/17/11 Award (C)	1,412	$	47,415
05/22/12 Award (D)	1,722	$	57,825
05/21/13 Award (E)	3,598	$	120,821
John A. Yena			
05/17/11 Award (C)	1,412	$	47,415
05/22/12 Award (D)	1,722	$	57,825
05/21/13 Award (E)	3,598	$	120,821

(A) Amounts shown represent the total number of shares or units of our common stock that have not vested.
(B) Amounts shown represent the aggregate market value of shares of our common stock that have not vested. The aggregate market value is calculated by multiplying the number of shares or units by the closing market price of a share of our common stock on December 31, 2013.
(C) This RSU award vested in full on May 17, 2014.
(D) This RSU award vests in full on May 22, 2015.
(E) This RSU award vests in full on May 21, 2016.

Table of Contents

(3) In 2013, none of the non-employee Directors received any stock options or SARs from us. There were no adjustments or amendments made in 2013 to the exercise price of any option awards held by any of the non-employee Directors, whether through amendment, cancellation or replacement grants, or any other means (such as a repricing), or that otherwise materially modified any option awards. The outstanding option awards at December 31, 2013, for each of the non-employee Directors were as follows:

Outstanding Option Awards at Fiscal Year-End 2013

Name	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration Date
	Exercisable (A)	Unexercisable (B)		
(a)	(b)	(c)	(d)	(e)
John F. Cozzi				
05/18/04 Award (C)	10,000	0	$38.89	05/18/14
John E. Dean				
05/18/04 Award (C)	10,000	0	$38.89	05/18/14
Joanna T. Lau				
05/18/04 Award (C)	10,000	0	$38.89	05/18/14
Vin Weber				
05/18/04 Award (C)	7,500	0	$38.89	05/18/14

(A) Amounts shown represent on an award-by-award basis, the number of securities underlying unexercised options, including awards that have been transferred other than for value, that are exercisable.

(B) Amounts shown represent on an award-by-award basis, the number of securities underlying unexercised options, including awards that have been transferred other than for value, that are unexercisable.

(C) This stock option award vested in one installment on May 18, 2005.

(4) Amounts shown represent the above-market or preferential earnings on compensation deferred under the Directors Deferred Compensation Plan. See "—Director Compensation – *Directors Deferred Compensation Plan*." Interest is above-market only if the rate of interest exceeds 120% of the applicable federal long-term rate, with compounding (as prescribed under Section 1274(d) of the IRC), at the rate that corresponds most closely to the rate under the applicable plan at the time the interest rate or formula is set. In the event of a discretionary reset of the interest rate, the requisite calculation is made on the basis of the interest rate at the time of such reset, rather than when originally established. Only the above-market portion of the interest is included.

(5) Amounts shown represent the sum of the dollar values for each compensation element shown in columns (b) through (f).

Director Compensation

Retainer and Fees. We do not compensate any Director who is an employee of ours for service as a member of our Board of Directors or any standing committee of our Board of Directors. The compensation for non-employee Directors consists of:

- an annual retainer of $75,000 payable in one installment on the first business day of each year, at the election of each non-employee Director, in cash or shares of our common stock in increments of 25% each;
- no separate meeting fees; and
- an annual grant under the Amended 2006 Plan of RSUs with a time-based period of restriction that:
  - has a value of $100,000, plus the value associated with any fractional RSU necessary to cause the grant to be for a whole number of RSUs, pursuant to which the value is determined based on the closing market price of a share of our common stock on the effective date of the grant;
  - is effective on May 1 in each year (except in 2014, the grant date has been postponed until the third business day following the date that we become current in our filings with the SEC);
  - has a time-based period of restriction of one year; and
  - is settled on the first business day following the last day of the period of restriction by the delivery of one share of our common stock for each RSU in the grant.

We also reimburse Directors for reasonable, out-of-pocket travel expenses related to attending our Board of Directors and its committee meetings and other business of the Board.

On August 4, 2014, John E. Dean was appointed our Executive Chairman and became an employee of ours. In connection with his appointment as Executive Chairman, we entered into a letter agreement with Mr. Dean which provides for an annual base salary of $575,000 and a grant of RSUs on August 4, 2014 that had a value of $1,000,000, based on the closing price of our common stock on the date of grant, which resulted in a grant of 129,534 RSUs to Mr. Dean on that date. The RSUs will vest, subject to Mr. Dean's continued service as Executive Chairman or as a member of the Board, on the first anniversary of the grant date or, if earlier, upon his termination of employment due to death or disability. Mr. Dean will receive no other compensation for his service as Executive Chairman, but will continue to vest in the equity-based awards granted to him in connection with his service as a non-employee Director.

Timing of Equity-Based Compensation Grants. The Compensation Committee makes recommendations to our Board of Directors regarding grants of equity-based compensation to our non-employee Directors. All equity-based compensation awards to our non-employee Directors are granted exclusively by our Board of Directors. Beginning in 2014, our Board of Directors established May 1 of each year as the effective date of grant of equity-based compensation to our non-employee Directors. The 2014 grant, however, has been postponed until the third business day following the date that we become current in our filings with

Table of Contents

the SEC. The exercise price of any stock options included in those equity-based compensation grants is the closing market price of a share of our common stock on the effective date of the grant. The number of RSUs included in those grants is specified by the Board of Directors based on the closing market price of a share of our common stock on the effective date of the grant.

We do not time our release of material non-public information for the purpose of affecting the value of our non-employee Directors' compensation. Nevertheless, our process for granting equity-based compensation may result in equity-based compensation, including stock options, being granted to our non-employee Directors at times when our Board of Directors or the Compensation Committee is in possession of material non-public information about us. This possibility is not taken into account in determining whether to make the equity-based compensation awards or the amount or value of those awards.

1999 Directors Stock Plan. On July 28, 1999, we established the 1999 Outside Directors Stock Option Plan (the "1999 Directors Stock Plan"), which provided for awards of nonqualified stock options to non-employee Directors. An aggregate of 500,000 shares of our common stock are reserved for issuance for option awards under the 1999 Directors Stock Plan (subject to adjustment in certain events and as adjusted for our stock split). The 1999 Directors Stock Plan was not approved by our shareholders.

The 1999 Directors Stock Plan is administered by the Board. Each non-employee Director received an annual stock option under the plan to purchase shares of our common stock on the tenth business day following the annual meeting of shareholders, provided that such non-employee Director served in that capacity both before and after the annual meeting. No annual awards of nonqualified stock options under the 1999 Directors Stock Plan have been made after 2005. The number of shares of our common stock subject to options under the 1999 Directors Stock Plan is subject to adjustment in certain events.

The exercise price of a stock option awarded under the 1999 Directors Stock Plan could not be less than 100% of the fair market value of our common stock on the date of the award. All stock options granted under the 1999 Directors Stock Plan that were outstanding as of December 31, 2013 expire in May 2014. The shares of our common stock issued upon the exercise of a stock option under the 1999 Directors Stock Plan may be made available from treasury shares or authorized but unissued shares. The option price may be paid:

- by check;
- in shares of our common stock;
- through a simultaneous sale through a broker of shares of our common stock acquired upon the exercise of the stock option; or
- by any combination of the foregoing.

See Exhibit No. 4.3 to our Registration Statement on Form S-8 (Registration No. 333-84871), Exhibit No. 10.37 to our Quarterly Report on Form 10-Q for the second fiscal quarter ended June 30, 2003, Exhibit No. 10.42 to our Quarterly Report on Form 10-Q for the first fiscal quarter ended March 31, 2004 and Exhibit No. 10.47 to our Current Report on Form 8-K, dated January 25, 2005, filed with the SEC for a complete copy of the 1999 Directors Stock Plan, as amended.

No awards were made in 2013, and no further awards will be made, under the 1999 Directors Stock Plan, as a result of our shareholders' approval of our adoption of the 2006 Equity Compensation Plan at the 2006 Annual Meeting of Shareholders on May 9, 2006. Our non-employee Directors participate in the Amended 2006 Plan. See "– Equity Compensation and Qualified Savings Plans – *Amended 2006 Plan*."

Directors Deferred Compensation Plan. On October 1, 1999, we established, and effective January 1, 2008, we restated, the Directors Deferred Compensation Plan, an unfunded, nonqualified plan covering all of our non-employee Directors. The Directors Deferred Compensation Plan provides that each non-employee Director may elect to receive payment of the annual retainer in cash or in shares of our common stock, in increments of 25% each. A non-employee Director who elects payment in shares of our common stock will receive that number of shares equal to the number obtained by dividing the dollar amount of the portion of the annual retainer to be paid in shares of our common stock by the fair market value of one share of our common stock determined as of the payment date. The value of any fractional share resulting from this calculation will be paid to the Director in cash.

The Directors Deferred Compensation Plan also provides that each non-employee Director may elect to defer payment of all or a portion of the annual retainer. The deferral of payment of cash or shares of our common stock can only be made in increments of 25%. Any deferred cash amounts will accrue interest at the rate of 6% compounded annually. Any deferred shares of our common stock will be credited with any cash dividends on those shares and, on a semi-annual basis, those cash dividends will be converted to shares of our common stock based on its fair market value at the time of the conversion.

No cash or shares of our common stock deferred by a non-employee Director under the Directors Deferred Compensation Plan will be paid to the non-employee Director until he or she is no longer a Director.

Non-Employee Director Participation in Pension Plans. None of our non-employee Directors participate in any of our defined benefit or actuarial pension plans (including supplemental plans). Mr. Fowler, however, participates in the Old Pension Plan as a result of his prior employment by ITT Corporation or one of its affiliated companies that participated in that plan. Any change in the actuarial present value of Mr. Fowler's accumulated benefit under the Old Pension Plan in 2013 was not affected by his service as a non-employee Director on our Board of Directors. See "– Pension Plans – *Old Pension Plan*."

Table of Contents

Compensation Committee Interlocks and Insider Participation

None of the Compensation Committee members, John F. Cozzi, James D. Fowler, Jr., Samuel L. Odle and John A. Yena, during 2013 was:

- an officer or employee of ours;
- a former officer of ours; or
- involved in a relationship requiring disclosure as a related person transaction pursuant to Item 404 of Regulation S-K under the Exchange Act or as an interlocking executive officer/director pursuant to Item 407(e)(4)(iii) of Regulation S-K under the Exchange Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information

The following table sets forth information, as of December 31, 2013, about shares of our common stock that may be issued under our equity compensation plans that (a) have been approved by our shareholders and (b) have not been approved by our shareholders.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders (1)	2,032,792	$ 83.01 (2)	3,374,913 (3)(4)(5)
Equity compensation plans not approved by security holders (6)	86,436	38.89 (2)	N/A (7)
Total	2,119,228	$ 81.77 (2)	3,374,913

(1) These equity compensation plans include the 1997 Stock Plan and the Amended 2006 Plan. The material terms of each of these plans are described above. See *"– 1997 Stock Plan"* and *"– Amended 2006 Plan."*

(2) The weighted average exercise price is calculated based on those awards included in column (a) that have a specified exercise price, namely, outstanding stock options. Since the outstanding RSUs and the shares credited under the Directors Deferred Compensation Plan that are included in column (a) have no exercise price, they have been excluded from the weighted average exercise price calculations in this column (b).

(3) This number does not include any shares under the 1997 Stock Plan, because all shares to be issued upon exercise of outstanding stock option awards under the 1997 Stock Plan are included in column (a), and no new awards will be made under the 1997 Stock Plan.

The total number of shares of our common stock available for awards under the Amended 2006 Plan is 7,350,000, subject to antidilution adjustments. Each share underlying stock options and SARs granted under the Amended 2006 Plan, and not forfeited or terminated, will reduce the number of shares available for future awards under the Amended 2006 Plan by one share. The delivery of a share in connection with a "full-value award" (i.e., an award of restricted stock, RSUs, performance shares, performance units or any other stock-based award with value denominated in shares) will reduce the number of shares remaining for other awards by three shares, if the full-value award was granted prior to May 7, 2013, and by two shares, if the full-value award was granted after that date.

(4) The aggregate fair market value (determined on the date of grant) of the shares subject to incentive stock options awarded to employees under the 1997 Stock Plan or the Amended 2006 Plan that become exercisable for the first time by the employee in any calendar year may not exceed $100,000.

(5) Securities remaining available for future issuance under the Amended 2006 Plan include stock options (incentive and nonqualified), SARs, restricted stock, RSUs, performance shares, performance units and other stock-based awards, or any combination of the foregoing, as the Compensation Committee and Board of Directors may determine. The maximum number of performance shares under the Amended 2006 Plan that may be granted to any eligible participant in any given calendar year is 250,000 shares.

(6) These equity compensation plans include the:

- 1999 Directors Stock Plan;
- Directors Deferred Compensation Plan; and
- Deferred Bonus Plan.

The material terms of each of these plans are described elsewhere in this document. See "– Director Compensation *– 1999 Directors Stock Plan*" and "*– Directors Deferred Compensation Plan*," and "– Nonqualified Deferred Compensation Plans – *Deferred Bonus Plan*."

(7) This number does not include any shares under the 1999 Directors Stock Plan, because all shares to be issued upon exercise

Table of Contents

of outstanding stock option awards under the 1999 Directors Stock Plan are included in column (a), and no new awards will be made under the 1999 Directors Stock Plan. There is no limit on the number of shares of our common stock available for future issuance under either the Directors Deferred Compensation Plan or the Deferred Bonus Plan.

Stock Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of September 30, 2014, the number of shares of our common stock beneficially owned by any person (including any group) known by management to beneficially own more than 5% of our common stock, by each Director, by each of the Named Executive Officers and by all of our current Directors and the executive officers as a group. Unless otherwise indicated in a footnote, each individual or group possesses sole voting and investment power with respect to all shares indicated as beneficially owned. None of the shares owned by our Directors and executive officers are pledged as security. No Director owns any "qualifying" shares.

	ITT/ESI Common Stock	
Name of Beneficial Owner	**Number of Shares Beneficially Owned(1)**	**Percent of Class**
Select Equity Group, L.P. George S. Loening 380 Lafayette Street, 6th Floor New York, NY 10003	2,957,125 (2)	12.6%
Warburg Pincus Asset Management, Inc. 466 Lexington Avenue New York, NY 10017	2,933,150 (3)	12.5%
Putnam Investments, LLC Putnam Investment Management, LLC The Putnam Advisory Company, LLC Putnam Voyager Fund One Post Office Square Boston, MA 02109	2,685,687 (4)	11.5%
Blum Capital Partners, L.P. Richard C. Blum & Associates, Inc. Blum Strategic GP III, L.L.C. Blum Strategic GP III, L.P. Blum Strategic Partners III, L.P. Blum Strategic GP IV, L.L.C. Blum Strategic GP IV, L.P. Blum Strategic Partners IV, L.P. c/o Blum Capital Partners, L.P. 909 Montgomery Street Suite 400 San Francisco, CA 94133	2,296,913 (5)	9.8%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	1,772,915 (6)	7.6%
Clifton Park Capital Management, LLC 2711 Centerville Road, Suite 400 Wilmington, DE 19808-1645	1,594,266 (7)	6.8%
Providence Equity Partners VI L.P. Providence Equity GP VI L.P. Providence Equity Partners VI L.L.C. Jonathan M. Nelson Glenn M. Creamer Paul J. Salem c/o Providence Equity Partners L.L.C. 50 Kennedy Plaza, 18th Floor Providence, RI 02903	1,483,610 (8)	6.3%
Point72 Asset Management, L.P. Point72 Capital Advisors, Inc. Cubist Systematic Strategies, LLC EverPoint Asset Management, LLC Steven A. Cohen 72 Cummings Point Road Stamford, CT 06902	1,337,344 (9)	5.7%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	1,289,405 (10)	5.5%
Kevin M. Modany	511,525 (11)	2.1%
Eugene W. Feichtner	86,314 (12)	*
Daniel M. Fitzpatrick	91,098 (13)	*
June M. McCormack	68,428 (14)	*

Glenn E. Tanner	57,827 (15)	*
Jerry M. Cohen	0	*
John F. Cozzi	24,427 (16)	*
John E. Dean	37,996 (17)	*
James D. Fowler, Jr.	12,679 (18)	*
Joanna T. Lau	13,426 (19)	*
Thomas I. Morgan	0	*
Samuel L. Odle	8,692 (20)	*
Vin Weber	30,333 (21)	*
John A. Yena	10,665 (22)	*
All current Directors and executive officers as a group (18 individuals)	961,256(23)	4.0%

Table of Contents

* Less than 1%.

(1) All shares of our common stock are owned directly except as otherwise indicated. Pursuant to the SEC's regulations, shares (a) receivable by Directors and executive officers upon exercise of stock options exercisable within 60 days after September 30, 2014, (b) receivable by Directors and executive officers upon vesting of RSUs within 60 days after September 30, 2014, (c) allocated to the accounts of certain Directors and executive officers under the ESI 401(k) Plan at September 30, 2014 or (d) credited to the accounts of certain Directors under the Directors Deferred Compensation Plan at September 30, 2014, are deemed to be beneficially owned by such Directors and executive officers.

(2) Based solely on information in reports filed by the beneficial owners under Section 13(d) or 13(g) of the Exchange Act. George S. Loening is the majority owner of Select Equity Group, L.P. ("Select Equity") and managing member of its general partner. Select Equity is an investment adviser and Select Equity and George S. Goening is a control person possess shared power to vote or direct the vote of, and dispose or direct the disposition of, 2,957,125 shares.

(3) Based solely on information in reports filed by the beneficial owner under Section 13(d) or 13(g) of the Exchange Act. The beneficial owner is a registered investment adviser and has (a) sole power to vote or direct the vote of 2,396,100 shares, (b) shared power to vote or direct the vote of 513,450 shares and (c) sole power to dispose or direct the disposition of 2,933,150 shares.

(4) Based solely on information in reports filed by the beneficial owners under Section 13(d) or 13(g) of the Exchange Act. Putnam Investments, LLC, d/b/a Putnam Investments ("PI") wholly owns two registered investment advisers, Putnam Investment Management, LLC ("PIM") and the Putnam Advisory Company, LLC ("PAC"). Both subsidiaries have dispositive power over the shares as investment managers. Putnam Voyager Fund ("PVF") is part of the Putnam Family of Funds. PI possesses sole power to vote or to direct the vote of 75,530 shares and sole power to dispose or direct the disposition of 2,685,687 shares. PIM possesses sole power to vote or to direct the vote of 2,911 shares and sole power to dispose or direct the disposition of 2,598,417 shares. PAC possesses sole power to vote or to direct the vote of 72,619 shares and sole power to dispose or direct the disposition of 87,270 shares. PVF possesses sole power to vote or to direct the vote of, and sole power to dispose or direct the disposition of, 1,294,711 shares.

(5) Based solely on information in reports filed by the beneficial owners under Section 13(d) or 13(g) of the Exchange Act. The beneficial owners may be deemed to be members in a group that possesses voting and investment power over a total of 2,296,913 shares. Blum Capital Partners, L.P. ("Blum L.P.") is a partnership and a registered investment advisor. Richard C. Blum & Associates, Inc. ("RCBA") is the sole general partner of Blum L.P. RCBA directly holds 11,300 shares. Blum Strategic GP III, L.L.C. ("Blum GP III") holds 1,129,388 shares and is the general partner of Blum Strategic GP III, L.P., which is the general partner of Blum Strategic Partners III, L.P. Blum Strategic GP IV, L.L.C. ("Blum GP IV") holds 1,156,225 shares and is the general partner of Blum Strategic GP IV, L.P., which is the general partner of Blum Strategic Partners IV, L.P. Blum L.P., Blum GP III and Blum GP IV have shared power to vote or direct the vote of, and dispose or direct the disposition of, 2,296,913 shares.

Table of Contents

(6) Based solely on information in reports filed by the beneficial owner under Section 13(d) or 13(g) of the Exchange Act. The beneficial owner is a parent holding company or control person and possesses sole power to (a) vote or direct the vote of 1,712,207 shares, and (b) dispose or direct the disposition of 1,772,915 shares. The beneficial owner reported that the following of its subsidiaries acquired the shares: BlackRock Advisors (UK) Limited, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd. and BlackRock Investment Management, LLC.

(7) Based solely on information in reports filed by the beneficial owner under Section 13(d) or 13(g) of the Exchange Act. The beneficial owner possesses shared power to vote or direct the vote of, and dispose or direct the disposition of, 1,594,266 shares.

(8) Based solely on information in reports filed by the beneficial owners under Section 13(d) or 13(g) of the Exchange Act. Providence Equity Partners VI L.P. ("PEP VI"), a partnership, is the record holder of 1,483,610 shares. Based on the following relationships, the beneficial owners reported shared voting and dispositive power over 1,483,610 shares: (a) Providence Equity GP VI L.P. ("PEP GP VI") is the sole general partner of PEP VI; (b) Providence Equity Partners VI L.L.C. ("PEP VI LLC") is the sole general partner of PEP GP VI; and (c) Messrs. Nelson, Creamer and Salem each are members of PEP VI LLC and partners of PEP GP VI. Each of PEP GP VI, PEP VI LLC and Messrs. Nelson, Creamer and Salem disclaims beneficial ownership of the shares reported, except to the extent of its or his pecuniary interest therein.

(9) Based solely on information in reports filed by beneficial owners under Section 13(d) or 13(g) of the Exchange Act. Pursuant to investment management agreements, each of Point72 Asset Management, L.P. ("PAM"), Cubist Systematic Strategies, LLC ("CSS") and EverPoint Asset Management ("EAM") maintains investment and voting power with respect to the securities held by certain investment funds it manages. Point72 Capital Advisors, Inc. ("PCA") is the general partner of PAM. Mr. Cohen controls each of PCA, CSS and EAM. Based on these relationships and shares that may be deemed to be beneficially owned by certain of the foregoing entities, (i) each of PAM and PCA has shared power to vote or direct the vote of, and shared power to dispose or direct the disposition of, 488,711 shares; (ii) CSS has shared power to vote or direct the vote of, and shared power to dispose or direct the disposition of, 929 shares; (iii) EAM has shared power to vote or direct the vote of, and shared power to dispose or direct the disposition of, 847,704 shares; and (iv) Mr. Cohen has shared power to vote or direct the vote of, and shared power to dispose or direct the disposition of, 1,337,344 shares. Each of PAM, PCA, CSS, EAM and Mr. Cohen disclaims beneficial ownership of any of the securities reported. The address of the principal business office of (i) PAM and PCA is 72 Cummings Point Road, Stamford, CT 06902; (ii) CSS is 330 Madison Avenue, New York, NY 10173; and (iii) EAM is 510 Madison Avenue, New York, NY 10022.

(10) Based solely on information in reports filed by the beneficial owner under Section 13(d) or 13(g) of the Exchange Act. The beneficial owner is an investment adviser and possesses: (a) sole power to vote or direct the vote of 32,563 shares; (b) sole power to dispose or direct the disposition of 1,257,642 shares; and (c) shared power to dispose or direct the disposition of 31,763 shares.

(11) This number includes 24,654 shares owned directly, 225 shares owned under the ESI 401(k) Plan and 486,646 shares subject to presently exercisable options.

(12) This number includes 5,359 shares owned directly, 7,948 shares owned under the ESI 401(k) Plan and 73,007 shares subject to presently exercisable options.

(13) This number includes 4,757 shares owned directly and 86,341 shares subject to presently exercisable options.

(14) This number includes 5,929 shares owned directly and 62,499 shares subject to presently exercisable options.

(15) This number includes 1,023 shares owned directly and 56,804 shares subject to presently exercisable options.

(16) This number includes 9,297 shares owned directly, 2,000 shares owned by Mr. Cozzi's children and 13,130 shares deferred under the Directors Deferred Compensation Plan.

(17) This number includes 21,801 shares owned directly and 16,195 shares deferred under the Directors Deferred Compensation Plan.

(18) This number includes 9,072 shares owned directly and 3,607 shares held by a revocable trust for the benefit of Mr. Fowler and his spouse.

(19) This number includes 10,877 shares owned directly and 2,549 shares deferred under the Directors Deferred Compensation Plan.

(20) This number includes 5,835 shares owned directly and 2,857 shares deferred under the Directors Deferred Compensation Plan.

(21) This number includes 11,797 shares owned directly and 18,536 shares deferred under the Directors Deferred Compensation Plan.

(22) This number includes 8,297 shares owned directly and 2,368 shares deferred under the Directors Deferred Compensation Plan.

(23) This number includes 120,240 shares owned directly, 5,607 shares owned indirectly, 8,173 shares owned under the ESI 401(k) Plan, 771,129 shares subject to presently exercisable options, 472 shares under RSUs that will vest within 60 days and 55,635 shares deferred under the Directors Deferred Compensation Plan.

Table of Contents

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Certain Relationships and Related Person Transactions

Our written policies and procedures for the review, approval or ratification of any current or proposed transaction potentially involving an amount in excess of $120,000 in which we are or will become a participant and in which any related person had, or will have, a direct or indirect material interest ("Transaction") are set forth in our Corporate Governance Guidelines and are posted on our website at www.ittesi.com. These policies and procedures are as follows:

- Our Board of Directors must be notified in advance or as soon as practicable of the Transaction.
- The notification to our Board should be in writing and contain the following information regarding the Transaction:
  - the name of the related person;
  - the basis on which the person is a related person;
  - a detailed description of the related person's interest in the Transaction, including the related person's position(s) or relationship(s) with, or ownership in, a firm, corporation or other entity that is a party to, or has an interest in, the Transaction;
  - the approximate dollar value of the amount involved in the Transaction;
  - the approximate dollar amount of the related person's interest in the Transaction, which must be computed without regard to the amount of profit or loss;
  - in the case of an indebtedness Transaction:
    - the largest aggregate amount of all indebtedness outstanding at any time since the beginning of our last fiscal year and all amounts of interest payable on the outstanding indebtedness during our last fiscal year (excluding amounts due from the related person for purchases of goods and services subject to usual trade terms, for ordinary business travel and expense payments and for other transactions in the ordinary course of business);
    - the largest aggregate amount of principal that could be outstanding;
    - a schedule specifying the principal amount that is anticipated to be outstanding from time to time during the Transaction;
    - the term of the indebtedness;
    - the repayment schedule of the principal amount;
    - the total amount of any interest that is anticipated to accrue on the principal amount;
    - the interest rate; and
    - the payment schedule of the interest that accrues on the principal amount;
  - in the case of a lease or other Transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments due on or after the beginning of our last fiscal year, including any required or optional payments due during or at the conclusion of the Transaction;
  - in the case of a Transaction involving a purchase or sale of assets by or to us otherwise than in the ordinary course of business, the cost of the assets to the purchaser and, if acquired within two years of the Transaction, the cost of the assets to the seller and related information about the price of the assets; and
  - any other information regarding the Transaction or related person in the context of the Transaction that a reasonable investor of ours would consider material in light of the circumstances of the Transaction.
- Upon receipt of the above information, all of the members of our Board of Directors (except for any Director who is the related person or whose immediate family member is the related person) will review and consider the information and determine whether it is in our and our shareholders' best interests for the Board to approve or ratify the Transaction.
- Our Board of Directors is of the general belief that, except in exceptional circumstances, we should try to avoid participating in any Transaction, regardless of the Transaction's merit or benefit to us or our shareholders, in order to avoid any appearance of a conflict of interest or impropriety that may be perceived from our participation in the Transaction.
- If our Board of Directors approves or ratifies our participation in a Transaction, we may participate in the Transaction.
- If our Board of Directors does not approve or ratify our participation in a Transaction:
  - we will not participate in the Transaction, if our participation has not yet begun; or
  - we will attempt to end or limit as much as possible our participation in the Transaction without breaching any of our obligations arising from the Transaction.
- We will disclose our participation in any Transaction in accordance with Item 404(a) of Regulation S-K under the Exchange Act.

A "transaction" includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships, except for:

- any indebtedness transaction in which the related person qualifies as such solely because he or she is a beneficial owner of more than 5% of any class of our voting securities or is an immediate family member of the beneficial owner;

Table of Contents

- any employment relationship or transaction involving any of our executive officers and any related compensation solely resulting from that employment relationship or transaction, if:
  - we report the compensation arising from the relationship or transaction to the SEC in accordance with Item 402 of Regulation S-K under the Exchange Act; or
  - the executive officer is not an immediate family member of the related person and we would have reported such compensation to the SEC in accordance with Item 402 of Regulation S-K under the Exchange Act as compensation earned for services to us if the executive officer was a "named executive officer" of ours (as that term is defined in Item 402(a)(3) of Regulation S-K under the Exchange Act) and such compensation had been approved as such by the Compensation Committee of our Board of Directors;
- any compensation paid to any of our Directors, if the compensation is reported to the SEC in accordance with Item 402(k) of Regulation S-K under the Exchange Act;
- any transaction in which the rates or charges involved in the transaction are determined by competitive bids;
- any transaction that involves the rendering of services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental authority;
- any transaction that involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services; or
- any transaction in which the interest of the related person arises solely from the ownership of a class of our equity securities and all holders of that class of equity securities received the same benefit or a pro rata basis.

A "related person" means:

- any of our Directors or executive officers;
- anyone who has been nominated to be elected one of our Directors;
- any beneficial owner of more than 5% of any class of our voting securities; and
- any immediate family member of any of the foregoing persons.

An "immediate family member" means any child, stepchild, parent, stepparent, spouse, sibling, father and mother-in-law, son and daughter-in-law, brother and sister-in-law, and any person (other than a tenant or employee) who shares the household of a Director, executive officer, nominee for Director or beneficial owner of more than 5% of any class of our voting securities.

A person who has a position or relationship with a firm, corporation or other entity that engages in a transaction with us will not be deemed to have an "indirect material interest" where:

- the interest arises only:
  - from such person's position as a director of another corporation or organization that is a party to the transaction;
  - from the direct or indirect ownership by such person and all other related persons, in the aggregate, of less than a 10% equity interest in another person (other than a partnership) that is a party to the transaction; or
  - from both such position and ownership; or
- the interest arises only from such person's position as a limited partner in a partnership in which the person and all other related persons, in the aggregate, have an interest of less than 10%, and the person is not a general partner of and does not hold another position in the partnership.

There have been no such Transactions since January 1, 2013 and none are currently proposed.

Independent Directors

Our Board of Directors currently contains eight non-employee Directors: Messrs. Cohen, Cozzi, Fowler, Morgan, Odle, Weber and Yena, and Ms. Lau. Our Board of Directors has adopted categorical standards to assist it in making determinations of independence. Any transactions, relationships or arrangements that we may have with any of our Directors are immaterial, so long as none of those transactions, relationships or arrangements caused the Director to violate any of our categorical standards of independence. Our categorical standards of independence are contained in Section 5 of our Corporate Governance Guidelines and are posted on our website at www.ittesi.com. Our Board of Directors has determined that each of our current non-employee Directors is independent, and each of the non-employee Directors in 2013 was independent, pursuant to our categorical standards of independence and in accordance with Section 303A.02 of the NYSE Listed Company Manual. John E. Dean, a Director of ours since December 1994, was appointed our Executive Chairman and became an employee of ours on August 4, 2014. Prior to that date, Mr. Dean was a non-employee and independent Director. Due to the fact that Mr. Dean became an employee of ours on August 4, 2014 and was no longer independent, on that date Mr. Dean resigned as a member and Chairman of the Audit Committee of our Board of Directors and as a member of the Nominating and Corporate Governance Committee of our Board of Directors. The letter agreement between us and Mr. Dean provides that after we eliminate the role of Executive Chairman (which is expected to occur when we hire a new Chief Executive Officer), Mr. Dean will remain on our Board of Directors as a non-employee Director for the remainder of his term. In the application of our categorical standards of independence to determine the independence of each non-employee Director for service on our Board of Directors and on its Audit, Compensation and Nominating and Corporate Governance Committees, there were no transactions, relationships or arrangements with our non-employee Directors that were required to be disclosed pursuant to Item 404(a) of Regulation S-K under the Exchange Act, or if not disclosed, that our Board considered.

Table of Contents

Item 14. Principal Accountant Fees and Services.

Audit, Audit-Related, Tax and All Other Fees

The following table sets forth fees for audit services provided by PWC, our independent registered public accounting firm, for the audit of our consolidated financial statements for the years ended December 31, 2013 and 2012, and fees billed for other services rendered by PWC during those periods:

Type of Service	2013	2012
Audit	$5,798,603 (1)	$999,466 (2)
Audit-Related	$ 140,317 (3)	$211,372 (3)
Tax	$ 264,532 (4)	$300,191 (4)
All Other	$ 2,000 (5)	$ 1,800 (5)

(1) Represents fees for the following services associated with the audit or review of our financial statements:

- auditing our annual consolidated financial statements for our 2013 fiscal year;
- reviewing our consolidated financial statements included in our Quarterly Reports on Form 10-Q and our amended Quarterly Reports on Form 10-Q/A for the quarters in our 2013 fiscal year;
- conducting reviews of our internal control over financial reporting and assisting with requirements related to internal control over financial reporting as of December 31, 2013;
- conducting statutory audits (such as federal and state student financial aid compliance audits) for 2013; and
- providing other audit services in connection with statutory and regulatory filings or engagements for our 2013 fiscal year.

Those services were rendered in both the 2013 and 2014 calendar years.

(2) Represents fees for the following services associated with the audit or review of our financial statements:

- auditing our annual consolidated financial statements for our 2012 fiscal year;
- reviewing our consolidated financial statements included in our Quarterly Reports on Form 10-Q which were filed with the SEC in our 2012 fiscal year;
- conducting reviews of our internal control over financial reporting and assisting with requirements related to internal control over financial reporting in 2012;
- conducting statutory audits (such as federal and state student financial aid compliance audits) for 2012; and
- providing other audit services in connection with statutory and regulatory filings or engagements for our 2012 fiscal year.

Those services were rendered in both the 2012 and 2013 calendar years.

(3) Represents fees for services rendered in the period indicated that were related to the performance of the audit or review of our financial statements and were not reported as Audit services. The nature of those services included, without limitation:

- financial statement audits of our employee benefit plans; and
- assistance with respect to accounting, financial reporting and disclosure treatment of transactions or events, including:
  - consultations with us;
  - assistance with understanding and implementing related final and proposed rules, guidance, standards and interpretations from accounting rulemakers, the SEC and the NYSE;
  - helping us assess the actual or potential impact of final or proposed rules, guidance, standards and interpretations from accounting rulemakers, the SEC and the NYSE;
  - in 2012, review of SEC comment letters and responses;
  - in 2012, due diligence procedures pertaining to the financial and accounting implications of a potential business acquisition;
  - in 2013, review of our Registration Statement on Form S-8; and
  - in 2013, responding to a subpoena from the SEC related to the SEC's investigation of us.

(4) Represents fees for tax services rendered in the period indicated. The nature of those services included, without limitation:

- the preparation and/or review of original and amended income, franchise and other tax returns with respect to international, federal, state and local tax authorities;
- assistance with tax audits and appeals before federal, state and local tax authorities;
- tax advice and assistance related to employee benefit plans and statutory, regulatory or administrative developments, and tax credits and refund opportunities; and
- in 2012, due diligence procedures pertaining to the tax implications of a potential business acquisition.

(5) Represents fees for a subscription to PWC's accounting research tool.

Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee has adopted a policy that sets forth the procedures and conditions pursuant to which services proposed to be performed by our independent registered public accounting firm may be pre-approved by the Audit Committee. Under the

Audit Committee's policy, unless a type of service has received pre-approval by the Audit Committee without consideration of specific case-by-case services ("general pre-approval"), it requires specific pre-approval by the Audit Committee if it is to be provided by our independent registered public accounting firm.

For both types of pre-approval, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee also considers whether our independent registered public accounting firm is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with our business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance our ability to manage or control risk or improve audit quality. All such factors are considered as a whole, and no one factor is necessarily determinative.

In deciding whether to pre-approve any audit and non-audit services, the Audit Committee is also mindful of the relationship between fees for audit and non-audit services and may determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit, audit-related and tax services and the total amount of fees for certain permissible non-audit services classified as all other services.

The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers a different period and states otherwise and except that the pre-approvals related to an audit of our annual consolidated financial statements will last until that audit is completed. The Audit Committee annually reviews and pre-approves the services that may be provided by our independent registered public accounting firm without obtaining specific pre-approval. The Audit Committee may add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The policy does not delegate the Audit Committee's responsibilities to pre-approve services performed by our independent registered public accounting firm to our management. The Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee has delegated both types of pre-approval authority to the Chairperson of the Audit Committee with respect to any requests for services to be performed by our independent registered public accounting firm that cannot be delayed without inconvenience until the next scheduled Audit Committee meeting.

Pre-approval fee levels or budgeted amounts for all services to be provided by our independent registered public accounting firm are established annually by the Audit Committee. Any proposed services exceeding those levels or amounts require specific pre-approval by the Audit Committee.

All requests or applications for services to be provided by our independent registered public accounting firm that do not require specific approval by the Audit Committee are submitted to our Chief Financial Officer and must include a detailed description of the services to be rendered. Our Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee.

Requests or applications to provide services that require specific approval by the Audit Committee are submitted to the Audit Committee by both our independent registered public accounting firm and Chief Financial Officer.

All of the fees reported in the table above as "Audit," "Audit-Related," "Tax" and "All Other" services rendered by PWC in our 2013 and 2012 fiscal years were pre-approved by the Audit Committee.

The annual audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. Audit services include all services performed to comply with the standards of the Public Company Accounting Oversight Board, including, without limitation, the annual financial statement audit (including required quarterly reviews) and other procedures required to be performed by our independent registered public accounting firm to be able to form an opinion on our consolidated financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit or quarterly review. Audit services also include services performed in connection with the independent registered public accounting firm's report on internal control over financial reporting. The Audit Committee monitors the audit services engagement as necessary and also approves, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, our structure or other items.

In addition to the annual audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval of other audit services, which are those services that our independent registered public accounting firm reasonably can provide. Other audit services include:

- statutory audits (such as federal and state student financial aid compliance audits) or financial audits for our subsidiaries or affiliates;
- services associated with SEC registration statements, periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings; and
- consultations with our management concerning accounting, financial reporting or treatment of transactions or events.

Any audit services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All other audit services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

Table of Contents

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of our financial statements or that are traditionally performed by the independent registered public accounting firm. Since the Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to audit-related services. Audit-related services include, among others:

- due diligence services pertaining to potential business acquisitions or dispositions;
- consultations concerning accounting, financial reporting or disclosure treatment of transactions or events not classified as "audit services";
- assistance with understanding and implementing new and proposed accounting and financial reporting guidance from rulemaking authorities;
- financial statement audits of employee benefit plans;
- assistance with assessing the actual or potential impact of final or proposed rules, standards or interpretations from accounting authorities;
- agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters;
- attest services not required by statute or regulation;
- information systems reviews not performed in connection with the financial statement audit;
- subsidiary or equity investee audits not required by statute or regulation that are incremental to the audit of the consolidated financial statements;
- review of the effectiveness of the internal audit function;
- general assistance with understanding and implementing requirements of SEC rules and stock exchange listing standards; and
- consultations and audits in connection with acquisitions.

Any audit-related services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All other audit-related services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

Tax services include tax compliance, planning and advice, as well as tax only valuation services. Since the Audit Committee believes that the provision of tax services does not impair our independent registered public accounting firm's independence, and the SEC has stated that the independent registered public accounting firm may provide such services, the Audit Committee believes it may grant general pre-approval to tax services. The Audit Committee will not permit the retention of the independent registered public accounting firm in connection with a transaction initially recommended by our independent registered public accounting firm, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the IRC and related regulations. The Audit Committee will consult with our Chief Financial Officer or outside counsel to determine that the tax planning and reporting positions are consistent with the policy.

Any tax services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All tax services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

The Audit Committee believes, based on the SEC's rules prohibiting the independent registered public accounting firm from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general pre-approval to those permissible non-audit services classified as all other services that it believes are routine and recurring services, would not impair the independence of our independent registered public accounting firm and are consistent with the SEC's rules on auditor independence.

Any other services that the Audit Committee generally pre-approves are reflected in the minutes of the Audit Committee meeting at which the services were pre-approved. All other services not reflected in the Audit Committee's meeting minutes must be specifically approved by the Audit Committee before they are performed.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedules.

1. Financial Statements:

2. Financial Statement Schedules:

   Schedule II – Valuation and Qualifying Accounts of the Company for the years ended December 31, 2013, 2012 and 2011 appear on page F-56 of this Annual Report.

3. Quarterly Financial Results for 2013 and 2012 (unaudited) appear on page F-57 of this Annual Report.

4. Exhibits:

   A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits appearing on pages S-2 through S-7 of this Annual Report, which immediately precedes such exhibits, and is incorporated herein by reference.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting ("ICFR"), as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our ICFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of our records that in reasonable detail accurately and fairly reflect our transactions and asset dispositions;
- provide reasonable assurance that our transactions are recorded as necessary to permit the preparation of our financial statements in accordance with generally accepted accounting principles;
- provide reasonable assurance that our receipts and expenditures are being made only in accordance with authorizations of our management and Board of Directors (as appropriate); and
- provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our principal executive officer and principal financial officer, our management assessed the effectiveness of our ICFR as of December 31, 2013. In making this assessment, our management used the criteria described in the 1992 *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment using these criteria, management concluded that we did not maintain effective ICFR as of December 31, 2013 because of the material weaknesses described below.

A material weakness is a deficiency, or a combination of deficiencies, in ICFR, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Our management has concluded that there were four material weaknesses in our ICFR as of December 31, 2013. Specifically, we did not maintain effective internal controls related to:

- the assessment of events that could affect the determination of whether we are the primary beneficiary of variable interest entities in which we hold a variable interest;
- the assessment of the completeness and accuracy of the data maintained by the servicer of the private education loans that are owned by a variable interest entity that we were required to consolidate;
- the review of assumptions and methodologies developed by third-party consultants to project guarantee obligations under the 2009 RSA; and
- the timely identification and communication of information relevant to the private education loan programs to those members of our management who are responsible for our financial reporting processes.

Our management determined that these material weaknesses resulted in adjustments to multiple line items on our financial statements during the preparation of our 2013 annual consolidated financial statements and restatement of our interim consolidated financial statements as of and for the quarterly periods ended March 31, 2013, June 30, 2013 and September 30, 2013 or could result in a material misstatement of our annual or interim consolidated financial statements that would not be prevented or detected on a timely basis. As a result, our management determined that each of these deficiencies constituted a material weakness in our ICFR as of December 31, 2013, and our ICFR was not effective as of that date.

The control deficiency related to our assessment of events that could affect the determination of whether we are the primary beneficiary of a variable interest entity affected multiple line items in our financial statements. See Note 10 – Variable Interest Entities of the Notes to Consolidated Financial Statements for a discussion of the effect that consolidating a variable interest entity beginning February 28, 2013 had on our consolidated financial statements. The control deficiency related to our failure to maintain effective internal controls over the data maintained by the servicer of the private education loans could have resulted in misstatements of the fair value of the private education loans upon consolidation of the variable interest entity and the amount of the allowance for loan losses. The control deficiency related to our review of assumptions and methodologies developed by consultants to project guarantee obligations under the 2009 RSA resulted in adjustments to our loss related to loan program guarantees, other liabilities and related financial disclosures during the preparation of our 2013 consolidated financial statements. The control deficiency related to the identification and communication of information is considered to have contributed to the other identified material weaknesses, as relevant information related to the private loan programs was not provided timely to those individuals responsible for our financial reporting processes or our independent registered accountants.

Our management excluded the PEAKS Trust from our assessment of ICFR as of December 31, 2013, because beginning February 28, 2013, we became the primary beneficiary of the PEAKS Trust. The PEAKS Trust is a controlled variable interest entity whose assets and total revenues represented 11% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013.

The effectiveness of our ICFR as of December 31, 2013 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in their accompanying report.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
ITT Educational Services, Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(1) present fairly, in all material respects, the financial position of ITT Educational Services, Inc. and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because material weaknesses in internal control over financial reporting related to (i) the application of consolidation accounting to variable interest entities, (ii) the assessment of the completeness and accuracy of student loan data underlying estimates made in the valuation of the PEAKS Trust student loan receivables, (iii) controls over the estimation and review of contingent loss estimates related to the guarantee obligation under the 2009 RSA , and (iv) the timely identification and communication of information relevant to the private student loan programs to those members of management responsible for the Company's financial reporting processes existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses referred to above are described in the accompanying Management's Report on Internal Control Over Financial Reporting. We considered these material weaknesses in determining the nature, timing, and extent of audit tests applied in our audit of the December 31, 2013 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Table of Contents

As discussed in Note 17 to the consolidated financial statements, the Company is subject to risks and uncertainties including litigation, governmental investigations and increasing liquidity pressures that could affect amounts reported in the Company's financial statements in future periods.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded the PEAKS Trust from its assessment of internal control over financial reporting as of December 31, 2013, because beginning on February 28, 2013, the Company became the primary beneficiary of the PEAKS Trust. We have also excluded the PEAKS Trust from our audit of internal control over financial reporting. The PEAKS Trust is a controlled variable interest entity whose assets and total revenues represent 11% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Indianapolis, Indiana
October 15, 2014

Table of Contents

ITT EDUCATIONAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	As of December 31, 2013	As of December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 215,771	$ 243,465
Restricted cash	5,636	3,478
Accounts receivable, less allowance for doubtful accounts of $9,174 and $15,663	99,530	78,928
PEAKS Trust student loans, less allowance for loan losses of $0 and $0	7,730	0
Deferred income taxes	77,549	44,547
Prepaid expenses and other current assets	28,400	16,162
Total current assets	434,616	386,580
Property and equipment, net	168,509	189,890
PEAKS Trust student loans, excluding current portion, less allowance for loan losses of $29,349 and $0	76,479	0
Deferred income taxes	68,324	57,471
Other assets	58,923	41,263
Total assets	$ 806,851	$ 675,204
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 50,000	$ 0
Current portion of PEAKS Trust senior debt	157,883	0
Accounts payable	58,021	63,304
Accrued compensation and benefits	18,107	21,023
Other current liabilities	42,136	106,796
Deferred revenue	147,630	135,900
Total current liabilities	473,777	327,023
Long-term debt	0	140,000
PEAKS Trust senior debt, excluding current portion	71,341	0
Other liabilities	146,087	82,416
Total liabilities	691,205	549,439
Commitments and contingent liabilities (Note 16)		
Shareholders' equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized, none issued	0	0
Common stock, $.01 par value, 300,000,000 shares authorized, 37,068,904 issued	371	371
Capital surplus	200,040	197,113
Retained earnings	940,449	967,473
Accumulated other comprehensive income (loss)	3,146	(7,930)
Treasury stock, 13,698,716 and 13,744,395 shares, at cost	(1,028,360)	(1,031,262)
Total shareholders' equity	115,646	125,765
Total liabilities and shareholders' equity	$ 806,851	$ 675,204

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

ITT EDUCATIONAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands, except per share data)

	Year Ended December 31,		
	2013	2012	2011
Revenue	$1,072,311	$1,286,633	$1,499,977
Costs and expenses:			
Cost of educational services	486,353	538,350	553,065
Student services and administrative expenses	397,541	400,856	414,156
Asset impairment	0	15,166	0
Legal and other investigation costs	6,923	873	0
Loss related to loan program guarantees	90,964	101,025	23,500
Provision for PEAKS Trust student loan losses	29,349	0	0
Total costs and expenses	1,011,130	1,056,270	990,721
Operating income	61,181	230,363	509,256
(Loss) on consolidation of PEAKS Trust	(73,248)	0	0
Interest income	108	1,348	2,902
Interest (expense)	(25,277)	(3,723)	(1,825)
Income (loss) before provision for income taxes	(37,236)	227,988	510,333
Provision for income taxes	(10,212)	89,018	201,247
Net income (loss)	$ (27,024)	$ 138,970	$ 309,086
Earnings (loss) per share:			
Basic	$ (1.15)	$ 5.82	$ 11.27
Diluted	$ (1.15)	$ 5.79	$ 11.18
Weighted average shares outstanding:			
Basic	23,412	23,880	27,429
Diluted	23,412	23,999	27,655

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

ITT EDUCATIONAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)

	Year Ended December 31,		
	2013	2012	2011
Net income (loss)	$(27,024)	$138,970	$309,086
Other comprehensive income (loss), net of tax:			
Net actuarial pension (loss) gain, net of income tax of $6,811, $242 and $3,709	10,755	379	(5,795)
Net actuarial pension loss amortization, net of income tax of $790, $1,062 and $704	1,247	1,656	1,099
Prior service cost (credit) amortization, net of income tax of $604, $607 and $607	(951)	(948)	(948)
Pension settlement (loss), net of income tax of $17, $309 and $470	25	483	734
Unrealized gains (losses) on available-for-sale securities, net of income tax of $0, $0 and $0	0	(21)	(60)
Other comprehensive income (loss), net of tax	11,076	1,549	(4,970)
Comprehensive income (loss)	$(15,948)	$140,519	$304,116

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

ITT EDUCATIONAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net income (loss)	$ (27,024)	$ 138,970	$ 309,086
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	27,252	29,350	27,886
Provision for doubtful accounts	67,640	56,818	35,655
Deferred income taxes	(54,425)	(59,999)	(8,991)
Excess tax benefit from stock option exercises	0	(1,382)	(1,166)
Stock-based compensation expense	11,638	16,658	17,074
Settlement cost	(46,000)	21,750	0
Asset impairment	0	15,166	0
Accretion of discount on PEAKS Trust student loans	(12,996)	0	0
Accretion of discount on PEAKS Trust senior debt	4,926	0	0
Provision for PEAKS Trust student loan losses	29,349	0	0
Loss on consolidation of PEAKS Trust	73,248	0	0
Other	315	6,992	(1,936)
Changes in operating assets and liabilities, net of acquisition:			
Restricted cash	(455)	3,794	(942)
Accounts receivable	(87,225)	(87,138)	(17,004)
PEAKS Trust student loans	11,554	0	0
Accounts payable	(5,574)	(15,572)	10,956
Other operating assets and liabilities	74,203	72,857	35,964
Deferred revenue	11,299	(90,643)	(17,819)
Net cash flows from operating activities	77,725	107,621	388,763
Cash flows from investing activities:			
Facility expenditures and land purchases	(679)	(1,046)	(4,053)
Capital expenditures, net	(4,468)	(17,204)	(26,847)
Acquisition of company, net of cash acquired	(7,150)	0	0
Proceeds from sales and maturities of investments and repayment of notes	461	217,301	337,032
Purchase of investments and note advances	(1,242)	(75,887)	(352,195)
Net cash flows from investing activities	(13,078)	123,164	(46,063)
Cash flows from financing activities:			
Excess tax benefit from stock option exercises	0	1,382	1,166
Proceeds from exercise of stock options	0	8,345	5,599
Debt issue costs	0	(1,525)	0
Proceeds from revolving borrowings	0	175,000	0
Repayment of revolving borrowings	(90,000)	(185,000)	0
Repayment of PEAKS Trust senior debt	(1,946)	0	0
Repurchase of common stock and shares tendered for taxes	(395)	(209,371)	(283,320)
Net cash flows from financing activities	(92,341)	(211,169)	(276,555)
Net change in cash and cash equivalents	(27,694)	19,616	66,145
Cash and cash equivalents at beginning of period	243,465	223,849	157,704
Cash and cash equivalents at end of period	$215,771	$ 243,465	$ 223,849
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Income taxes (net of refunds)	$ 61,131	$ 139,919	$ 196,387
Interest	$ 3,310	$ 3,047	$ 1,842
Non-cash operating activities:			
Consolidation of PEAKS Trust assets	$113,819	0	0
Consolidation of PEAKS Trust liabilities	471	0	0
Non-cash financing activities:			
Issuance of treasury stock for Directors' compensation	$ 0	$ 37	$ 30
Consolidation of PEAKS Trust senior debt	226,096	0	0

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents

ITT EDUCATIONAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Dollars and shares in thousands)

	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury Shares	Common Stock in Treasury Amount	Total
Balance as of December 31, 2010	37,069	$ 371	$170,966	$526,619	($ 4,509)	(7,076)	($ 566,405)	$ 127,042
Net income				309,086				309,086
Other comprehensive (loss), net of income tax					(4,970)			(4,970)
Equity award vesting and exercises			(2,397)	(2,359)		155	10,355	5,599
Tax benefit from equity awards			1,190					1,190
Stock-based compensation			14,448					14,448
Common shares repurchased						(4,040)	(282,701)	(282,701)
Issuance of shares for Directors' compensation				1		1	29	30
Shares tendered for taxes						(9)	(619)	(619)
Balance as of December 31, 2011	37,069	371	184,207	833,347	(9,479)	(10,969)	(839,341)	169,105
Net income				138,970				138,970
Other comprehensive income, net of income tax					1,549			1,549
Equity award vesting and exercises			(4,224)	(4,843)		272	17,412	8,345
Tax benefit from equity awards			918					918
Stock-based compensation			16,212					16,212
Common shares repurchased						(3,026)	(207,918)	(207,918)
Issuance of shares for Directors' compensation				(1)		1	38	37
Shares tendered for taxes						(22)	(1,453)	(1,453)
Balance as of December 31, 2012	37,069	371	197,113	967,473	(7,930)	(13,744)	(1,031,262)	125,765
Net income (loss)				(27,024)				(27,024)
Other comprehensive income, net of income tax					11,076			11,076
Equity award vesting and exercises			(3,297)			68	3,297	0
Tax benefit from equity awards			(5,414)					(5,414)
Stock-based compensation			11,638					11,638
Shares tendered for taxes						(23)	(395)	(395)
Balance as of December 31, 2013	37,069	$ 371	$200,040	$940,449	$ 3,146	(13,699)	($ 1,028,360)	$ 115,646

The accompanying notes are an integral part of the consolidated financial statements.

ITT EDUCATIONAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data and unless otherwise stated)

1. Business and Significant Accounting Policies

Business. ITT Educational Services, Inc. is a leading proprietary provider of postsecondary degree programs in the United States based on revenue and student enrollment. References in these Notes to "we", "us" and "our" refer to ITT Educational Services, Inc., its wholly-owned subsidiaries and the variable interest entity ("VIE") of which it is the primary beneficiary, unless the context requires or indicates otherwise. As of December 31, 2013, we were offering:

- master, bachelor and associate degree programs to approximately 57,000 students at ITT Technical Institute and Daniel Webster College locations; and
- short-term information technology and business learning solutions for individuals.

In addition, we offered one or more of our online education programs to students who are located in all 50 states. As of December 31, 2013, we had 149 college locations (including 147 campuses and two learning sites) in 39 states and one training facility. All of our college locations are authorized by the applicable education authorities of the states in which they operate and are accredited by an accrediting commission recognized by the U.S. Department of Education ("ED"). We have provided career-oriented education programs since 1969 under the "ITT Technical Institute" name and since June 2009 under the "Daniel Webster College" name. In August 2013, we acquired all of the membership interests of Cable Holdings, LLC ("Cable Holdings"), an education company that offers short-term information technology and business learning solutions for individuals. See Note 4 – Acquisitions, for additional discussion of the acquisition of Cable Holdings. Our corporate headquarters are located in Carmel, Indiana.

Basis of Presentation. The accompanying consolidated financial statements include the accounts of our wholly-owned subsidiaries and the VIE that we consolidate, and have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Arrangements where we may have a variable interest in another party are evaluated in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification TM ("ASC" or "Codification") 810, "Consolidation" ("ASC 810"), to determine whether we would be required to consolidate the other party in our consolidated financial statements. See Note 10 – Variable Interest Entities, for a further discussion of those entities in which we held a variable interest and the consolidation of one of those entities in our consolidated financial statements as of December 31, 2013. All significant intercompany balances and transactions are eliminated upon consolidation.

Use of Estimates. The preparation of these consolidated financial statements, in accordance with GAAP, includes estimates and assumptions that are determined by our management. Actual results could differ materially from the estimates. Significant accounting estimates and assumptions are used for, but not limited to:

- the allowance for doubtful accounts;
- useful lives of tangible and intangible assets;
- asset impairments;
- fair value of the assets and liabilities of the PEAKS Trust upon consolidation;
- the provision for PEAKS Trust student loan losses;
- self insurance;
- pension liabilities;
- stock-based compensation;
- guarantees;
- unrecognized tax benefits; and
- litigation exposures.

Cash Equivalents. Highly liquid investments purchased with an original maturity of three months or less are considered cash equivalents.

Restricted Cash. The funds from the federal student financial aid programs under Title IV ("Title IV Programs") of the Higher Education Act of 1965, as amended ("HEA"), and certain other monies transferred to us by electronic funds transfer, are subject to holding restrictions before they can be drawn into our cash account. The funds subject to these holding periods are identified as restricted cash until they are applied to the students' accounts. In addition, funds held for students from Title IV Programs that result in a credit balance on a student's account are also reflected as restricted cash on our Consolidated Balance Sheet. The amount of these funds included in restricted cash on our Consolidated Balance Sheet as of December 31, 2013 was $2,433.

Beginning on February 28, 2013, we consolidated a VIE in our consolidated financial statements. Funds held by this VIE are classified as restricted cash on our Consolidated Balance Sheet, because those funds can only be used to satisfy the obligations of the VIE. Funds held by the VIE included in restricted cash on our Consolidated Balance Sheet as of December 31, 2013 were $2,593.

Table of Contents

We also maintain an escrow account for a guarantee obligation to an unaffiliated third party under a private education loan program for our students. The funds in this escrow account are considered restricted cash and classified as other assets. The balance in this escrow account was approximately $8,626 as of December 31, 2013 and approximately $8,622 as of December 31, 2012.

Investments. We classify our investments in marketable securities as available-for-sale or held-to-maturity depending on our investment intentions with regard to those securities on the date of acquisition. Investments classified as available-for-sale are recorded at their market value. Investments are classified as either current or non-current based on the maturity date of each security. We did not hold any investments in marketable securities as of December 31, 2013 or December 31, 2012.

The cost of securities sold is based on the specific identification method.

Accounts Receivable and Allowance for Doubtful Accounts. We extend unsecured credit to our institutions' students for tuition and fees, and we record a receivable for the tuition and fees earned in excess of the payment received from or on behalf of a student. The average student receivable balance is insignificant. We record an allowance for doubtful accounts with respect to accounts receivable based on the students' credit profiles and our historical collection experience related to amounts owed by our students with similar credit profiles. If our collection trends were to differ significantly from our historical collection experience, we would make a corresponding adjustment to our allowance for doubtful accounts.

When a student is no longer enrolled in an education program at one of our campuses, we increase the allowance for doubtful accounts related to the former student's receivable balance to reflect the amount we estimate will not be collected. The amount that we estimate will not be collected is based on a review of the historical collection experience for our campuses, adjusted as needed to reflect other facts and circumstances. We review the collection activity after a student withdraws or graduates from an education program and write off the accounts receivable, if we conclude that collection of the balance is not probable.

PEAKS Trust Student Loans. Beginning on February 28, 2013, we consolidated the VIE, which is a trust (the "PEAKS Trust") that purchased, owns and collects private education loans (the "PEAKS Trust Student Loans") made under the PEAKS Private Student Loan Program (the "PEAKS Program"), in our consolidated financial statements (the "Consolidation"). Certain of the PEAKS Trust Student Loans had evidence of credit deterioration since the date those loans were originated and, therefore, we determined that, at the date of the Consolidation, it was probable that all contractually required payments under those loans would not be collected. We recorded those loans at fair value at the date of the Consolidation. We also recorded at fair value PEAKS Trust Student Loans that did not individually have evidence of deteriorated credit quality at the date of the Consolidation, because we determined that the application of an expected cash flow model provided the most reasonable presentation and this accounting treatment was consistent with the American Institute of Certified Public Accountants' (the "AICPA") December 18, 2009 Confirmation Letter (the "Confirmation Letter"). No allowance for loan losses was recorded at the date of the Consolidation, because all of the PEAKS Trust Student Loans were recorded at fair value and future credit losses are considered in the estimate of fair value. Cash flows from PEAKS Trust Student Loans expected to be collected within the next 12 months have been classified as current in our consolidated balance sheet. The remaining balance is classified as non-current.

We aggregated the individual PEAKS Trust Student Loans into 24 separate pools of loans, based on common risk characteristics of the individual loans, which included:

- the fiscal quarter in which the PEAKS Trust Student Loan was originated; and
- the consumer credit score of the borrower.

Loans that did not have evidence of deteriorated credit quality were not aggregated in the same pools with loans that had evidence of deteriorated credit quality. The same aggregation criteria, however, were used to determine those loan pools. Each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

On a quarterly basis, we estimate the total principal and interest expected to be collected over the remaining life of each loan pool. These estimates include assumptions regarding default rates, forbearances and other factors that reflect then-current market conditions. If a decrease in the expected cash flows of a loan pool is probable and would cause the expected cash flows to be less than the expected cash flows at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later, we would record the impairment as:

- a provision for PEAKS Trust student loan losses in our Consolidated Statement of Income; and
- an increase in the allowance for loan losses on our Consolidated Balance Sheet.

The provision for PEAKS Trust student loan losses represents the increase in the allowance for loan losses that occurred during the period. The allowance for loan losses is the difference between the carrying value and the total present value of the expected principal and interest collections of each loan pool, discounted by the loan pool's

Table of Contents

effective interest rate at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later. If a significant increase in the expected cash flows of a loan pool is probable and would cause the expected cash flows to be greater than the expected cash flows at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later, we would:

- first reverse any allowance for loan losses with respect to that loan pool that was previously recorded on our Consolidated Balance Sheet, up to the amount of that allowance; and
- record any remaining increase prospectively as a yield adjustment over the remaining estimated lives of the loans in the loan pool.

The impact of prepayments, changes in variable interest rates and any other changes in the timing of the expected cash flows of a loan pool are recognized prospectively as adjustments to interest income.

The impact of modifications made to loans in a loan pool is incorporated into our quarterly assessment of whether a significant change in the expected cash flows of the loan pool is probable or has occurred. We consider the historical loss experience associated with the PEAKS Trust Student Loans in estimating the future probabilities of default for all of the outstanding PEAKS Trust Student Loans.

The excess of any cash flows expected to be collected with respect to a loan pool of the PEAKS Trust Student Loans over the carrying value of the loan pool is referred to as the accretable yield. The accretable yield is not reported on our Consolidated Balance Sheets, but it is accreted and included as interest income at a level rate of return over the remaining estimated life of the loan pool. If we determine that the timing and/or amounts of expected cash flows with respect to a loan pool are not reasonably estimable, no interest income would be accreted and the loans in that loan pool would be reported as nonaccrual loans. We recognize the accretable yield of the PEAKS Trust Student Loans as interest income, because the timing and the amounts of the expected cash flows are reasonably estimable.

If a PEAKS Trust Student Loan is paid in full or charged-off, that loan is removed from the loan pool. If the amount of the proceeds received for that loan, if any, is less than the unpaid principal balance of the loan, the difference is first applied against the loan pool's nonaccretable difference for principal losses (i.e., the lifetime credit loss estimate established at the date of the Consolidation). If the nonaccretable difference for principal losses with respect to a loan pool has been fully depleted, any unpaid loan principal balance in excess of the proceeds received for the loan is charged-off against the loan pool's allowance for loan losses. We do not recognize charge-offs of individual PEAKS Trust Student Loans when those loans reach certain stages of delinquency, because those loans are accounted for at a loan pool level.

If any portion of a PEAKS Trust Student Loan that had previously been charged-off is recovered, the amount collected increases the applicable loan pool's nonaccretable difference. If the nonaccretable difference with respect to the applicable loan pool has been fully depleted, the amount collected increases that loan pool's allowance for loan losses.

Property and Equipment. Property and equipment is recorded on our consolidated financial statements at cost, less accumulated depreciation and amortization. Maintenance and repairs are expensed as incurred. Expenditures that extend the useful lives of our assets are capitalized.

Developed or purchased software is capitalized in accordance with ASC 350, "Intangibles – Goodwill and Other." Facility construction costs are capitalized as incurred, with depreciation commencing when the facility is placed in service.

Provisions for depreciation and amortization of property and equipment have generally been made using the straight-line method over the following ranges of useful lives:

Type of Property and Equipment	Estimated Useful Life
Furniture and equipment	3 to 10 years
Leasehold, building and land improvements	3 to 14 years
Buildings	20 to 40 years

We amortize leasehold improvements using the straight-line method over the shorter of the life of the improvement or the term of the underlying lease. Land is not depreciated.

Asset Impairment. We regularly review our long-lived assets (which are primarily property and equipment) and notes receivable for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. We evaluate each note receivable individually for impairment.

If we determine that the carrying amount of a long-lived asset exceeds the total amount of the estimated undiscounted future cash flows from that asset, we would determine the fair value of that asset. If the fair value is less than the net book value of the long-lived asset, we recognize an impairment loss in the amount of the difference. We base our impairment analyses of long-lived assets on our current business strategy, expected growth rates and estimates of future economic and regulatory conditions.

Table of Contents

We consider a note receivable to be impaired when, based on current information or events, it is probable that we will be unable to collect all amounts of principal and interest owed on the underlying note according to the terms of the note. If the present value of the expected future cash flows from the note receivable discounted at the underlying note's effective interest rate is less than the carrying value of the underlying note, we recognize an impairment loss in the amount of the difference.

Insurance Liabilities. We record liabilities and related expenses for medical, workers compensation and other insurance in accordance with the contractual terms of the insurance policies. We record the total liabilities that are estimable and probable as of the reporting date for our insurance liabilities that we self-insure. The accounting for our self-insured arrangements involves estimates and judgments to determine the liability to be recorded for reported claims and claims incurred but not reported. We consider our historical experience in determining the appropriate insurance reserves to record. If our current insurance claim trends were to differ significantly from our historic claim experience, however, we would make a corresponding adjustment to our insurance reserves.

Contingent Liabilities. We are subject to various claims and contingencies in the ordinary course of our business, including those related to litigation, government investigations, business transactions, guarantee obligations and employee-related matters, among others. When we are aware of a claim or potential claim, we assess the likelihood of any loss or exposure. If it is probable that a loss will result and the amount of the loss can be reasonably estimated, we record a liability for the loss. The liability recorded includes probable and estimable legal costs associated with the claim or potential claim. If the loss is not probable or the amount of the loss cannot be reasonably estimated, we disclose the claim if the likelihood of a potential loss is reasonably possible and the amount involved is material.

We determine the amount of our contingent liabilities related to our guarantee obligations by estimating the expected payments to be made under the guarantee and the amount that we expect to be repaid to us. We also consider the payment options available to us. To the extent that we project that we will have sufficient funds available to discharge our guarantee obligations for the outstanding balance of those private education loans that have been charged off at the time that they default, we incorporate that assumption into our estimate of the contingent liability. If we do not believe that we will have sufficient funds available, we assume that we will make monthly payments to satisfy our guarantee obligations as allowed under the applicable agreements. We discount the amount of those expected future monthly payments at a risk-free rate of interest. Making payments for the full amount of the charged-off loans at the time that they default results in us paying a lesser amount than we otherwise would have been required to pay under our guarantee obligations in future periods and, therefore, results in an estimated contingent liability that is less than if we had assumed we would make monthly payments in the future.

We discount the amounts that we expect will be repaid to us to reflect a risk-free rate of interest. The difference between the amount of the guarantee payments that we expect to make and the discounted amount that we expect will be repaid to us is included in our estimate of the amount of our contingent liability related to our guarantee obligations.

Debt. The PEAKS Trust issued senior debt in the initial aggregate principal amount of $300,000 (the "PEAKS Senior Debt"). In accordance with ASC 810, we included the PEAKS Senior Debt on our consolidated balance sheet at its fair value as of February 28, 2013, the date of the Consolidation. The difference between the fair value of the PEAKS Senior Debt and its outstanding aggregate principal balance at the date of the Consolidation was recorded as an accrued discount on our consolidated balance sheet at the date of the Consolidation. The accrued discount will be recognized in interest expense at a level rate of return over the life of the PEAKS Senior Debt.

Treasury Stock. Repurchases of outstanding shares of our common stock are recorded at cost. Treasury stock issued in fulfillment of stock-based compensation awards or other obligations is accounted for under the last in, first out method. We record "losses" from the sale of treasury stock that exceed previous net "gains" from the sale of treasury stock as a charge to retained earnings.

Recognition of Revenue. Tuition revenue is recorded on a straight-line basis over the length of the applicable course to the extent that we consider the collectability of that revenue to be reasonably assured. If a student withdraws from an institution, the standards of most state education authorities that regulate our institutions, the accrediting commissions that accredit our institutions and our own internal policy limit a student's obligation for tuition and fees to the institution depending on when a student withdraws during an academic term ("Refund Policies"). The terms of the Refund Policies vary by state, and the limitations imposed by the Refund Policies are generally based on the portion of the academic term that has elapsed at the time the student withdraws. Generally, the greater the portion of the academic term that has elapsed at the time the student withdraws, the greater the student's obligation is to the institution for the tuition and fees related to that academic term. We record revenue net of any refunds that result from any applicable Refund Policy. On an individual student basis, tuition earned in excess of cash received is recorded as accounts receivable, and cash received in excess of tuition earned is recorded as deferred revenue.

Table of Contents

We do not charge a separate fee for textbooks that students use in their education programs. We record the cost of these textbooks in prepaid expenses and other current assets and amortize the cost of textbooks on a straight-line basis over the applicable course length. Tool kit sales, and the related cost, are recognized when the student receives the tool kit. Academic fees (which are charged only one time to students on their first day of class attendance) are recognized as revenue on a straight-line basis over the average length of the education program. If a student withdraws from an institution, all unrecognized revenue relating to his or her fees, net of any refunds that result from any applicable Refund Policy, is recognized upon the student's departure. An administrative fee is charged to a student and recognized as revenue when the student withdraws or graduates from an education program at an institution. We reassess the collectability of tuition revenue on a student-by-student basis throughout our revenue recognition period. We reassess the collectability of tuition revenue that we may earn based on new information and changes in the facts and circumstances relevant to a student's ability to pay, which primarily include when a student withdraws from a program of study.

We report 12 weeks of tuition revenue in each of our four fiscal quarters. We standardized the number of weeks of revenue reported in each fiscal quarter, because the timing of student breaks in a calendar quarter can fluctuate from quarter to quarter each year. The total number of weeks of school during each year is 48.

We provide institutional scholarships and awards to our institutions' students, which those students use to help reduce their educational expenses. Institutional scholarships and awards reduce the students' tuition charges and are recorded as offsets to revenue in the period in which the tuition is earned.

Interest income on the PEAKS Trust Student Loans, which is the accretion of the accretable yield on the PEAKS Trust Student Loans, is included in revenue and recognized based on the effective interest method as described in Note 11 – PEAKS Trust Student Loans.

Advertising Costs. We expense all advertising costs as incurred. Advertising expense, which is included in Student services and administrative expenses in our Consolidated Statements of Income, was $177,791 in the year ended December 31, 2013, $174,009 in the year ended December 31, 2012 and $192,080 in the year ended December 2011.

Equity-Based Compensation. Stock-based compensation cost for our equity instruments exchanged for employee and director services is measured at the date of grant, based on the calculated fair value of the grant and is recognized as an expense on a straight-line basis over the period of time that the grantee must provide services to us before the stock-based compensation is fully vested. The vesting period is generally the period set forth in the agreement granting the stock-based compensation. Under the terms of our stock-based compensation plans, some grants immediately vest in full when the grantee's employment or service terminates due to death or disability, and, for grants made prior to November 24, 2010, when he or she retires. As a result, in certain circumstances, the period of time that the grantee must provide services to us in order for that stock-based compensation to fully vest may be less than the vesting period set forth in the agreement granting the stock-based compensation. In these instances, compensation expense will be recognized over this shorter period.

We use a binomial option pricing model to determine the fair value of stock options granted and we use the market price of our common stock to determine the fair value of restricted stock and restricted stock units ("RSUs") granted. The binomial option pricing model takes into account the variables defined below:

- "Volatility" is a statistical measure of the extent to which the stock price is expected to fluctuate during a period and combines our historical stock price volatility and the implied volatility as measured by actively traded stock options.
- "Expected life" is the weighted average period that those stock options are expected to remain outstanding, based on the historical patterns of our stock option exercises, as adjusted to reflect the current position-level demographics of the stock option grantees.
- "Risk-free interest rate" is based on interest rates for terms that are similar to the expected life of the stock options.
- "Dividend yield" is based on our historical and expected future dividend payment practices.

We generally issue shares of our common stock from treasury shares upon the exercise of stock options or vesting of RSUs. As of December 31, 2013, approximately 13.7 million shares of our common stock were held in treasury. Our Board of Directors has authorized us to repurchase outstanding shares of our common stock, but we do not expect to repurchase any outstanding shares of our common stock in 2014. See Note 8 – Stock Repurchases, for additional disclosures regarding our stock repurchases.

Operating Leases. We lease our non-owned facilities under operating lease agreements. Common provisions within our operating lease agreements include:

- renewal options, which can be exercised after the initial lease term;
- rent escalation clauses;

Table of Contents

- tenant improvement allowances; and
- rent holidays.

We record the rent expense associated with each operating lease agreement evenly over the term of the lease. The difference between the amount of rent expense recorded and the amount of rent actually paid is recorded as either prepaid or accrued rent, which is included in Other assets or Other liabilities, on our Consolidated Balance Sheets. We recognize a liability for the costs to terminate the lease of a leased facility when we cease using that leased facility.

Income Taxes. We account for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between the tax bases and financial reporting bases of our assets and liabilities.

We follow the guidance under ASC 740, "Income Taxes" ("ASC 740"), which prescribes a single, comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on its tax returns. This guidance requires us to evaluate whether it is more likely than not, based on the technical merits of a tax position, that the benefits resulting from the position will be realized by us.

We record interest and penalties related to unrecognized tax benefits in income tax expense.

2. Revision of 2011 and 2012 Financial Statements

We identified corrections to our 2011 and 2012 financial statements related to the recognition of revenue with respect to students who withdrew from a program of study. We also corrected the calculation of the contingent loss for the 2009 RSA in our 2012 financial statements.

We evaluated the cumulative impact of those items on prior periods under the guidance in ASC 250, "Accounting Changes and Error Corrections" ("ASC 250"), relating to SEC Staff Accounting Bulletin ("SAB") No. 99, "Materiality." We also evaluated the impact of correcting those items through an adjustment to our financial statements for the fiscal year ended December 31, 2013. We concluded, based on the guidance in ASC 250 relating to SAB No. 108, "Considering the Effects of Prior Year Misstatement when Quantifying Misstatements in Current Year Financial Statements," that the correction of those items in our 2011 and 2012 fiscal year would not be material, but would be material if corrected out-of-period in our 2013 fiscal year. As a result, we have revised our audited consolidated financial statements as of and for the fiscal years ended December 31, 2012 and December 31, 2011 to reflect the correction of those items that should have been recognized in those periods. The amounts of the corrections as of December 31, 2012 and December 31, 2011 are shown in the Revisions column in the tables below.

Our revised Consolidated Balance Sheet as of December 31, 2012 and Consolidated Statements of Shareholders' Equity as of December 31, 2012, 2011 and 2010 also reflect the correction of the classification of funds held for students from Title IV Programs that result in a credit balance on a student's account as restricted and amounts related to the vesting of RSUs from retained earnings to capital surplus. The amounts of these corrections related to our Consolidated Balance Sheets were not material and are shown in the Revisions column in the tables below. The December 31, 2012 Consolidated Balance Sheet reflects an adjustment to increase retained earnings by $5,366 and decrease capital surplus by $5,366 for the cumulative effect of the classification of the vesting of RSUs as of December 31, 2011. We also increased retained earnings as of December 31, 2011 by $306 for the cumulative effect of the adjustment for the recognition of revenue with respect to students who withdrew from a program of study in prior years.

The December 31, 2010 amounts presented on our Consolidated Statement of Shareholders' Equity reflect an adjustment to increase retained earnings by $2,969 and decrease capital surplus by $2,969 for the cumulative effect of the classification of the vesting of RSUs. We also decreased retained earnings as of December 31, 2010 in our Consolidated Statement of Shareholders' Equity by $1,028 for the cumulative effect of the adjustments for the recognition of revenue with respect to students who withdrew from a program of study in prior periods.

We reclassified the following items in our Consolidated Statement of Income for the year ended December 31, 2012 to conform with the current year presentation:

- settlement cost was reclassified to loss related to loan program guarantees;
- loss related to private student loan programs was reclassified to loss related to loan program guarantees; and
- an asset impairment was reclassified from loss related to private student loan programs to a separate line item.

We also corrected the classification of losses related to loan program guarantees, which were previously recorded as reductions to revenue in our Consolidated Statements of Income for the years ended December 31, 2012 and December 31, 2011, to report those amounts on a separate line. The amount of those corrections is shown in the Revisions column in the tables below.

Table of Contents

The following table sets forth the effect of the revisions on the affected line items on our Consolidated Balance Sheet as of the date indicated.

	As of December 31, 2012		
	As Previously Reported	Revisions	As Revised
Balance Sheet Data:			
Cash and cash equivalents	$246,342	$ (2,877)	$243,465
Restricted cash	601	2,877	3,478
Accounts receivable, net	77,313	1,615	78,928
Deferred income taxes (current)	44,547	0	44,547
Total current assets	384,965	1,615	386,580
Deferred income taxes	56,112	1,359	57,471
Total assets	672,230	2,974	675,204
Other current liabilities	86,722	20,074	106,796
Total current liabilities	306,949	20,074	327,023
Other liabilities	98,327	(15,911)	82,416
Total liabilities	545,276	4,163	549,439
Capital surplus	206,703	(9,590)	197,113
Retained earnings	959,072	8,401	967,473
Total shareholders' equity	126,954	(1,189)	125,765
Total liabilities and shareholders' equity	672,230	2,974	675,204

The following table sets forth the effect of the revisions and reclassifications on the affected line items in our Consolidated Statement of Income for the year ended December 31, 2012.

	Year Ended December 31, 2012			
	As Previously Reported	Revisions	Reclassifications	As Revised
Statement of Income Data:				
Revenue	$1,287,209	$ (576)	$ 0	$1,286,633
Cost of educational services	539,223	0	(873)	538,350
Student services and administrative expenses	422,345	(21,489)	0	400,856
Settlement cost	21,750	0	(21,750)	0
Asset impairment	0	0	15,166	15,166
Legal and other investigation costs	0	0	873	873
Loss related to private student loan programs	71,102	0	(71,102)	0
Loss related to loan program guarantees	0	23,339	77,686	101,025
Total costs and expenses	1,054,420	1,850	0	1,056,270
Operating income	232,789	(2,426)	0	230,363
Income before provision for income taxes	230,414	(2,426)	0	227,988
Provision for income taxes	89,949	(931)	0	89,018
Net income	140,465	(1,495)	0	138,970
Earnings per share:				
Basic	$ 5.88			$ 5.82
Diluted	$ 5.85			$ 5.79

Table of Contents

The following table sets forth the effect of the revisions on the affected line items in our Consolidated Statement of Income for the year ended December 31, 2011.

	Year Ended December 31, 2011		
	As Previously Reported	Revisions	As Revised
Statement of Income Data:			
Revenue	$1,499,949	$ (28)	$1,499,977
Cost of educational services	553,065	0	553,065
Student services and administrative expenses	439,808	(25,652)	414,156
Loss related to loan program guarantees	0	23,500	23,500
Total costs and expenses	992,873	(2,152)	990,721
Operating income	507,076	2,180	509,256
Income before provision for income taxes	508,153	2,180	510,333
Provision for income taxes	200,401	846	201,247
Net income	307,752	1,334	309,086
Earnings per share:			
Basic	$ 11.22		$ 11.27
Diluted	$ 11.13		$ 11.18

The following table sets forth the effect of the revisions on the affected line items in our Consolidated Statement of Comprehensive Income for the year ended December 31, 2012.

	Year Ended December 31, 2012		
	As Previously Reported	Revisions	As Revised
Statement of Comprehensive Income Data:			
Net income	$140,465	$ (1,495)	$138,970
Comprehensive income	142,014	(1,495)	140,519

The following table sets forth the effect of the revisions on the affected line items in our Consolidated Statement of Comprehensive Income for the year ended December 31, 2011.

	Year Ended December 31, 2011		
	As Previously Reported	Revisions	As Revised
Statement of Comprehensive Income Data:			
Net income	$307,752	$ 1,334	$309,086
Comprehensive income	302,782	1,334	304,116

The following table sets forth the effect of the revisions on the affected line items in our Consolidated Statement of Cash Flows for the year ended December 31, 2012.

	Year Ended December 31, 2012		
	As Previously Reported	Revisions	As Revised
Statement of Cash Flows Data:			
Net income	$ 140,465	$ (1,495)	$138,970
Provision for doubtful accounts	78,307	(21,489)	56,818
Deferred income taxes	(58,640)	(1,359)	(59,999)
Restricted cash	1,527	2,267	3,794
Accounts receivable	(107,514)	20,376	(87,138)
Other operating assets and liabilities	68,890	3,967	72,857
Net cash flows from operating activities	105,354	2,267	107,621

Table of Contents

The following table sets forth the effect of the revisions on the affected line items in our Consolidated Statement of Cash Flows for the year ended December 31, 2011.

	Year Ended December 31, 2011		
	As Previously Reported	Revisions	As Revised
Statement of Cash Flows Data:			
Net income	$307,752	$ 1,334	$309,086
Provision for doubtful accounts	61,308	(25,653)	35,655
Deferred income taxes	(8,991)	0	(8,991)
Restricted cash	(1,873)	931	(942)
Accounts receivable	(40,477)	23,473	(17,004)
Other operating assets and liabilities	35,118	846	35,964
Net cash flows from operating activities	387,832	931	388,763

The revisions had an effect on capital surplus, retained earnings and total shareholders' equity as of December 31, 2012, December 31, 2011 and December 31, 2010, as reported in our Consolidated Statements of Shareholders' Equity. The effect on capital surplus, retained earnings and total shareholders' equity as of December 31, 2012 is shown in the Balance Sheet Data table above. The revisions resulted in the following changes to capital surplus, retained earnings and total shareholders' equity as of December 31, 2011:

- a decrease in capital surplus of $5,366;
- an increase in retained earnings of $5,672; and
- an increase in total shareholders' equity of $306.

The revisions resulted in the following changes to capital surplus, retained earnings and total shareholders' equity as of December 31, 2010:

- a decrease in capital surplus of $2,969;
- an increase in retained earnings of $1,941; and
- a decrease in total shareholders' equity of $1,028.

The revisions had an effect on net income for the years ended December 31, 2012 and December 31, 2011, as reported in our Consolidated Statements of Shareholders' Equity. The effect of the revisions on net income for the years ended December 31, 2012 and December 31, 2011, as reported in our Consolidated Statements of Shareholders' Equity, is shown in the Statement of Income Data tables above.

3. New Accounting Guidance

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, which is included in the Codification under ASC 606, "Revenue Recognition" ("ASC 606"). This guidance requires the recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration expected in exchange for those goods or services. This guidance will become effective for our interim and annual reporting periods beginning January 1, 2017. We have not completed our evaluation of the impact that this guidance may have on our consolidated financial statements.

In April 2014, the FASB issued ASU No. 2014-08, which is included in the Codification under ASC 205, "Presentation of Financial Statements" ("ASC 205"). This update changes the requirements for reporting discontinued operations and clarifies when disposals of groups of assets qualify for a discontinued operations presentation under ASC 205. This guidance will become effective for our interim and annual reporting periods beginning January 1, 2015, and will be applied to any transactions that meet those requirements beginning January 1, 2015.

In July 2013, the FASB issued ASU No. 2013-11, which is included in the Codification under ASC 740. This update provides guidance on the presentation of unrecognized tax benefits when net operating loss carryforwards, similar tax losses or tax credit carryforwards exist. This guidance became effective for our interim and annual reporting periods beginning January 1, 2014. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In February 2013, the FASB issued ASU No. 2013-02, which is included in the Codification under ASC 220, "Other Comprehensive Income" ("ASC 220"). This update requires an entity to report the effect, by component, of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income. This guidance was effective for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance requires us to provide additional disclosures regarding the amounts reclassified out of accumulated other comprehensive income during a reporting period. We have included these disclosures in the footnotes to our consolidated financial statements. The adoption of this guidance did not have a material impact on our consolidated financial statements

Table of Contents

In October 2012, the FASB issued ASU No. 2012-04, which makes technical corrections, clarifications and limited-scope improvements to various topics throughout the Codification. The amendments in this ASU that do not have transition guidance were effective upon issuance, and the amendments that are subject to transition guidance were effective for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In July 2012, the FASB issued ASU No. 2012-02, which is included in the Codification under ASC 350, "Intangibles – Goodwill and Other" ("ASC 350"). This update allows an entity to first assess qualitative factors to determine whether it must perform a quantitative impairment test. An entity would be required to calculate the fair value of an indefinite-lived intangible asset, if the entity determines, based on a qualitative assessment, that it is more likely than not that the indefinite-lived intangible asset is impaired. This guidance was effective for impairment tests performed for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, which is included in the Codification under ASC 210, "Balance Sheet" ("ASC 210"). This update provides for enhanced disclosures to help users of financial statements evaluate the effect or potential effect of netting arrangements on an entity's financial position. In January 2013, the FASB issued ASU No. 2013-01, which clarified the scope of the disclosures required under ASU No. 2011-11. Both of these updates were effective for our interim and annual reporting periods beginning January 1, 2013. The adoption of this guidance did not have a material impact on our consolidated financial statements.

4. Acquisitions

On August 1, 2013, we acquired all of the membership interests of Cable Holdings for $7,150 in cash, net of cash acquired. Cable Holdings is an education company that operates under the name of Benchmark Learning and offers short-term information technology and business learning solutions for career advancers and other professionals. The acquisition of Cable Holdings allowed us to immediately begin operating in the short-term learning solutions market, which we hope to expand upon by leveraging our current employer relationships, alumni and facilities, and integrating Cable Holdings' operations into the Center for Professional Development @ ITT Technical Institute (the "CPD").

Our consolidated financial statements include the results of Cable Holdings from the acquisition date. The revenue and expenses of Cable Holdings included in our Consolidated Statements of Income for the year ended December 31, 2013 were not material. Our revenue, net income and earnings per share would not have been materially affected, if the revenue and expenses of Cable Holdings were presented for the years ended December 31, 2013, 2012 and 2011 as if the transaction had occurred at the beginning of the earliest period presented. The costs incurred to acquire Cable Holdings were expensed and were not material.

We accounted for the acquisition of Cable Holdings in accordance with ASC 805, "Business Combinations" ("ASC 805"), which requires the use of the acquisition method of accounting for all business combinations. We considered the report of a third-party valuation firm in allocating the purchase price to identifiable net assets. The excess of the consideration paid over the estimated fair values of the identifiable net assets acquired was recognized as goodwill and is expected to be deductible for income tax purposes. The identifiable intangible assets acquired consist of customer relationships, non-compete agreements and training materials, which are being amortized over a weighted-average life of approximately five years. The estimated aggregate amortization expense in each of the next five succeeding fiscal years is not material.

The following table sets forth the estimated fair values to be allocated to the major classes of assets acquired and liabilities assumed in the Cable Holdings acquisition as of the acquisition date:

	Assets Acquired	Liabilities Assumed
Accounts receivable and other current assets	$ 1,110	
Furniture and equipment	480	
Identifiable intangible assets	2,390	
Goodwill	3,958	
Accounts payable and other liabilities		$ 788

On January 31, 2014, we acquired certain assets and assumed certain liabilities of CompetenC Solutions, Inc. and Great Equalizer, Inc. for approximately $5,186. CompetenC Solutions, Inc. and Great Equalizer, Inc. were education companies that operated primarily under the name of Ascolta and offered short-term information technology and business learning solutions for career advancers and other professionals. We acquired the Ascolta business to expand the CPD offerings in the short-term learning solutions market.

We will account for the acquisition of the Ascolta business in accordance with ASC 805. The purchase price has been preliminarily allocated to identifiable net assets. The excess of the consideration paid over the estimated fair values of the identifiable net assets acquired will be recognized as goodwill and is expected to be deductible for income tax purposes. The fair value of the identifiable intangible assets acquired is preliminary, pending receipt of the final valuation. The identifiable intangible assets acquired consist of customer relationships and non-compete agreements, which are expected to be amortized over an estimated weighted-average life of approximately five years.

The following table sets forth the estimated fair values allocated to the major classes of assets acquired and liabilities assumed in the Ascolta business acquisition as of the acquisition date:

	Assets Acquired	Liabilities Assumed
Accounts receivable and other current assets	$ 849	
Furniture and equipment	370	
Identifiable intangible assets	1,670	
Goodwill	3,332	
Other current liabilities		$ 1,035

The estimated fair values of the assets acquired and liabilities assumed in the Ascolta acquisition are preliminary and based on information that was available to us as of the acquisition date and as of the date of issuance of these financial statements. We may revise the allocation of the purchase price when we complete the final review of the information. We expect to finalize the purchase price allocation by October 31, 2014.

Our revenue, net income and earnings per share would not have been materially affected, if the revenue and expenses of the Ascolta business were presented for the years ended December 31, 2013, 2012 and 2011 as if the transaction had occurred at the beginning of the earliest period presented. The costs incurred to acquire the Ascolta business were expensed and were not material.

5. Fair Value and Credit Risk of Financial Instruments

Fair value for financial reporting is defined as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date. The fair value measurement of our financial assets utilized assumptions categorized as observable inputs under the accounting guidance. Observable inputs are assumptions based on independent market data sources.

The following table sets forth information regarding the recurring fair value measurement of our financial assets as reflected on our Consolidated Balance Sheet as of December 31, 2013:

		Fair Value Measurements at Reporting Date Using		
Description	As of December 31, 2013	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Cash equivalents:				
Money market fund	$ 214,985	$ 214,985	$ 0	$ 0
Restricted cash:				
Money market fund	2,433	2,433	0	0
Other assets:				
Money market fund	8,626	8,626	0	0
	$ 226,044	$ 226,044	$ 0	$ 0

Table of Contents

The following table sets forth information regarding the recurring fair value measurement of our financial assets as reflected on our Consolidated Balance Sheet as of December 31, 2012:

		Fair Value Measurements at Reporting Date Using		
Description	As of December 31, 2012	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Cash equivalents:				
Money market fund	$ 151,784	$ 151,784	$ 0	$ 0
Restricted cash:				
Money market fund	2,877	2,877	0	0
Other assets:				
Money market fund	8,622	8,622	0	0
	$ 163,283	$ 163,283	$ 0	$ 0

We used quoted prices in active markets for identical assets as of the measurement dates to value our financial assets that were categorized as Level 1.

The carrying amounts for cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and other current liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments. We did not have any financial assets or liabilities recorded at estimated fair value on a non-recurring basis in our Consolidated Balance Sheets as of December 31, 2013 or 2012.

As of December 31, 2013, the carrying value of the PEAKS Trust Student Loans was approximately $84,209. The estimated fair value of the PEAKS Trust Student Loans was approximately $99,100 as of December 31, 2013. The fair value of the PEAKS Trust Student Loans was estimated using the income approach with estimated discounted expected cash flows. We utilized inputs that were unobservable in determining the estimated fair value of the PEAKS Trust Student Loans. The significant inputs used in determining the estimated fair value included the default rate, repayment rate and discount rate. Fair value measurements that utilize significant unobservable inputs are categorized as Level 3 measurements under the accounting guidance.

Each of the carrying value and the estimated fair value of the notes receivable and other receivables included in Prepaid expenses and other current assets or Other assets on our Consolidated Balance Sheet was approximately $2,500 as of December 31, 2013 and approximately $9,600 as of December 31, 2012. We estimated the fair value of the notes receivable and other receivables by discounting the future cash flows using current rates for similar arrangements. The assumptions used in this estimate are considered unobservable inputs. Fair value measurements that utilize significant unobservable inputs are categorized as Level 3 measurements under the accounting guidance.

Each of the carrying value and the estimated fair value of our debt under our credit agreement was approximately $50,000 as of December 31, 2013 and $140,000 as of December 31, 2012. The fair value of our debt under our credit agreement was estimated by discounting the future cash flows using current rates for similar loans with similar characteristics and remaining maturities. We utilized inputs that were observable or were principally derived from observable market data to estimate the fair value of our debt under our credit agreement. Fair value measurements that utilize significant other observable inputs are categorized as Level 2 measurements under the accounting guidance.

As of December 31, 2013, the carrying value of the PEAKS Senior Debt was approximately $229,224. The estimated fair value of the PEAKS Senior Debt was approximately $239,400 as of December 31, 2013. The fair value of the PEAKS Senior Debt was estimated using the income approach with estimated discounted cash flows. We utilized inputs that were unobservable in determining the estimated fair value of the PEAKS Senior Debt. The significant input used in determining the estimated fair value was the discount rate utilized for both credit and liquidity purposes. Fair value measurements that utilize significant unobservable inputs are categorized as Level 3 measurements under the accounting guidance.

Financial instruments that potentially subject us to credit risk consist primarily of accounts receivable, interest-bearing investments, notes receivable and the PEAKS Trust Student Loans. There is no concentration of credit risk of our accounts receivable, as the total is comprised of a large number of individual balances owed by students whose credit profiles vary and who are located throughout the United States. Our interest-bearing investments and cash equivalents generally consist of high-quality securities issued by various entities and major financial institutions. Certain of the assets of the party to whom we issued one of the notes receivable serve as collateral for the repayment of the note. The PEAKS Trust Student Loans consist of a large number of individual loans owed by borrowers, whose credit profiles vary and who are located throughout the United States.

6. Financial Aid Programs

We participate in various Title IV Programs of the HEA. In 2013, in the aggregate, our institutions derived approximately 82% of their applicable revenue from funds distributed under those Title IV Programs, as determined on a cash accounting basis under the calculation of the provision of the HEA commonly referred to as the "90/10 Rule."

Table of Contents

We administer the Title IV Programs in separate accounts as required by government regulation. We are required to administer the funds in accordance with the requirements of the HEA and the ED's regulations and must use due diligence in approving and disbursing funds. In the event we do not comply with federal requirements, or if student loan default rates rise to a level considered excessive by the federal government, we could lose our eligibility to participate in Title IV Programs or could be required to repay funds determined to have been improperly disbursed. Our management believes that we are in substantial compliance with the federal requirements.

7. Equity Compensation Plans

We have adopted the following equity compensation plans, referred to collectively as the "Plans":

- *ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan* – On May 7, 2013, our shareholders approved the ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan (the "Amended 2006 Plan"). Prior to May 7, 2013, we adopted and our shareholders approved the 2006 ITT Educational Services, Inc. Equity Compensation Plan (the "Original 2006 Plan"). Awards may be granted to our employees and directors under the Amended 2006 Plan in the form of stock options (incentive and nonqualified), stock appreciation rights ("SARs"), restricted stock, RSUs, performance shares, performance units and other stock-based awards as defined in the plan. The Amended 2006 Plan increased the maximum number of shares of our common stock that may be issued pursuant to awards under the plan to 7,350,000, an increase of 3,350,000 over the 4,000,000 maximum under the Original 2006 Plan. Each share underlying stock options and SARs granted and not forfeited or terminated, reduces the number of shares available for future awards by one share. The delivery of a share in connection with a "full-value award" (i.e., an award of restricted stock, RSUs, performance shares, performance units or any other stock-based award with value denominated in shares) reduces the number of shares remaining for other awards by two shares. As of December 31, 2013, restricted stock, RSUs and nonqualified stock options have been awarded under this plan.
- *1999 Outside Directors Stock Option Plan* – A maximum of 500,000 shares of our common stock were available to be issued upon the exercise of nonqualified stock options granted to non-employee directors under the 1999 Outside Directors Stock Option Plan ("1999 Directors Stock Plan").
- *1997 ITT Educational Services, Inc. Incentive Stock Plan* – A maximum of 8,100,000 shares of our common stock were available to be issued upon the exercise of stock options and pursuant to other forms of awards under the 1997 ITT Educational Services, Inc. Incentive Stock Plan ("1997 Stock Plan"), but no more than 20% of the total number of shares on a cumulative basis could have been used for restricted stock or performance share awards. A maximum of 1.5% of our outstanding shares of common stock could have been issued annually, with any unissued shares available to be issued in later years.

No additional awards have been or will be granted after May 9, 2006 under the 1999 Directors Stock Plan or the 1997 Stock Plan. All awards outstanding as of December 31, 2013 under the 1999 Directors Stock Plan and the 1997 Stock Plan will expire in 2014.

The stock-based compensation expense and related income tax benefit recognized in our Consolidated Statements of Income in the periods indicated were as follows:

	Year Ended December 31,		
	2013	2012	2011
Stock-based compensation expense	$ 11,638	$ 16,658	$ 17,074
Income tax (benefit)	($ 4,481)	($ 6,414)	($ 6,574)

We did not capitalize any stock-based compensation cost in the years ended December 31, 2013, 2012 and 2011.

As of December 31, 2013, we estimated that pre-tax compensation expense for unvested stock-based compensation grants in the amount of approximately $13,900, net of estimated forfeitures, will be recognized in future periods. This expense will be recognized over the remaining service period applicable to the grantees which, on a weighted-average basis, is approximately 2.0 years.

Stock Options. Under the Plans, the stock option exercise price may not be less than 100% of the fair market value of our common stock on the date of grant. The maximum term of any stock option granted under the Amended 2006 Plan and Original 2006 Plan may not exceed seven years from the date of grant, and those stock options will be exercisable at such times and under conditions as determined by the Compensation Committee of our Board of Directors, subject to the limitations contained in the plan. All stock options awarded under the Amended 2006 Plan and Original 2006 Plan typically vest and become exercisable in three equal installments commencing with the first anniversary of the date of grant.

Table of Contents

Under the 1999 Directors Stock Plan, the stock options granted typically vested and became exercisable on the first anniversary of the grant. The maximum term of any stock option granted under the 1999 Directors Stock Plan was: (a) 10 years from the date of grant for any stock options granted prior to January 25, 2005; and (b) seven years from the date of grant for any stock options granted on or after January 25, 2005.

Under the 1997 Stock Plan, the stock options granted typically vested and became exercisable in three equal annual installments commencing with the first anniversary of the date of grant. The maximum term of any stock option granted under the 1997 Stock Plan was 10 years and two days from the date of grant.

The stock options granted, forfeited, exercised and expired in the period indicated were as follows:

	Year Ended December 31, 2013				
	# of Shares	Weighted Average Exercise Price	Aggregate Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (1)
Outstanding at beginning of period	1,574,604	$ 84.90	$133,691		
Granted	156,500	$ 19.55	3,059		
Forfeited	(16,668)	$ 75.11	(1,252)		
Exercised	0	$ 0.00	0		
Expired	(381,988)	$ 69.48	(26,543)		
Outstanding at end of period	1,332,448	$ 81.77	$108,955	2.4 years	$ 2,198
Exercisable at end of period	1,040,443	$ 92.28	$ 96,016	2.1 years	$ 0

(1) The aggregate intrinsic value of the stock options was calculated by identifying those stock options that had a lower exercise price than the closing market price of our common stock on December 31, 2013 and multiplying the difference between the closing market price of our common stock and the exercise price of each of those stock options by the number of shares subject to those stock options that were outstanding or exercisable, as applicable.

The following table sets forth information regarding the stock options granted and exercised in the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Shares subject to stock options granted	156,500	156,500	159,500
Weighted average grant date fair value	$ 9.27	$ 31.36	$ 28.90
Shares subject to stock options exercised	0	202,820	118,410
Intrinsic value of stock options exercised	$ 0	$ 4,802	$ 3,095
Proceeds received from stock options exercised	$ 0	$ 8,345	$ 5,599
Tax benefits realized from stock options exercised	$ 0	$ 1,602	$ 1,190

The intrinsic value of a stock option is the difference between the fair market value of the stock and the option exercise price. The fair value of each stock option grant was estimated on the date of grant using the following assumptions:

	Year Ended December 31,		
	2013	2012	2011
Risk-free interest rates	0.7%	0.7%	1.8%
Expected lives (in years)	4.6	4.5	4.7
Volatility	60%	51%	48%
Dividend yield	None	None	None

Restricted Stock Units. Under the Amended 2006 Plan and Original 2006 Plan, RSUs awarded are subject to a restriction period of at least: (a) for awards made prior to November 24, 2010, three years in the case of a time-based period of restriction and one year in the case of a performance-based period of restriction; and (b) for awards made after November 24, 2010, one year. All RSUs awarded under the Amended 2006 Plan and Original 2006 Plan that were not vested as of December 31, 2013 have a time-based restriction period that ranges from ending on the first to the third anniversary of the date of grant.

Table of Contents

The following table sets forth the number of RSUs that were granted, forfeited and vested in the period indicated:

	Year Ended December 31, 2013	
	# of RSUs	Weighted Average Grant Date Fair Value
Unvested at beginning of period	413,645	$ 75.35
Granted	522,014	$ 19.98
Forfeited	(129,327)	$ 46.72
Vested	(68,488)	$ 88.60
Unvested at end of period	737,844	$ 39.96

The total fair market value of the RSUs that vested and were settled in shares of our common stock was $1,241 in the year ended December 31, 2013, $4,568 in the year ended December 31, 2012 and $2,454 in the year ended December 31, 2011. Also, in the year ended December 31, 2012, 48,935 RSUs vested and were settled in cash for $3,073.

8. Stock Repurchases

As of December 31, 2013, approximately 7.8 million shares remained available for repurchase under the share repurchase program (the "Repurchase Program") authorized by our Board of Directors. The terms of the Repurchase Program provide that we may repurchase shares of our common stock, from time to time depending on market conditions and other considerations, in the open market or through privately negotiated transactions in accordance with Rule 10b-18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Unless earlier terminated by our Board of Directors, the Repurchase Program will expire when we repurchase all shares authorized for repurchase thereunder.

The following table sets forth information regarding the shares of our common stock that we repurchased in the periods indicated:

	Year Ended December 31,	
	2013	2012
Number of shares	0	3,025,700
Total cost	$ 0	$ 207,918
Average cost per share	$ 0	$ 68.72

9. Earnings (Loss) Per Common Share

Earnings (loss) per common share for all periods have been calculated in conformity with ASC 260, "Earnings Per Share." This data is based on historical net income (loss) and the weighted average number of shares of our common stock outstanding during each period as set forth in the following table:

	Year Ended December 31,		
	2013	2012	2011
	(In thousands)		
Shares:			
Weighted average number of shares of common stock outstanding	23,412	23,880	27,429
Shares assumed issued (less shares assumed purchased for treasury) for stock-based compensation	Not Applicable	119	226
Outstanding shares for diluted earnings (loss) per share calculation	23,412	23,999	27,655

A total of approximately 1.4 million shares for fiscal year 2013, approximately 1.7 million shares for fiscal year 2012 and approximately 1.1 million shares for fiscal year 2011 were excluded from the calculation of our diluted earnings per common share, because the effect was anti-dilutive.

10. Variable Interest Entities

Under ASC 810, an entity that holds a variable interest in a VIE and meets certain requirements would be considered to be the primary beneficiary of the VIE and required to consolidate the VIE in its consolidated financial statements. In order to be considered the primary beneficiary of a VIE, an entity must hold a variable interest in the VIE and have both:

- the power to direct the activities that most significantly impact the economic performance of the VIE; and
- the right to receive benefits from, or the obligation to absorb losses of, the VIE that could be potentially significant to the VIE.

Table of Contents

The PEAKS Trust and the 2009 Entity (defined below) are VIEs as defined under ASC 810. We hold variable interests in the PEAKS Trust as a result of:

- a subordinated note issued to us by the PEAKS Trust in exchange for the portion of each private education loan disbursed to us under the PEAKS Program that we transferred to the PEAKS Trust ("Subordinated Note"); and
- our guarantee of the payment of the principal and interest owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and a minimum required ratio of assets of the PEAKS Trust to outstanding PEAKS Senior Debt ("PEAKS Guarantee").

We hold variable interests in an unaffiliated entity (the "2009 Entity) as a result of:

- a risk sharing agreement that we entered into with the 2009 Entity (the "2009 RSA") on February 20, 2009 in connection with other agreements to create a program that made private education loans available to our students to help pay the students' cost of education that financial aid from federal, state and other sources did not cover (the "2009 Loan Program"); and
- a revolving note owed to us by the 2009 Entity (the "Revolving Note").

To determine whether we are the primary beneficiary of the PEAKS Trust or the 2009 Entity, we:

- assessed the risks that the VIE was designed to create and pass through to its variable interest holders;
- identified the variable interests in the VIE;
- identified the other variable interest holders and their involvement in the activities of the VIE;
- identified the activities that most significantly impact the VIE's economic performance;
- determined whether we have the power to direct those activities; and
- determined whether we have the right to receive the benefits from, or the obligation to absorb the losses of, the VIE that could potentially be significant to the VIE.

We determined that the activities of the PEAKS Trust and the 2009 Entity that most significantly impact the economic performance of the PEAKS Trust and the 2009 Entity involve the servicing (which includes the collection) of the PEAKS Trust Student Loans and loans owned by the 2009 Entity. To make that determination, we analyzed various possible scenarios of student loan portfolio performance to evaluate the potential economic impact on the PEAKS Trust and the 2009 Entity. In our analysis, we made what we believe are reasonable assumptions based on historical data for the following key variables:

- the composition of the credit profiles of the borrowers;
- the interest rates and fees charged on the loans;
- the default rates and the timing of defaults associated with similar types of loans; and
- the prepayment and the speed of repayment associated with similar types of loans.

Based on our analysis, we concluded that we became the primary beneficiary of the PEAKS Trust on February 28, 2013. This was the first date that we had the power to direct the activities of the PEAKS Trust that most significantly impact the economic performance of the PEAKS Trust, because we could have exercised our right to terminate the PEAKS Servicing Agreement (as defined below), due to the failure of the entity that performs those servicing activities for the PEAKS Trust Student Loans on behalf of the PEAKS Trust to meet certain performance criteria specified in the PEAKS Servicing Agreement. We have not, however, exercised our right to terminate the PEAKS Servicing Agreement. As a result of our primary beneficiary conclusion, we consolidated the PEAKS Trust in our consolidated financial statements beginning on February 28, 2013. Prior to February 28, 2013, the PEAKS Trust was not required to be consolidated in our consolidated financial statements, because we concluded that we were not the primary beneficiary of the PEAKS Trust prior to that time. The PEAKS Trust is discussed in more detail below. The PEAKS Servicing Agreement is the agreement between the servicer and the PEAKS Trust (among other parties) that specifies the servicing activities to be provided by the servicer related to the PEAKS Trust Student Loans (the "PEAKS Servicing Agreement").

Our consolidated financial statements for periods after February 28, 2013 include the PEAKS Trust, because we were considered to have control over the PEAKS Trust under ASC 810 as a result of our substantive unilateral right to terminate the PEAKS Servicing Agreement. We do not, however, actively manage the operations of the PEAKS Trust, and the assets of the consolidated PEAKS Trust can only be used to satisfy the obligations of the PEAKS Trust. Our obligations under the PEAKS Guarantee remain in effect, until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full. See Note 16—Commitments and Contingencies.

Based on our analysis, we also concluded that we were not the primary beneficiary of the 2009 Entity as of December 31, 2013, because we did not have the power to direct the servicing activities on the private education loans owned by the 2009 Entity. As a result, we are not required under ASC 810 to consolidate the 2009 Entity in our consolidated financial statements as of and for the fiscal year ended December 31, 2013. Our conclusion that we were not the primary beneficiary of the 2009 Entity did not change from the prior reporting period. Therefore, there was no effect on our consolidated financial statements arising from our conclusion that we were not the primary beneficiary of the 2009 Entity. The 2009 Entity is discussed in more detail below.

We may become the primary beneficiary of the 2009 Entity, if the entity that performs the servicing activities for the 2009 Entity (the "2009 Loan Program Servicer") fails to meet certain performance criteria specified in the servicing agreement that governs the servicing activities of the private education loans made under the 2009 Loan Program (the "2009 Servicing Agreement"). If the 2009 Loan Program Servicer fails to meet those performance criteria, we have the right to terminate the 2009 Servicing Agreement and, therefore, would be considered to have the power to direct the activities of the 2009 Entity that most significantly impact the economic performance of the 2009 Entity. If that occurs, we would be required to consolidate the 2009 Entity in our consolidated financial statements. As of December 31, 2013, we believe that the performance criteria specified in the 2009 Servicing Agreement were met and, therefore, we did not have the right to terminate the 2009 Servicing Agreement. Based on preliminary loan performance data as of September 30, 2014 that we have received regarding the private education loans made under the 2009 Loan Program, however, we believe that, as of September 30, 2014, the 2009 Loan Program Servicer may not have met the performance criteria specified in the 2009 Servicing Agreement. As a result, it appears likely that the 2009 Loan Program Servicer either has failed, or within the foreseeable future will fail, to meet the performance criteria in the 2009 Servicing Agreement. Once that occurs, following a cure period and that assuming that no cure occurs, we will have the right to terminate the 2009 Servicing Agreement. As a result of that right, we will be required to consolidate the 2009 Entity into our consolidated financial statements. We believe that this right to terminate the 2009 Servicing Agreement will become operative in late 2014 or early 2015.

PEAKS Trust. On January 20, 2010, we entered into agreements with unrelated third parties to establish the PEAKS Program, which was a private education loan program for our students. Under the PEAKS Program, an unrelated lender originated private education loans to our eligible students and, subsequently, sold those loans to the PEAKS Trust. The PEAKS Trust issued the PEAKS Senior Debt to investors. The lender disbursed the proceeds of the private education loans to us for application to the students' account balances with us that represented their unpaid education costs. We transferred a portion of the amount of each private education loan disbursed to us under the PEAKS Program to the PEAKS Trust in exchange for the Subordinated Note. No new private education loans were or will be originated under the PEAKS Program after July 2011, but immaterial amounts related to loans originated prior to that date were disbursed by the lender through March 2012.

The Subordinated Note does not bear interest and was recorded net of an unamortized discount based on an imputed interest rate of 9.0% in Other assets on our Consolidated Balance Sheet as of December 31, 2012. Prior to October 1, 2012, the discount was amortized and recognized in Interest income in our Consolidated Statements of Income over the term of the Subordinated Note. The maturity date of the Subordinated Note is in March 2026. The amount owed to us under the Subordinated Note was approximately $73,000 as of December 31, 2012. The carrying value of the Subordinated Note was eliminated from our Consolidated Balance Sheet when we consolidated the PEAKS Trust in our consolidated financial statements beginning on February 28, 2013.

The PEAKS Trust utilized the proceeds from the issuance of the PEAKS Senior Debt and the Subordinated Note to purchase the private education loans made by the lender to our students. The assets of the PEAKS Trust (which include, among other assets, the PEAKS Trust Student Loans) serve as collateral for, and are intended to be the principal source of, the repayment of the PEAKS Senior Debt and the Subordinated Note.

In the three months ended December 31, 2012, we determined it was probable that we would not collect the carrying value of the Subordinated Note and, therefore, concluded that the Subordinated Note was impaired. We recorded an impairment charge in the amount of approximately $10,300, which equaled the total carrying value of the Subordinated Note prior to recording the impairment charge. The carrying value of the Subordinated Note was approximately $0 as of December 31, 2012, and was included on our Consolidated Balance Sheet in Other assets. The carrying value of the Subordinated Note was eliminated from our Consolidated Balance Sheet when we consolidated the PEAKS Trust in our consolidated financial statements. We did not recognize any interest income related to the Subordinated Note in our Consolidated Statements of Income after September 30, 2012.

Under the PEAKS Guarantee we guarantee payment of the principal and interest owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and a minimum required ratio of assets of the PEAKS Trust to outstanding PEAKS Senior Debt. Our guarantee obligations under the PEAKS Program remain in effect until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full. At such time, we will be entitled to repayment of the amounts that we paid under the PEAKS Guarantee (which do not include Payments on Behalf of Borrowers, as defined below), to the extent of available funds remaining in the PEAKS Trust. As of December 31, 2012, we had made payments totaling $12,342 under the PEAKS Guarantee (excluding Payments on Behalf of Borrowers), which we expected to be repaid to us (the "PEAKS Guarantee Receivable"). The PEAKS Guarantee Receivable was eliminated from our Consolidated Balance Sheet when we consolidated the PEAKS Trust in our consolidated financial statements. See Note 16 – Commitments and Contingencies, for a further discussion of the PEAKS Guarantee.

Table of Contents

We did not consolidate the PEAKS Trust in our consolidated financial statements as of December 31, 2012, because we concluded that we were not the primary beneficiary of the PEAKS Trust prior to February 28, 2013. We did, however, include the PEAKS Guarantee Receivable, net of accrued discount, and the contingent liability related to the PEAKS Guarantee in our consolidated financial statements as of December 31, 2012. We did not record a PEAKS Guarantee Receivable or a contingent liability related to the PEAKS Guarantee in our consolidated financial statements as of December 31, 2013. See Note 16 – Commitments and Contingencies, for a further discussion of those amounts.

We concluded that we became the primary beneficiary of the PEAKS Trust on February 28, 2013 and, therefore, were required to consolidate the PEAKS Trust in our consolidated financial statements. In accordance with ASC 810, the consolidation of the PEAKS Trust was treated as an acquisition of assets and liabilities and, therefore, the assets and liabilities of the PEAKS Trust were included in our consolidated financial statements at their fair value as of February 28, 2013. The following table sets forth the fair value of the assets and liabilities of the PEAKS Trust as of February 28, 2013 that were included on our Consolidated Balance Sheet on that date:

	As of February 28, 2013	
	Assets	Liabilities
Restricted cash	$ 1,703	
PEAKS Trust student loans, less allowance for loan losses of $0	7,282	
PEAKS Trust student loans, excluding current portion, less allowance for loan losses of $0	104,834	
Current portion of PEAKS Trust senior debt		$103,356
Other current liabilities		471
PEAKS Trust senior debt, excluding current portion		122,740
Total	$113,819	$226,567

The following table sets forth the carrying value of the assets and liabilities related to the PEAKS Program as of February 28, 2013 that we eliminated from our consolidated balance sheet when we consolidated the PEAKS Trust in our consolidated financial statements, and the line items within which those assets and liabilities were included:

	As of February 28, 2013	
	Assets	Liabilities
Other assets	$ 6,614	
Other current liabilities		$ 3,060
Other liabilities		43,054
Total	$ 6,614	$ 46,114

The fair value of the PEAKS Trust's liabilities exceeded the fair value of the PEAKS Trust's assets as of February 28, 2013 by $112,748. The amount of this excess was reduced by $39,500, which represented the net amount of the carrying value of the assets and liabilities related to the PEAKS Program that had been recorded in our consolidated financial statements as of February 28, 2013 and were eliminated upon the Consolidation. As a result, we recognized a total loss of $73,248 in our Consolidated Statement of Income for the year ended December 31, 2013 related to the Consolidation.

The following table sets forth the carrying values of assets and liabilities of the PEAKS Trust that were included on our Consolidated Balance Sheet as of December 31, 2013:

	As of December 31, 2013	
	Assets	Liabilities
Restricted cash	$ 2,593	
PEAKS Trust student loans, less allowance for loan losses of $0	7,730	
PEAKS Trust student loans, excluding current portion, less allowance for loan losses of $29,349	76,479	
Current portion of PEAKS Trust senior debt		$157,883
Other current liabilities		697
PEAKS Trust senior debt, excluding current portion		71,341
Total	$86,802	$229,921

Table of Contents

The assets of the PEAKS Trust can only be used to satisfy the obligations of the PEAKS Trust. Payment of the administrative fees and expenses of the PEAKS Trust and the principal and interest owed on the PEAKS Senior Debt are guaranteed by us under the PEAKS Guarantee.

The following table sets forth the revenue and expenses of the PEAKS Trust, excluding the loss on consolidation of the PEAKS Trust, that were included in our Consolidated Statement of Income in the year ended December 31, 2013:

	Year Ended December 31, 2013
Revenue	$ 12,996
Student services and administrative expenses	5,288
Provision for PEAKS Trust student loan losses	29,349
Interest expense	21,288
Income (loss) before provision for income taxes	$ (42,929)

The revenue of the PEAKS Trust consists of interest income on the PEAKS Trust Student Loans, which is the accretion of the accretable yield on the PEAKS Trust Student Loans. The servicing, administrative and other fees incurred by the PEAKS Trust are included in Student services and administrative expenses in our Consolidated Statements of Income. The provision for PEAKS Trust student loan losses represents the increase in the allowance for loan losses that occurred during the period. The allowance for loan losses represents the difference between the carrying value and the total present value of the expected principal and interest collections of each loan pool of the PEAKS Trust Student Loans, discounted by the loan pool's effective interest rate as of December 31, 2013. Interest expense of the PEAKS Trust represents interest expense on the PEAKS Senior Debt, which includes the contractual interest obligation and the accretion of the discount on the PEAKS Senior Debt.

Beginning in the fourth quarter of 2012 and continuing through January 2014, we made payments on behalf of certain student borrowers under the PEAKS Program to the PEAKS Trust to avoid defaults by those borrowers on their PEAKS Trust Student Loans ("Payments on Behalf of Borrowers"), which defaults would have triggered much larger contractually required payments by us under the PEAKS Guarantee. At the time we made Payments on Behalf of Borrowers, we believed that those payments were contractually permitted and a form of payment to the PEAKS Trust that would satisfy obligations that were contractually required. Since that time, however, we have determined that Payments on Behalf of Borrowers are not permitted or required to support the PEAKS Trust. If we had not made Payments on Behalf of Borrowers, we would have had to make contractually required payments under the PEAKS Guarantee in greater amounts. We made Payments on Behalf of Borrowers after assessing:

- the likelihood of us being contractually required to make payments under the PEAKS Guarantee in the near future;
- the effect on our liquidity that would result from making payments under the PEAKS Guarantee compared to making Payments on Behalf of Borrowers;
- the effect that Payments on Behalf of Borrowers may have on the funds available to the PEAKS Trust to repay the Subordinated Note to us following full payment of the PEAKS Trust's other obligations; and
- the fact that we will not be able to recover Payments on Behalf of Borrowers from the PEAKS Trust or the student borrowers on whose behalf we made those payments.

Payments on Behalf of Borrowers assisted in:

- maintaining the ratio of assets of the PEAKS Trust to outstanding PEAKS Senior Debt at the required level (the "Asset/Liability Ratio"); and
- satisfying the following month's required payment of interest on the PEAKS Senior Debt and administrative fees and expenses of the PEAKS Trust.

Prior to the Consolidation, Payments on Behalf of Borrowers were reflected on our financial statements as a reduction to our contingent liability accrual. Following the Consolidation, Payments on Behalf of Borrowers were not reflected on our financial statements, since those payments were intercompany transactions, which were eliminated from our financial statements as a result of the Consolidation.

Table of Contents

The following table sets forth the guarantee payments and Payments on Behalf of Borrowers that were made related to the PEAKS Program in the periods indicated:

Type of Payment	January 1, 2013 Through February 28, 2013 (1)	March 1, 2013 Through December 31, 2013 (1)	Total Year Ended December 31, 2013	Year Ended December 31, 2012
PEAKS Guarantee	$ 854	$ 1,559	$ 2,413	$ 12,342
Payments on Behalf of Borrowers	532	10,967	11,499	2,762
Total	$ 1,386	$ 12,526	$ 13,912	$ 15,104

(1) We have provided separate columns showing the payment amounts prior to and after the Consolidation, because all transactions with the PEAKS Trust were eliminated from our consolidated financial statements after the Consolidation. Cash payments were, however, made by us throughout the periods indicated, including the periods after the Consolidation

In January 2014, we made Payments on Behalf of Borrowers of $1,832. In March 2014, we entered into a letter agreement, dated as of March 17, 2014, with the trustee under the PEAKS Program and the holders of the PEAKS Senior Debt (the "Letter Agreement"), in order to resolve differing interpretations of the permissibility of the Payments on Behalf of Borrowers under the PEAKS Program documents. Pursuant to the Letter Agreement, the trustee agreed to waive, and the holders of the PEAKS Senior Debt consented to the waiver of, any:

- breach of the PEAKS Program documents caused by us making Payments on Behalf of Borrowers, including any failure to make payments under the PEAKS Guarantee as a result thereof; and
- event of default under the PEAKS Program documents that may have arisen or resulted by us making Payments on Behalf of Borrowers.

In the Letter Agreement, we agreed, after the date of the Letter Agreement, not to make any further payments of any kind on behalf of any borrower in respect of a private education loan made under the PEAKS Program. In accordance with the terms of the Letter Agreement, we paid $40,000 on March 20, 2014, which is considered to be a payment under the PEAKS Guarantee and was applied primarily to make a mandatory prepayment of the PEAKS Senior Debt.

2009 Entity. On February 20, 2009, we entered into agreements with the 2009 Entity to create the 2009 Loan Program. Under the 2009 Loan Program, an unrelated lender originated private education loans to our eligible students and, subsequently, sold those loans to the 2009 Entity. The 2009 Entity purchased the private education loans from the lender utilizing funds received from its owners in exchange for participation interests in the private education loans acquired by the 2009 Entity. The lender disbursed the proceeds of the private education loans to us for application to the students' account balances with us that represented their unpaid education costs. No new private education loans were or will be originated under the 2009 Loan Program after December 31, 2011, but immaterial amounts related to loans originated prior to that date were disbursed by the lender through June 2012.

In connection with the 2009 Loan Program, we entered into the 2009 RSA with the 2009 Entity. Under the 2009 RSA, we guarantee the repayment of any private education loans that are charged off above a certain percentage of the private education loans made under the 2009 Loan Program, based on the annual dollar volume. Under the 2009 RSA, we have an obligation to make the monthly payments due and unpaid on those private education loans that have been charged off above a certain percentage ("Regular Payments"). Instead of making Regular Payments, however, we may elect to:

- pay the then outstanding balance (plus accrued and unpaid interest) of those private education loans that have been charged off above a certain percentage and, with respect to which, an amount equal to at least ten monthly payments has been paid; or
- pay the then outstanding balance (plus accrued and unpaid interest) of those private education loans that have been charged off above a certain percentage and, with respect to which, an amount equal to at least ten monthly payments has not been paid, plus any interest that would otherwise have been payable until ten monthly payments had been made, discounted at the rate of 10% per annum

(collectively, "Discharge Payments"). We determined that the ability to make Discharge Payments as of December 31, 2013 did not give us the power to direct the activities that most significantly impacted the economic performance of the 2009 Entity and, therefore, did not change our conclusion that we were not the primary beneficiary of the 2009 Entity.

We are entitled to all amounts that the 2009 Entity recovers from loans in a particular loan pool made under the 2009 Loan Program that have been charged off, until all payments that we made under the 2009 RSA with respect to that loan pool have been repaid to us by the 2009 Entity. The following table sets forth the payments that we made to the 2009 Entity related to our guarantee obligations under the 2009 RSA and the amount of recoveries from charged-off loans paid to us by the 2009 Entity in the periods indicated:

	Year Ended December 31,	
	2013	2012
Regular Payments	$ 1,791	$ 1,990
Discharge Payments	912	0
Recoveries from Charged-Off Loans	(103)	(234)
	$ 2,600	$ 1,756

Table of Contents

In the fiscal year ended December 31, 2013, we also offset $9,091 owed by us under the 2009 RSA against amounts owed to us by the 2009 Entity under the Revolving Note, instead of making additional payments in that amount. See Note 16 – Commitments and Contingencies for a further discussion of the offset. Approximately $6,786 of the amount that we claimed as an offset against the Revolving Note represented Discharge Payments. We recorded all of the amounts claimed as offsets in Other current liabilities on our Consolidated Balance Sheet as of December 31, 2013. In the year ended December 31, 2013, the 2009 Entity did not remit to us $574 of recoveries from charged-off loans that were owed to us. We recorded all of the amounts owed to us from the 2009 Entity for recoveries from charged-off loans in Prepaid expenses and other current assets on our Consolidated Balance Sheet as of December 31, 2013. See Note 16 – Commitments and Contingencies, for a further discussion of the 2009 RSA. We determined that claiming an offset against the Revolving Note for Regular Payments or Discharge Payments did not give us the power to direct the activities that most significantly impacted the economic performance of the 2009 Entity as of and for the year ended December 31, 2013 and, therefore, did not change our conclusion that we were not the primary beneficiary of the 2009 Entity.

In addition, we have made advances to the 2009 Entity under the Revolving Note. We did not make any advances in the fiscal years ended December 31, 2013 or 2012 to the 2009 Entity under the Revolving Note that we were not contractually required to make. Certain of the assets of the 2009 Entity serve as collateral for the Revolving Note. The Revolving Note bears interest, is subject to customary terms and conditions and is currently due and payable in full. The advances under the Revolving Note were primarily used by the 2009 Entity to purchase additional private education loans under the 2009 Loan Program that otherwise may not have been originated. The period of time during which we could have made additional advances under the Revolving Note ended on January 1, 2014.

The amount owed to us under the Revolving Note, excluding the offsets described above, was approximately $8,200 as of December 31, 2013 and $8,300 as of December 31, 2012. In the three months ended December 31, 2012, we determined that circumstances indicated it was probable that we would not collect the full carrying value of the Revolving Note and, therefore, concluded that the Revolving Note was impaired. We recorded an impairment charge in the amount of $4,900, which equaled the amount that the carrying value of the Revolving Note exceeded the present value of the expected future cash flows from that note. The carrying value of the Revolving Note prior to recording the impairment charge was approximately $7,800. The carrying value of the Revolving Note was approximately $2,500 as of December 31, 2013 and $2,900 as of December 31, 2012, and was included on our Consolidated Balance Sheets in Prepaid expenses and other current assets as of December 31, 2013 and in Other assets as of December 31, 2012. We have not recognized any interest income related to the Revolving Note in our Consolidated Statements of Income during the time that the Revolving Note has been impaired.

11. PEAKS Trust Student Loans

We concluded that we were required to consolidate the PEAKS Trust in our consolidated financial statements beginning on February 28, 2013. See Note 10 – Variable Interest Entities, for a further discussion of the Consolidation. As a result, the assets and liabilities of the PEAKS Trust were included on our Consolidated Balance Sheet as of December 31, 2013. The PEAKS Trust Student Loans are included in the line items related to the PEAKS Trust Student Loans on our Consolidated Balance Sheet.

A significant number of the PEAKS Trust Student Loans were determined to be credit impaired upon consolidation. Loans determined to be credit impaired upon consolidation or acquisition ("Purchased Credit Impaired Loans" or "PCI Loans"), are initially measured at fair value in accordance with ASC 310-30, "Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality" ("ASC 310-30"). A loan is considered a PCI Loan, if it has evidence of deteriorated credit quality following the loan's origination date. As a result, at the date of consolidation or acquisition, it is probable that all contractually required payments under a PCI Loan will not be collected.

The PEAKS Trust Student Loans that did not individually have evidence of deteriorated credit quality at the time of consolidation were also initially measured at fair value and are accounted for in accordance with ASC 310-30. We believe that following the guidance of ASC 310-30 by analogy with respect to those loans provides the most reasonable presentation of the value of those loans, primarily due to:

- the evidence of deteriorated credit quality of a significant number of the PEAKS Trust Student Loans; and
- the probability that all contractually required payments with respect to those loans will not be collected.

Table of Contents

All of the PEAKS Trust Student Loans are, therefore, considered to be, and reported as, PCI Loans.

This accounting treatment is consistent with the Confirmation Letter, in which the AICPA summarized the SEC staff's view regarding the accounting in subsequent periods for discount accretion associated with loan receivables acquired in a business combination or asset purchase. In this letter, the AICPA states that it understands that the SEC staff will not object to an accounting policy based on contractual or expected cash flow. We believe that following ASC 310-30 by analogy with respect to the PEAKS Trust Student Loans that did not individually have evidence of deteriorated credit quality at the time of consolidation is an appropriate application of the accounting guidance to determine the initial measurement of the value of those loans.

PCI Loans recognized upon consolidation or acquisition in the same fiscal quarter may be aggregated into one or more pools, provided that the PCI Loans in each pool have common risk characteristics. The PEAKS Trust Student Loans were considered to be PCI Loans upon consolidation and were aggregated into 24 separate pools of loans, based on common risk characteristics of the loans, which included:

- the fiscal quarter in which the PEAKS Trust Student Loan was originated; and
- the consumer credit score of the borrower.

PCI Loans that do not have evidence of deteriorated credit quality are not aggregated in the same pools with PCI Loans that have evidence of deteriorated credit quality. The same aggregation criteria, however, were used to determine those loan pools. Each loan pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

Upon the Consolidation on February 28, 2013, the PEAKS Trust Student Loans were recorded at their estimated fair value. The estimated fair value of the PEAKS Trust Student Loans as of February 28, 2013 was determined using an expected cash flow methodology. Projected default rates and forbearances were considered in applying the estimated cash flow methodology. Prepayments of loans were not considered when estimating the expected cash flows, because, historically, few PEAKS Trust Student Loans have been prepaid. No allowance for loan loss was established as of February 28, 2013, because all of the PEAKS Trust Student Loans were recorded at fair value and future credit losses are considered in the estimate of fair value.

The following table sets forth the estimated fair value, accretable yield and expected cash flows for the PEAKS Trust Student Loans, in total and for those loans pursuant to which ASC 310-30 was applied by analogy, as of the date indicated:

	As of February 28, 2013	
	Total	ASC 310-30 Applied By Analogy
Estimated fair value	$112,116	$ 60,177
Accretable yield	$100,953	$ 58,843
Expected cash flows	$213,069	$ 119,020

The excess of any cash flows expected to be collected with respect to a loan pool of the PEAKS Trust Student Loans over the carrying value of the loan pool is referred to as the accretable yield. The accretable yield is not reported on our Consolidated Balance Sheets, but it is accreted and included as interest income using the effective interest method, which is at a level rate of return over the remaining estimated life of the loan pool.

The contractually required future principal and interest payments for all PEAKS Trust Student Loans outstanding at February 28, 2013 totaled approximately $487,800. The contractually required future principal and interest payments for the PEAKS Trust Student Loans outstanding at February 28, 2013 pursuant to which ASC 310-30 was applied by analogy totaled approximately $213,600. The excess of the contractually required payments of the PEAKS Trust Student Loans over the expected cash flows is referred to as the nonaccretable difference. As of February 28, 2013, the nonaccretable difference was approximately $274,700 for all outstanding PEAKS Trust Student Loans and approximately $94,600 for those outstanding PEAKS Trust Student Loans pursuant to which ASC 310-30 was applied by analogy.

On a quarterly basis subsequent to February 28, 2013, we estimate the principal and interest expected to be collected over the remaining life of each loan pool. These estimates include assumptions regarding default rates, forbearances and other factors that reflect then-current market conditions. Prepayments of loans were not considered when estimating the expected cash flows, because, historically, few PEAKS Trust Student Loans have been prepaid.

If a decrease in the expected cash flows of a loan pool is probable and would cause the expected cash flows to be less than the expected cash flows at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later, we would record the impairment as:

- a provision for PEAKS Trust student loan losses in our Consolidated Statement of Income; and
- an increase in the allowance for loan losses on our Consolidated Balance Sheet.

Table of Contents

The provision for PEAKS Trust student loan losses represents the increase in the allowance for loan losses that occurred during the period. The allowance for loan losses is the difference between the carrying value and the total present value of the expected principal and interest collections of each loan pool, discounted by the loan pool's effective interest rate at the date of the Consolidation or the end of the previous fiscal quarter, whichever is later. If a significant increase in the expected cash flows of a loan pool is probable and would cause the expected cash flows to be greater than the expected cash flows at the date of Consolidation or the end of the previous fiscal quarter, whichever is later, we would:

- first reverse any allowance for loan losses with respect to that loan pool that was previously recorded on our Consolidated Balance Sheet, up to the amount of that allowance; and
- record any remaining increase prospectively as a yield adjustment over the remaining estimated lives of the loans in the loan pool.

The following table sets forth information regarding changes in the allowance for loan losses of the loan pools of the PEAKS Trust Student Loans in the aggregate in the period indicated:

	Year Ended December 31, 2013
Balance as of February 28, 2013	$ 0
Loans charged off	0
Recoveries from charged off loans	0
Provision for loan losses	29,349
Balance as of December 31, 2013	$ 29,349

Adjustments to the interest income of a loan pool are recognized prospectively, if those adjustments are due to:

- changes in variable interest rates; or
- any other changes in the timing of the expected cash flows of the loan pools.

Modifications were made to PCI Loans in each of the fiscal quarters in 2013 and were primarily due to forbearances granted with respect to the payment of those loans. We consider the impact of any modifications made to PCI Loans as part of our quarterly assessment of whether:

- a probable and significant change in the expected cash flows of the PCI Loans has occurred; and
- the loans should continue to be accounted for and reported as PCI loans.

In evaluating the impact of modifications made to PCI Loans on the expected cash flows of those loans, we consider the effect of any foregone interest and the potential for future default. These default estimates are used to calculate expected credit losses with respect to each loan pool. In developing these probabilities of default estimates, we considered the relationship between the credit quality characteristics of the loans in the loan pool and certain assumptions based on the performance history of the PEAKS Trust Student Loans and industry data related to the severity and recovery lag of defaults applicable to private education loans. Loans for which Payments on Behalf of Borrowers were made were assumed to be defaulted loans in our default estimates. Forbearances have been granted with respect to the payment of approximately 25% of the PEAKS Trust Student Loans.

The charge off of a PCI Loan results in the removal of that loan from the underlying PCI Loan pool and reduces the loan pool discount. If the discount for principal losses for a particular PCI Loan pool has been fully depleted, the charge off of a PCI Loan will reduce the PCI Loan pool's allowance for loan losses. Removal of a PCI Loan from the underlying PCI Loan Pool does not change the effective yield of the PCI Loan Pool.

As of December 31, 2013, the outstanding balance of the PEAKS Trust Student Loans, including accrued interest, was approximately $279,400. The carrying amount of the PEAKS Trust Student Loans included under the line items related to the PEAKS Trust Student Loans on our Consolidated Balance Sheet was $84,209 as of December 31, 2013. The PEAKS Trust Student Loans were not included on our Consolidated Balance Sheets prior to February 28, 2013.

Table of Contents

The following table sets forth information regarding aggregate changes in accretable yield of the loan pools of the PEAKS Trust Student Loans, in total and for those loans pursuant to which ASC 310-30 was applied by analogy, for the period indicated:

	Year Ended December 31, 2013	
	Total	ASC 310-30 Applied By Analogy
Balance as of January 1	$ 0	$ 0
Additions resulting from the Consolidation	100,953	58,843
Accretion	(12,996)	(7,243)
Reclassification from nonaccretable difference and changes in expected cash flows	(17,377)	(9,326)
Balance as of December 31	$ 70,580	$ 42,274

12. Property and Equipment

The following table sets forth our property and equipment, net, as of the dates indicated:

	As of December 31,	
	2013	2012
Furniture and equipment	$ 162,128	$ 171,534
Buildings and building improvements	134,993	134,303
Land and land improvements	39,609	39,609
Leasehold improvements	20,953	21,447
Software	8,620	8,620
Construction in progress	156	1,177
	$ 366,459	$ 376,690
Less: Accumulated depreciation and amortization	(197,950)	(186,800)
Property and equipment, net	$ 168,509	$ 189,890

Software includes purchased and internally developed software.

The following table sets forth the depreciation and amortization expense for the assets listed above in the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Depreciation and amortization expense	$27,007	$29,320	$27,856

13. Debt

On March 21, 2012, we entered into a credit agreement (the "Credit Agreement") that provided for a $325,000 senior revolving credit facility. We entered into amendments to the Credit Agreement on March 31, 2014, May 29, 2014, June 30, 2014 (the "Third Amendment"), July 30, 2014 (the "Fourth Amendment") and September 15, 2014 (the "Fifth Amendment"), and we entered into a Consent to Credit Agreement, which is effective upon the delivery by us to the lenders of our audited consolidated financial statements included in this filing (the "Consent"). The Credit Agreement, as so amended and including the Consent, is referred to herein as the "Amended Credit Agreement." The Amended Credit Agreement has a maturity date of March 21, 2015.

A portion of the borrowings under the Credit Agreement were used to prepay the entire outstanding indebtedness under a prior credit agreement which was terminated on March 21, 2012. In addition to the prepayment of the outstanding indebtedness under the prior credit agreement, borrowings under the Amended Credit Agreement are used for general corporate purposes.

Under the Amended Credit Agreement, the aggregate commitment of the lenders, effective June 30, 2014, is reduced to $135,000, and the portion of the commitments available for letters of credit is increased from $25,000 to $85,000. Certain letters of credit in an aggregate amount of approximately $2,352 previously issued by JPMorgan Chase Bank, N.A. are deemed to be letters of credit issued pursuant to the Amended Credit Agreement. If we have not caused the issuance of a letter of credit payable to the ED ("ED Letter of Credit") by November 15, 2014, the aggregate commitments of the lenders will be reduced to $100,000. In addition, the commitments of the lenders under the Amended Credit Agreement will be reduced to the extent that borrowings are repaid by us using proceeds from certain types of transactions specified in the Fourth Amendment and the Fifth Amendment, as described further below.

Borrowings under the Amended Credit Agreement bear interest, at our option, at the London Interbank Offered Rate ("LIBOR") plus an applicable margin or at an alternative base rate, as defined under the Amended Credit Agreement, plus an applicable margin. The applicable margin for borrowings under the Amended Credit Agreement is determined based on the ratio of our total Indebtedness (as defined in the Amended Credit Agreement and which primarily includes outstanding borrowings, recorded contingent liabilities related to our guarantee obligations, letters of credit and surety bonds) to EBITDA (as defined in the Amended Credit Agreement) (the "Leverage Ratio") as of the end of each fiscal quarter. We also pay a commitment fee on the amount of the unutilized commitments under the Amended Credit Agreement. The amount of the commitment fee is determined based on the Leverage Ratio as of the end of each quarter. The effective interest rate on our borrowings was approximately:

- 3.60% per annum in the year ended December 31, 2013;
- 2.40% per annum in the year ended December 31, 2012; and
- 1.20% per annum in the year ended December 31, 2011.

The commitment fee under the Amended Credit Agreement was 0.40% as of December 31, 2013.

We recognized interest expense and fees (including the facility fee and commitment fee) on our borrowings under the Amended Credit Agreement or the prior credit agreement, as applicable, of $3,424 in the year ended December 31, 2013, $3,303 in the year ended December 31, 2012 and $1,825 in the year ended December 31, 2011.

In addition to the participation fee required to be paid by us pursuant to the original terms of the Credit Agreement related to letters of credit, which accrues at the same rate used to determine the interest rate applicable to Eurodollar Revolving Loans (as defined in the Amended Credit Agreement), the Fifth Amendment provides that an additional participation fee is required to be paid by us related to the ED Letter of Credit, which will accrue at a ticking fee rate on the average daily amount of the lenders' letter of credit exposure with respect to the ED Letter of Credit. The ticking fee rate is defined as:

- 0.00% per annum for the period from September 15, 2014 through and including March 21, 2015;
- 1.00% per annum for the period from March 22, 2015 through and including March 21, 2016;
- 2.00% per annum for the period from March 22, 2016 through and including March 21, 2017;
- 3.00% per annum for the period from March 22, 2017 through and including March 21, 2018;
- 4.00% per annum for the period from March 22, 2018 through and including March 21, 2019; and
- 5.00% per annum for the period from March 22, 2019 through November 15, 2019.

The Amended Credit Agreement contains, among other things, covenants, representations and warranties and events of default customary for credit facilities. We are required to maintain compliance with a maximum Leverage Ratio, a minimum fixed charge coverage ratio, a minimum liquidity amount, and several covenants related to the ED's regulations. We were in compliance with those covenants as of December 31, 2013, after giving effect to the Third Amendment and the Fourth Amendment. The Third Amendment provides that noncompliance with the Leverage Ratio as of the end of the fiscal quarters ending March 31, 2013, June 30, 2013 and September 30, 2013, and noncompliance with the fixed charge coverage ratio as of the end of the fiscal quarters ending March 31, 2013, June 30, 2013, September 30, 2013, and December 31, 2013 (in each case, before giving effect to the Third Amendment) have been waived by the lenders. In addition, among other things, the Third Amendment, the Fourth Amendment, the Fifth Amendment and the Consent, taken together:

- provided that our consolidated financial statements (and related certificates) as of and for the fiscal year ended December 31, 2013, did not have to be furnished by us to the lenders until October 15, 2014;
- provide that our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarter ended March 31, 2014, do not have to be furnished by us to the lenders until November 15, 2014;
- provide that our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarter ended June 30, 2014, do not have to be furnished by us to the lenders until November 15, 2014;
- provide that our condensed consolidated financial statements (and related certificates) as of and for the fiscal quarter ended September 30, 2014, do not have to be furnished by us to the lenders until December 15, 2014;
- amend certain covenants to allow for the Consolidation beginning on February 28, 2013, and for other factors; and
- waive certain defaults related to our financial reporting.

The Amended Credit Agreement:

- is secured by a pledge of the equity interests of our subsidiaries;
- is guaranteed by one of our subsidiaries;
- is secured by security interests in substantially all of our personal property and the personal property of the subsidiary guarantor; and
- is secured by mortgages on 30 separate parcels of land owned by us, including all of the improvements thereto and fixtures thereon (the "Mortgaged Property").

The Fourth Amendment provides that an event of default under the Amended Credit Agreement will occur, if, among other things, the ED imposes a delay of more than five days in our receipt of Title IV Program funds. The Fifth Amendment provides that an event of default under the Amended Credit Agreement will occur if, among other things, we do not engage a financial advisor acceptable to the administrative agent before November 15, 2014 (or another date not later than December 15, 2014, if acceptable to the administrative agent). Based on our discussions with the administrative agent, we understand that the financial advisor would be retained to assist us in our ongoing efforts to identify and secure alternative financing.

Table of Contents

The Fifth Amendment provides that the ED Letter of Credit will not be issued unless we have previously delivered certain real estate due diligence items related to the Mortgaged Property. In addition, the Fifth Amendment allows for the ED Letter of Credit, if issued, to have a term ending not later than November 15, 2019.

Under the Amended Credit Agreement, we are required to provide cash collateral (in an amount equal to 109% of the face amount of the ED Letter of Credit and 103% of the face amount of all other letters of credit) for any letter of credit issued under the Amended Credit Agreement:

- after July 30, 2014, immediately upon issuance, except for the ED Letter of Credit, for which cash collateral is not required, until the earlier of December 31, 2014 or when net cash proceeds are received from certain transactions described in the next paragraph; and
- before July 30, 2014, by the earlier of December 31, 2014 or when net cash proceeds are received from certain transactions described in the next paragraph.

All amounts posted as cash collateral for letters of credit will be treated as cash for purposes of determining our compliance with the minimum liquidity covenant of the Amended Credit Agreement.

Under the Fourth Amendment and the Fifth Amendment, in the event that any net cash proceeds are received by us or a material subsidiary of ours in connection with any sale, transfer, lease or other disposition of the Mortgaged Property, including in connection with any sale and leaseback transaction, any mortgage financing or similar transaction with respect to the Mortgaged Property or the incurrence by us of indebtedness that is not permitted under the Amended Credit Agreement, those net cash proceeds will:

- first, be delivered to the administrative agent in order to cash collateralize all then outstanding letters of credit under the Amended Credit Agreement, until such time as the administrative agent holds cash collateral equal to 109% of the face amount of the ED Letter of Credit and 103% of the face amount of all other letters of credit, or if the ED Letter of Credit has not yet been issued when the net cash proceeds are received, to be held by the administrative agent until the issuance of the ED Letter of Credit and application of the proceeds to cash collateral; and
- second, be used to repay outstanding borrowings under the Amended Credit Agreement, which repayments will be accompanied by a corresponding pro rata reduction of the commitment of each lender under the Amended Credit Agreement.

The Fourth Amendment also implements additional restrictions on us, including, without limitation:

- the exception to the limitation on asset dispositions not otherwise permitted under the Amended Credit Agreement is reduced from $75,000 in the aggregate during the term of the Amended Credit Agreement to $5,000 in the aggregate during the period from July 30, 2014 through the remaining term of the Amended Credit Agreement, and all of those asset dispositions must be for fair market value and an adequate cash purchase consideration, as reasonably determined by the administrative agent, provided that those limitations do not apply to an asset disposition of the Mortgaged Property, if that asset disposition generates net cash proceeds of at least 75% of the appraised value of that Mortgaged Property;
- in addition to the existing limitation on sale and leaseback transactions that the net cash proceeds received therefrom may not exceed $125,000 in the aggregate during the term of the Amended Credit Agreement, any sale and leaseback transaction must be for fair market value and an adequate cash purchase consideration, as reasonably determined by the administrative agent, provided that any sale and leaseback transaction of the Mortgaged Property will be deemed to be for fair market value and an adequate cash purchase consideration, if it generates net cash proceeds of at least 75% of the appraised value of that Mortgaged Property;
- the permitted indebtedness consisting of secured indebtedness at any time outstanding (and not otherwise permitted by the Amended Credit Agreement) is reduced from $25,000 to $5,000 in aggregate principal amount; and
- permitted liens to secure indebtedness, obligations and/or liabilities at any one time outstanding (which liens are not otherwise permitted by the Amended Credit Agreement) may not secure debt in excess of $5,000 in aggregate principal amount, reduced from the original $25,000.

If any collateral is sold in a transaction permitted under the Amended Credit Agreement or is financed by indebtedness permitted under the Amended Credit Agreement, the administrative agent will release the mortgage or other security interest in that collateral.

As of December 31, 2013, the outstanding borrowings under the Amended Credit Agreement totaled $50,000 and were classified as a current liability, because we believed it was probable that we would not be in compliance with certain covenants under the Amended Credit Agreement during the 12 months following December 31, 2013.

If we are not in compliance with one or more covenants and are unable to obtain a waiver of our noncompliance or an amendment to the Amended Credit Agreement that would allow us to be in compliance with those covenants or otherwise not be in default under the Amended Credit Agreement, the lenders would have various remedies, including:

- the lending commitments under the Amended Credit Agreement may be terminated;

Table of Contents

- our ability to request the issuance of letters of credit and to obtain amendments, extensions or renewals of letters of credit already issued under the Amended Credit Agreement may be terminated;
- all then outstanding borrowings and other amounts owed under the Amended Credit Agreement may be declared immediately due and payable; and
- we could be required to provide cash collateral (in an amount equal to 109% of the face amount of the ED Letter of Credit and 103% of the face amount of all other letters of credit) for our obligations with respect to any outstanding letters of credit, if that cash collateral has not already been posted.

In the event that we or our subsidiary guarantor do not pay in full, upon demand, all of our outstanding borrowings and other amounts owed under the Amended Credit Agreement or we, or our subsidiary guarantor, do not provide, upon demand, the cash collateral for our letter of credit obligations, the lenders would be entitled to recourse against the collateral security, including the Mortgaged Property, that we and our subsidiary guarantor have provided, in order to obtain payment of amounts we owe or are required to provide as cash collateral.

For the period February 28, 2013 through December 31, 2013, our consolidated financial statements consolidate the PEAKS Trust. See Note 10 – Variable Interest Entities, for a further discussion of the Consolidation. In January 2010, the PEAKS Trust issued PEAKS Senior Debt in the aggregate principal amount of $300,000 to investors. The PEAKS Senior Debt matures in January 2020 and bears interest at a variable rate based on the LIBOR, plus a 550 basis point margin. The minimum LIBOR rate applied to the PEAKS Senior Debt cannot be less than 2.00%. There are no scheduled principal repayment requirements for the PEAKS Senior Debt prior to the January 2020 maturity date. Under the terms of the PEAKS Program documents, however, amounts received on a monthly basis by the PEAKS Trust that exceed the fees and expenses of the PEAKS Trust then due and the interest then due on the PEAKS Senior Debt are to be paid to reduce the outstanding principal balance of the PEAKS Senior Debt. We estimate that the amount received in 2014 by the PEAKS Trust from PEAKS Trust Student Loan borrowers that could be used to reduce the outstanding principal balance of the PEAKS Senior Debt, will not be material. The assets of the PEAKS Trust (which include, among other assets, the PEAKS Trust Student Loans) serve as collateral for, and are intended to be the principal source of, the repayment of the PEAKS Senior Debt. Payment of the PEAKS Senior Debt may be accelerated by the indenture trustee of the PEAKS Trust or by the holders of the PEAKS Senior Debt in response to certain events of default under the indenture under the PEAKS Program (the "PEAKS Indenture"), including, among other things:

- a payment default by the PEAKS Trust;
- a default in the performance or observation of the PEAKS Trust's covenants, agreements or conditions under the PEAKS Indenture;
- a breach of our obligations under the PEAKS Guarantee; and
- certain bankruptcy events with respect to the PEAKS Trust or us.

An acceleration of the payment of the PEAKS Senior Debt would result in an acceleration of our obligation to pay the full amount of the PEAKS Senior Debt pursuant to the terms of the PEAKS Guarantee, if the PEAKS Trust was not able to make that payment (and we believe that it is unlikely that the PEAKS Trust would be able to make that payment). The acceleration of our obligation to pay the full amount of the PEAKS Senior Debt, and/or our inability to make that payment, could result in cross-defaults under the Amended Credit Agreement.

The PEAKS Trust must maintain a minimum required Asset/Liability Ratio. The minimum required Asset/Liability Ratio is 1.05/1.00. The applicable required Asset/Liability Ratio as of each monthly measurement date, however, is based on our compliance, as of the prior quarterly measurement date, with certain metrics specified in the PEAKS Program documents, including maximum leverage ratios and minimum liquidity amounts. If we are not in compliance with those metrics as of the end of a fiscal quarter, the required Asset/Liability Ratio increases to 1.40/1.00, until the monthly measurement date following the end of a succeeding quarter at which we are in compliance with those metrics. As a result of the Consolidation and other factors, we were not in compliance with those metrics as of December 31, 2013. We do not expect to be in compliance with those metrics prior to December 31, 2014.

If the amount of the assets of the PEAKS Trust does not equal or exceed the outstanding PEAKS Senior Debt by the applicable required Asset/Liability Ratio on a monthly measurement date, we are required to make a payment under the PEAKS Guarantee in an amount that would reduce the outstanding principal balance of the PEAKS Senior Debt to the extent necessary to cause the ratio of the assets of the PEAKS Trust to the resulting outstanding PEAKS Senior Debt to equal or exceed the applicable required Asset/Liability Ratio. See Note 16 – Commitments and Contingencies, for a further discussion of the PEAKS Guarantee.

Table of Contents

As a consequence of the restatement of our unaudited condensed consolidated financial statements in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, certain quarterly reports that we were required to deliver to the indenture trustee of the PEAKS Trust under the PEAKS Guarantee were inaccurate. We delivered corrected quarterly reports to the indenture trustee on October 9, 2014. If we had delivered accurate quarterly reports or, with respect to periods in 2014 through June 30, 2014, delivered quarterly reports, to the indenture trustee of the PEAKS Trust, we believe the indenture trustee would have made payment demands beginning in April 2013, requiring us to make additional payments under the PEAKS Guarantee totaling $60,340, in the aggregate, in order to maintain an Asset/Liability Ratio of 1.40/1.00. On October 9, 2014, we made a guarantee payment of $50,000, which payment, along with other payments that we have made to the PEAKS Trust in recent months, included amounts that would have become due between April 2013 and September 2014, had we delivered accurate quarterly reports. The delivery of inaccurate quarterly reports constituted a breach of the PEAKS Guarantee and an event of default under the PEAKS Indenture. In the event of a default under the PEAKS Indenture, the payment of the entire amount of the PEAKS Senior Debt could be accelerated, which would trigger our obligation to pay the full amount of the PEAKS Senior Debt pursuant to our obligations under the PEAKS Guarantee, additional remedies could be sought against us and there could be a cross-default under the Amended Credit Agreement, any of which would have a material adverse effect on our results of operations, financial condition and cash flows. We believe that the delivery of the corrected quarterly reports and making the additional guarantee payments satisfied our obligations under the PEAKS Guarantee with respect to these matters and cured the event of default under the PEAKS Indenture. We cannot predict, however, whether the holders of the PEAKS Senior Debt will assert other breaches of the PEAKS Guarantee by us or assert that any breach of the PEAKS Guarantee or event of default under the PEAKS Indenture was not properly cured.

We estimate that we have and will make payments under the PEAKS Guarantee totaling approximately $159,500 in the year ending December 31, 2014 to cause the PEAKS Trust to maintain the applicable required Asset/Liability Ratio. That estimated amount includes the:

- $40,000 that we paid in March 2014 pursuant to the Letter Agreement, which was applied primarily to make a mandatory prepayment of the PEAKS Senior Debt (see Note 10 – Variable Interest Entities, for a further discussion of the Letter Agreement);
- payments totaling approximately $51,700 that we made from July 2014 through September 2014 to satisfy our obligations under the PEAKS Guarantee with respect to the increased minimum required Asset/Liability Ratio in prior periods; and
- $50,000 that we paid in October 2014, as described in the immediately preceding paragraph.

As of December 31, 2013, the outstanding principal balance of the PEAKS Senior Debt was approximately $255,600 and the carrying value was $229,224. We recorded $157,883 as a current liability as of December 31, 2013, which represented our estimate of the amount of the carrying value that would have been due in the 12 months following December 31, 2013 after giving consideration to the effects of the restatement, as described above. The PEAKS Senior Debt was recorded on our consolidated balance sheet as of February 28, 2013 at its estimated fair value on that date, which was approximately $226,096. The outstanding principal balance of the PEAKS Senior Debt as of February 28, 2013 was $257,533. The $31,437 difference between the estimated fair value and the outstanding principal balance of the PEAKS Senior Debt as of February 28, 2013 was recorded as an accrued discount on our consolidated balance sheet and will be recognized as Interest expense in our Consolidated Statements of Income using an effective interest rate method over the term of the PEAKS Senior Debt. The effective interest rate on the PEAKS Senior Debt was approximately 9.90% per annum in the year ended December 31, 2013. We recognized interest expense on the PEAKS Senior Debt of $21,288 in the year ended December 31, 2013, which included $4,926 of discount accretion.

The following table sets forth the estimated principal payments on the PEAKS Senior Debt in the periods indicated:

Fiscal Year	Amount
2014	$161,219
2015	$ 16,699
2016	$ 7,618
2017	$ 8,194
2018	$ 8,909
2019 - 2020	$ 51,393

14. Income Taxes

The following table sets forth the components of the provision for income taxes in the periods indicated:

	Year Ended December 31, 2013	2012	2011
Current income tax expense:			
U.S. federal	$ 39,279	$ 126,585	$ 174,264
State and local	4,611	22,004	35,128
Total	$ 43,890	$ 148,589	$ 209,392
Deferred income tax (benefit):			
U.S. federal	($46,345)	($ 51,145)	($ 6,718)
State and local	(7,757)	(8,426)	(1,427)
Total	($54,102)	($ 59,571)	($ 8,145)
Total provision (benefit) for income taxes	($10,212)	$ 89,018	$ 201,247

Table of Contents

We recognized approximately $298 of state income tax benefit in the year ended December 31, 2013, as a result of state operating losses.

We do not include the PEAKS Trust in our consolidated income tax returns because the PEAKS Trust is a tax-exempt entity. Therefore, we did not recognize income tax expense or benefit for the PEAKS Trust in the provision for income taxes included in our Consolidated Statement of Income for the year ended December 31, 2013. The effect of the exclusion of the PEAKS Trust from our income tax provision is shown in the reconciliation of our effective income tax rate as a percentage of income shown below.

The following table sets forth the components of our deferred income tax assets (liabilities) as of the dates indicated:

	As of December 31,	
	2013	2012
Deferral of book costs	($ 1,748)	($ 1,810)
Property and equipment	(1,807)	(6,416)
Pension	(10,566)	(2,712)
Other	(1,189)	(2,308)
Gross deferred tax (liabilities)	($ 15,310)	($ 13,246)
Deferred revenue	$ 10,902	$ 14,687
Accounts receivable	3,551	6,073
Legal accrual	3,455	2,018
Compensation and benefits	3,316	1,643
Stock-based compensation	20,794	22,680
Operating leases	2,386	735
Legal settlement accrual	0	17,834
Other assets	8,356	18,772
Other contingent liabilities	108,423	30,822
Gross deferred tax assets	$ 161,183	$ 115,264
Net deferred income tax asset	$ 145,873	$ 102,018

The difference between the U.S. federal statutory income tax rate and our effective income tax rate as a percentage of income in the periods indicated is reconciled in the following table:

	Year Ended December 31,		
	2013	2012	2011
U.S. federal statutory income tax rate	(35.0%)	35.0%	35.0%
PEAKS Trust rate differential	11.9%	0%	0%
State income taxes, net of federal benefit	(5.6%)	3.4%	3.9%
Permanent book/tax differences	2.8%	0.9%	0.4%
Other	(1.5%)	(0.3%)	0.1%
Effective income tax rate	(27.4%)	39.0%	39.4%

The following table sets forth the activity with respect to our unrecognized tax benefits in the period indicated:

	Year Ended December 31,		
	2013	2012	2011
Balance as of January 1	$20,690	$22,050	$22,888
Increases (decreases) from:			
Tax positions taken during a prior period	1,675	195	1,042
Tax positions taken during the current period	870	759	2,434
Settlements with taxing authorities	186	(1,027)	(2,487)
Lapse of statute of limitations	(1,130)	(1,287)	(1,827)
Balance as of December 31	$22,291	$20,690	$22,050

The amount of unrecognized tax benefits that, if recognized, would have affected our effective tax rate as of December 31, 2013 was $10,575. We do not expect the amount of our unrecognized tax benefits to significantly increase or decrease during the next 12 months. The amount of interest and penalties related to unrecognized tax benefits accrued on our Consolidated Balance Sheets was $6,371 as of December 31, 2013 and $5,699 as of December 31, 2012. In each of the years ended December 31, 2013, 2012 and 2011, the amount of interest expense and penalties related to our unrecognized tax benefits that we recognized in our Consolidated Statements of Income was not material.

We file income tax returns in the United States (federal) and in various state and local jurisdictions. As of December 31, 2013, we were no longer subject to federal, state or local income tax examinations for tax years prior to 2010, except in eleven states where we are still subject to income tax examinations for tax year 2009 and one state where we are still subject to income tax examination for the tax years 2005 through 2008.

Table of Contents

15. Employee Benefit Plans

Employee Pension Benefits. Our ESI Pension Plan, a non-contributory defined benefit pension plan, commonly referred to as a cash balance plan, covers substantially all of our employees who began their employment with us prior to June 2, 2003. This plan provides benefits based on an employee's annual earnings times an established percentage of pay determined by the employee's age and years of benefit service. Effective June 2, 2003, we closed participation in the ESI Pension Plan to all new employees. Employees who begin their employment with us on or after June 2, 2003 do not participate in the ESI Pension Plan.

Our ESI Excess Pension Plan, a nonqualified, unfunded retirement plan, covers a select group of our management. The purpose of the ESI Excess Pension Plan is to restore benefits earned, but not available, to eligible employees under the ESI Pension Plan due to federal statutory limitations on the amount of benefits that can be paid and compensation that may be recognized under a tax-qualified retirement plan.

The benefit accruals under the ESI Pension Plan and the ESI Excess Pension Plan for all participants in those plans were frozen effective March 31, 2006, such that no further benefits accrue under those plans after March 31, 2006. Participants in those plans, however, continue to be credited with vesting service and interest according to the terms of the ESI Pension Plan and the ESI Excess Pension Plan.

The information presented below is based on an actuarial valuation date as of December 31 for 2013 and 2012.

The following table sets forth the change in projected benefit obligation for the periods indicated:

	Year Ended December 31,	
	2013	2012
Projected benefit obligation at beginning of year	$ 57,246	$ 54,485
Service cost	0	0
Actuarial (gain) loss	(5,345)	3,180
Interest cost	1,756	2,062
Benefits paid	(4,245)	(2,481)
Plan amendments	0	0
Projected benefit obligation at end of year	$ 49,412	$ 57,246
Fair value of plan assets at end of year	76,710	64,390
Funded status at end of year	$ 27,298	$ 7,144

Our accumulated benefit obligation was $49,412 at December 31, 2013 and $57,246 at December 31, 2012.

The following table sets forth the funded status of our defined benefit plans that was recognized on our Consolidated Balance Sheets as of the dates indicated:

	As of December 31,	
	2013	2012
Non-current assets	$27,584	$7,459
Non-current (liabilities)	(286)	(315)
Total	$27,298	$7,144

The weighted-average assumptions used to determine benefit obligations as of December 31, 2013 and 2012 are as follows:

	2013	2012
Discount rate	4.25%	3.25%
Rate of compensation increase	N/A	N/A

The following table sets forth the change in the fair value of plan assets for the periods indicated:

	Year Ended December 31,	
	2013	2012
Fair value of plan assets at beginning of year	$ 64,390	$ 58,839
Actual return on plan assets	16,565	8,032
Employer contributions	0	0
Benefits paid	(4,245)	(2,481)
Fair value of plan assets at end of year	$ 76,710	$ 64,390

Table of Contents

The following tables set forth the fair value of total plan assets by major asset category as of the dates indicated:

		Fair Value Measurements as of December 31, 2013		
Asset Category	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Cash and cash equivalents	$ 934	$ 934	$ 0	$ 0
Fixed income securities (a)	12,596	12,596	0	0
Equity securities:				
Domestic large cap	40,669	40,669	0	0
Mid cap value/growth (a)	12,610	12,610	0	0
Small cap value/growth (a)	7,163	7,163	0	0
Foreign equities	2,738	2,738	0	0
Total	$76,710	$ 76,710	$ 0	$ 0

(a) Mutual funds.

		Fair Value Measurements as of December 31, 2012		
Asset Category	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Cash and cash equivalents	$ 1,078	$ 1,078	$ 0	$ 0
Fixed income securities (a)	17,318	17,318	0	0
Equity securities:				
Domestic large cap	29,594	29,594	0	0
Mid cap value/growth (a)	9,090	9,090	0	0
Small cap value/growth (a)	5,137	5,137	0	0
Foreign equities	2,173	2,173	0	0
Total	$64,390	$ 64,390	$ 0	$ 0

(a) Mutual funds.

We used quoted prices in active markets for identical assets as of the measurement dates to value our plan assets that were categorized as Level 1.

The following table sets forth the amounts in Accumulated other comprehensive loss on our Consolidated Balance Sheets that have not been recognized as components of net periodic pension benefit cost as of the dates indicated:

	As of December 31,	
	2013	2012
Net actuarial (loss)	($ 546)	($20,191)
Prior service credit	5,578	7,133
Total accumulated other comprehensive income (loss)	$ 5,032	($13,058)
Income tax benefit (expense)	(1,886)	5,128
Total accumulated other comprehensive income (loss), net of tax	$ 3,146	($ 7,930)

Table of Contents

The following table sets forth the changes in the components of Accumulated other comprehensive loss on our Consolidated Balance Sheet in the fiscal year ended December 31, 2013:

	Defined Benefit Pension Items		
	Accumulated Other Comprehensive Income (Loss)	Income Tax Benefit (Expense)	Accumulated Other Comprehensive Income (Loss) Net of Income Tax
Balance at January 1, 2013	($ 13,058)	$ 5,128	($ 7,930)
Net actuarial gain	17,566	(6,811)	10,755
Settlement gain	42	(17)	25
Amortization of:			
Actuarial (gains)/losses	2,037	(790)	1,247
Prior service costs/(credits)	(1,555)	604	(951)
Balance at December 31, 2013	$ 5,032	($ 1,886)	$ 3,146

The reclassification of prior service costs or credits, actuarial gains or losses and settlement gain from Accumulated other comprehensive loss are included in the computation of net periodic pension benefit cost (income). Net periodic pension benefit cost (income) was included in compensation expense in Cost of educational services and Student services and administrative expenses in our Consolidated Statements of Income in the fiscal year ended December 31, 2013.

The following table sets forth the components of net periodic pension benefit (income) in the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Interest cost	$ 1,756	$ 2,062	$ 2,405
Expected return on assets	(4,344)	(4,231)	(4,756)
Recognized net actuarial loss	2,037	2,718	1,803
Amortization of prior service (credit) cost	(1,555)	(1,555)	(1,555)
Settlement loss	42	792	1,204
Total net periodic pension benefit (income)	($ 2,064)	($ 214)	($ 899)

The benefit accruals under the ESI Pension Plan and ESI Excess Pension Plan were frozen effective March 31, 2006. As a result, no service cost has been included in the net periodic pension benefit income.

The following table sets forth the amounts related to changes in plan assets and projected benefit obligations that were recognized in other comprehensive (income) loss in the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
Net actuarial (gain) loss	($17,566)	($ 621)	$ 9,504
Amortization of net actuarial loss	(2,037)	(2,718)	(1,803)
Prior service cost (credit)	0	0	0
Amortization of prior service cost (credit)	1,555	1,555	1,555
Settlement	(42)	(792)	(1,204)
Other comprehensive (income) loss	($18,090)	($ 2,576)	$ 8,052
Total recognized in net periodic pension benefit (income) and other comprehensive (income) loss	($20,154)	($ 2,790)	$ 7,153

The amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period for employees expected to receive benefits under the pension plans. The estimated net actuarial loss that is expected to be amortized from accumulated other comprehensive income and recognized in net periodic pension benefit cost for the year ended December 31, 2014 is $0 and the estimated prior service credit that is expected to be amortized from accumulated other comprehensive income and recognized in net periodic pension benefit cost for the year ended December 31, 2014 is $1,555.

The weighted-average assumptions used to determine net periodic pension benefit cost in the years ended December 31, 2013, 2012 and 2011 are as follows:

	2013	2012	2011
Discount rate	3.25%	4.00%	5.00%
Expected long-term return on plan assets	7.00%	7.50%	8.00%
Rate of compensation increase	N/A	N/A	N/A

Table of Contents

The following table sets forth the benefit payments that we expect to pay from the pension plans in the periods indicated:

Year	Amount
Fiscal 2014	$ 3,576
Fiscal 2015	$ 3,464
Fiscal 2016	$ 4,315
Fiscal 2017	$ 4,896
Fiscal 2018	$ 3,538
Fiscal 2019 – 2023	$16,838

We invest plan assets based on a total return on investment approach, pursuant to which the plan assets include a diversified blend of equity and fixed income investments toward a goal of maximizing the long-term rate of return without assuming an unreasonable level of investment risk. We determine the level of risk based on an analysis of plan liabilities, the extent to which the value of the plan assets satisfies the plan liabilities and our financial condition. Our investment policy includes target allocations ranging from 30% to 70% for equity investments, 20% to 60% for fixed income investments and 0% to 50% for cash equivalents. Actual asset allocations may vary from the targeted allocations for various reasons, including market conditions and the timing of transactions. The equity portion of the plan assets represents growth and value stocks of small, medium and large companies. We measure and monitor the investment risk of the plan assets both on a quarterly basis and annually when we assess plan liabilities.

We use a building block approach to estimate the long-term rate of return on plan assets. This approach is based on the capital market principle that the greater the volatility, the greater the return over the long term. An analysis of the historical performance of equity and fixed income investments, together with current market factors such as the inflation and interest rates, are used to help us make the assumptions necessary to estimate a long-term rate of return on plan assets. Once this estimate is made, we review the portfolio of plan assets and make adjustments thereto that we believe are necessary to reflect a diversified blend of equity and fixed income investments that is capable of achieving the estimated long-term rate of return without assuming an unreasonable level of investment risk. We also compare the portfolio of plan assets to those of other pension plans to help us assess the suitability and appropriateness of the plan investments.

We determine our discount rate by performing a yield curve analysis based on a portfolio of high-quality fixed income investments with various maturities. Our expected future benefit payments are discounted to their present value at the appropriate yield curve rate to generate the overall discount rate for pension obligations.

In 2013 and 2012, we made no contributions to the ESI Excess Pension Plan or the ESI Pension Plan. We do not expect to make any contributions to either the ESI Pension Plan or the ESI Excess Pension Plan in 2014.

Retirement Savings Plan. Our ESI 401(k) Plan, a defined contribution plan, covers substantially all of our employees. All of our contributions under the ESI 401(k) Plan are in the form of cash to plan investment options directed by the participant.

On July 1, 2013, we changed the rate at which we made contributions to the ESI 401(k) Plan on behalf of our employees. Prior to July 1, 2013, we contributed 100% of the first 1% and 50% of the next 4% of an employee's salary that the employee contributed to his or her ESI 401(k) Plan account. Beginning July 1, 2013, we contribute 50% of the first 6% of an employee's salary that the employee contributes to his or her ESI 401(k) Plan account.

Our ESI Excess Savings Plan, a nonqualified, unfunded deferred compensation plan, covers a select group of our management. The plan provided for salary deferral of contributions that the participants were unable to make under the ESI 401(k) Plan and our contributions that could not be paid under the ESI 401(k) Plan due to federal statutory limits on the amount that an employee could contribute under a defined contribution plan. Effective for plan years beginning on and after January 1, 2008, we froze the ESI Excess Savings Plan, such that employees may no longer make salary deferrals and we will no longer make contributions under the ESI Excess Savings Plan. Amounts previously credited to an employee under the ESI Excess Savings Plan will, however, continue to accrue interest in accordance with the terms of the ESI Excess Savings Plan, until those amounts are distributed pursuant to the plan's terms.

The costs of providing the benefits under the ESI 401(k) Plan and ESI Excess Savings Plan (including certain administrative costs of the plans) were:

- $3,454 in the year ended December 31, 2013;
- $4,597 in the year ended December 31, 2012; and
- $5,308 in the year ended December 31, 2011.

16. Commitments and Contingencies

As part of our normal operations, one of our insurers issues surety bonds for us that are required by various education authorities that regulate us. We are obligated to reimburse our insurer for any of those surety bonds that are paid by the insurer. As of December 31, 2013, the total face amount of those surety bonds was approximately $19,300. As of December 31, 2013, we also had issued approximately $2,246 of letters of credit to our workers' compensation insurers.

Table of Contents

We are also subject to various claims and contingencies, including those related to litigation, government investigations, business transactions, guarantee arrangements and employee-related matters, among others. We record a liability for those claims and contingencies, if it is probable that a loss will result and the amount of the loss can be reasonably estimated. Although we believe that our estimates related to any claims and contingencies are reasonable, we cannot make any assurances with regard to the accuracy of our estimates, and actual results could differ materially.

The following table sets forth the components of our recorded liability related to our claims and contingencies and where the amounts were included on our Consolidated Balance Sheets as of the dates indicated:

	As of December 31,	
	2013	2012
PEAKS Guarantee (1)	$ 0	$ 47,500
2009 RSA	116,923	28,232
2007 RSA(2)	0	46,000
Other	8,957	5,246
Total	$125,880	$126,978
Other current liabilities	$ 25,893	$ 85,655
Other liabilities	99,987	41,323
Total	$125,880	$126,978

(1) We consolidated the PEAKS Trust in our consolidated financial statements as of February 28, 2013. See Note 10 – Variable Interest Entities, for a further discussion of the Consolidation.
(2) As defined below

Other current liabilities primarily represented our estimate of the loss that we believed we would realize during the 12- month period following the dates indicated. As of December 31, 2013, Other current liabilities included $9,091 that we claimed as an offset against amounts owed to us under the Revolving Note. See " – *Guarantees*," for a further discussion of the amounts we claimed as offsets under the Revolving Note. The amounts included in Other liabilities primarily related to our estimated contingent liabilities for the 2009 RSA as of December 31, 2013 and the PEAKS Guarantee and 2009 RSA as of December 31, 2012, and represented our estimate of the loss that we believed we would realize after the 12-month period following the dates indicated and over a period that could exceed 10 years.

The following table sets forth the activity with respect to our recorded liability related to our claims and contingencies in the periods indicated:

	Year Ended December 31,	
	2013	2012
Balance as of January 1	$126,978	$ 36,028
Increases (decreases) from:		
Additional accruals:		
PEAKS Guarantee (1)	0	55,935
2009 RSA (2)	90,964	23,340
2007 RSA	0	21,750
Other	4,038	117
Payments, net of recoveries of $103 and $234 (3)	(2,600)	(1,756)
Payments under PEAKS Guarantee, net of estimated recoveries of $1,408 and $6,668	(1,005)	(5,674)
Payments on Behalf of Borrowers	(11,499)	(2,762)
Settlement payment – 2007 RSA	(46,000)	0
Elimination of intercompany transactions (4)	11,118	0
Elimination of PEAKS Guarantee accrual (5)	(46,114)	0
Balance as of December 31	$125,880	$126,978

(1) Our guarantee obligations under the PEAKS Program remain in effect until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full. At such time, we will be entitled to repayment by the PEAKS Trust of the amount of payments we made under the PEAKS Guarantee (which do not include Payments on Behalf of Borrowers) to the extent that funds remain in the PEAKS Trust after the PEAKS Senior Debt and all fees and expenses of the PEAKS Trust have been paid in full. The PEAKS Senior Debt matures in January 2020 and, therefore, we do not expect to begin receiving any repayment of amounts that we previously paid under the PEAKS Guarantee until February 2020. The accrual related to the PEAKS Guarantee as of December 31, 2012 was recorded net of estimated recoveries, taking into consideration the present value of the estimated recoveries.

(2) This amount represents a change in our accounting estimate for the amount of our guarantee obligations under the 2009 RSA. We revised our estimate for the 2009 RSA based on an enhanced default rate methodology and more recent performance data that we obtained in the three months ended December 31, 2013. The primary enhancements and performance data included: (i) an adjustment to the default estimates for student borrowers, as a result of recently obtained actual default data for similarly-situated student borrowers; (ii) an adjustment to the default rate expectations, due to declines in repayment performance; (iii) our ability to make Discharge Payments; and (iv) a lower expectation for collections on defaulted loans as a result of the performance to date of collections.

(3) Includes payments, net of recoveries, under the 2009 RSA.

(4) We consolidated the PEAKS Trust in our consolidated financial statements as of February 28, 2013 and, as a result, we have eliminated from our consolidated financial statements the amount of payments under the PEAKS Guarantee and Payments on Behalf of Borrowers that we made following the Consolidation. See Note 10 – Variable Interest Entities, for a further discussion of the Consolidation.

(5) As a result of the Consolidation, we have eliminated from our consolidated financial statements the contingent liability related to the PEAKS Guarantee that we had previously recorded.

Table of Contents

We had guaranteed the repayment of private education loans made by a lender to our students in 2007 and early 2008 (the "2007 RSA") that the lender charged off above a certain percentage of the total dollar volume of private education loans made under the 2007 RSA. In January 2013, we paid $46,000 in a settlement to absolve us from any further obligations with respect to our guarantee obligations under the 2007 RSA, which amount is included in the Settlement payment – 2007 RSA line item in the year ended December 31, 2013 in the table above. The liability for this settlement was included in Other current liabilities on our Consolidated Balance Sheet as of December 31, 2012.

In order to determine the amount of the contingent liability to record related to our guarantee obligations under the 2009 RSA and, prior to the Consolidation, the PEAKS Guarantee, we utilize estimates of, among other things, the projected repayment performance of the private education loans made under each of the 2009 Loan Program and the PEAKS Program, which projections involve numerous assumptions. Based on those projections and other factors, we estimate the amount of payments that we expect to make and the amounts that we expect to be repaid to us under those programs.

Under the 2009 RSA, we are entitled to all amounts that the 2009 Entity recovers from loans in a particular loan pool made under the 2009 Loan Program that have been charged off, until all payments that we made under the 2009 RSA with respect to that loan pool have been repaid to us by the 2009 Entity. Pursuant to the terms of the PEAKS Program documents, we will be entitled to repayment by the PEAKS Trust of the amount of payments we made under the PEAKS Guarantee (which do not include Payments on Behalf of Borrowers) to the extent that funds remain in the PEAKS Trust after the PEAKS Senior Debt and all fees and expenses of the PEAKS Trust have been paid in full. The PEAKS Senior Debt matures in January 2020 and, therefore, we do not expect to begin receiving any repayment of amounts that we previously paid under the PEAKS Guarantee until February 2020.

We discount the amounts that we expect will be repaid to us under each of the 2009 RSA and the PEAKS Program documents to reflect an imputed interest cost for the period of time between when payments are expected to be made by us and when amounts are expected to be repaid to us. The difference between the amount of the guarantee payments that we expect to make and the discounted amount that we expect will be repaid to us under each of the 2009 RSA and the PEAKS Program documents is included in our estimate of the amount of our contingent liability related to our guarantee obligations under the 2009 RSA and PEAKS Guarantee.

In connection with the change in accounting estimate of the contingent liability related to our guarantee obligations under the 2009 RSA, we also consider the payment options available to us under the 2009 Loan Program, including our ability to make Discharge Payments under the 2009 RSA. To the extent that we project that we will have sufficient funds available to make Discharge Payments under the 2009 RSA, we incorporate an assumption that we will make Discharge Payments into our estimate of the amount of payments that we expect to make when determining the contingent liability. Making Discharge Payments results in us paying a lesser amount than we otherwise would have been required to pay under our guarantee obligations in future periods under the 2009 RSA and, therefore, results in an estimated contingent liability amount that is less than if we had assumed that we would make Regular Payments in future periods.

In connection with estimating our recorded liability for claims and contingencies as of December 31, 2013 and 2012, we considered whether additional losses for claims and contingencies were reasonably possible, could be estimated and might be material to our financial condition, results of operations or cash flows. In order to estimate the possible range of losses under the PEAKS Guarantee (for the year ended December 31, 2012 only) and 2009 RSA (collectively, the "RSAs"), we made certain assumptions with respect to the performance of the private education loans made under the 2009 Loan Program and PEAKS Program over the life of those loans. The life of a private education loan made under the 2009 Loan Program or PEAKS Program may be in excess of ten years from the date of disbursement. Therefore, our estimate of the possible range of losses under the RSAs was based on assumptions for periods in excess of ten years, and those assumptions included, among other things, the following:

- the repayment performance of the private education loans made under each of the 2009 Loan Program and PEAKS Program;
- the timing and rate at which those private education loans will be paid;

- the changes in the variable interest rates applicable to the private education loans and PEAKS Senior Debt;
- the amounts and timing of collections in the future on those private education loans that have defaulted;
- the fees and expenses associated with servicing those private education loans; and
- our ability to utilize the available options for payment of our obligations under the 2009 RSA.

We consulted with third-party consumer credit consulting firms in arriving at our assumptions and estimates. The assumptions have changed, and may continue to change, significantly over time as actual results become known, which would affect our estimated range of possible losses related to the 2009 RSA. With respect to our guarantee

Table of Contents

obligations under the 2009 RSA, we believe that it is reasonably possible that we may incur losses in an estimated range of $11,000 less than to $28,000 greater than the liability recorded as of December 31, 2013 for those contingencies. As with any estimate, as facts and circumstances change, the recorded liability and estimated range of reasonably possible losses could change significantly. With respect to legal proceedings, we determined that we cannot provide an estimate of the possible losses, or the range of possible losses, in excess of the amount, if any, accrued, for various reasons, including but not limited to some or all of the following:

- there are significant factual issues to be resolved;
- there are novel or unsettled legal issues presented;
- the proceedings are in the early stages;
- there is uncertainty as to the likelihood of a class being certified or decertified or the ultimate size and scope of the class;
- there is uncertainty as to the outcome of pending appeals or motions; and
- in many cases, the plaintiffs have not specified damages in their complaint or in court filings.

Litigation. We are subject to various litigation in the ordinary course of our business. We cannot assure you of the ultimate outcome of any litigation involving us. Although we believe that our estimates related to any litigation are reasonable, deviations from our estimates could produce a materially different result. Any litigation alleging violations of education or consumer protection laws and/or regulations, misrepresentation, fraud or deceptive practices may also subject our affected campuses to additional regulatory scrutiny. The following is a description of pending litigation that falls outside the scope of litigation incidental to the ordinary course of our business.

On December 22, 2008, we were served with a qui tam action that was filed on July 3, 2007 in the United States District Court for the Southern District of Indiana by a former employee ("relator") on behalf of herself and the federal government under the following caption: *United States of America ex rel. Debra Leveski v. ITT Educational Services, Inc.* (the "Leveski Litigation"). We were served with the Leveski Litigation after the U.S. Department of Justice declined to intervene in the litigation. On June 3, 2008, the relator filed an amended complaint in the Leveski Litigation. On September 23, 2009, the court dismissed the Leveski Litigation without prejudice and gave the relator an opportunity to replead her complaint. On October 8, 2009, the relator filed a second amended complaint. In the second amended complaint, the relator alleges that we violated the False Claims Act, 31 U.S.C. § 3729, *et seq*., and the HEA by compensating our sales representatives and financial aid administrators with commissions, bonuses or other incentive payments based directly or indirectly on success in securing enrollments or federal financial aid. The relator alleges that all of our revenue derived from the federal student financial aid programs from July 3, 2001 through July 3, 2007 was generated as a result of our violating the HEA. The relator seeks various forms of recovery on behalf of herself and the federal government, including:

- treble the amount of unspecified funds paid to us for federal student grants;
- treble the amount of unspecified default payments, special allowance payments and interest received by lenders with respect to federal student loans received by our students;
- all civil penalties allowed by law; and
- attorney's fees and costs.

A qui tam action is a civil lawsuit brought by one or more individuals (a qui tam "relator") on behalf of the federal or state government for an alleged submission to the government of a false claim for payment. A qui tam action is always filed under seal and remains under seal, until the government decides whether to intervene in the litigation. Whenever a relator files a qui tam action, the government typically initiates an investigation in order to determine whether to intervene in the litigation. If the government intervenes, it has primary control over the litigation. If the government declines to intervene, the relator may pursue the litigation on behalf of the government. If the government or the relator is successful in the litigation, the relator receives a portion of the government's recovery.

On August 8, 2011, the district court granted our motion to dismiss all of the relator's claims in the Leveski Litigation for lack of subject-matter jurisdiction and issued a judgment for us. On February 16, 2012, the relator in the Leveski Litigation filed a Notice of Appeal with the 7th Circuit Court of Appeals regarding the final judgment entered by the district court dismissing all claims against us. On March 26, 2012, the district court in the Leveski Litigation awarded us approximately $395 in sanctions against the relator's attorneys for filing a frivolous lawsuit. Relator's attorneys also appealed this award to the 7th Circuit Court of Appeals. On July 8, 2013, the 7th Circuit Court of Appeals reversed the district court's dismissal of the Leveski Litigation for lack of subject-matter jurisdiction and the award of sanctions against relator's attorneys. In addition, the 7th Circuit Court of Appeals remanded the Leveski Litigation back to the district court for further proceedings.

We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

On March 11, 2013, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of New York under the caption:

Table of Contents

William Koetsch, Individually and on Behalf of All Others Similarly Situated v. ITT Educational Services, Inc., et al. (the "Koetsch Litigation"). On April 17, 2013, a second complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of New York under the caption: *Massachusetts Laborers' Annuity Fund, Individually and on Behalf of All Others Similarly Situated v. ITT Educational Services, Inc., et al.* (the "MLAF Litigation"). On July 25, 2013, the court consolidated the Koetsch Litigation and the MLAF Litigation under the caption: *In re ITT Educational Services, Inc. Securities Litigation* (the "Securities Litigation") and named the Plumbers and Pipefitters National Pension Fund and Metropolitan Water Reclamation District Retirement Fund as the lead plaintiffs. On October 7, 2013, an amended complaint was filed in the Securities Litigation, and on January 15, 2014, a second amended complaint was filed in the Securities Litigation. The second amended complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by:

- our failure to properly account for the 2007 RSA, 2009 RSA and PEAKS Program;
- employing devices, schemes and artifices to defraud;
- making untrue statements of material facts, or omitting material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- making the above statements intentionally or with reckless disregard for the truth;
- engaging in acts, practices, and a course of business that operated as a fraud or deceit upon lead plaintiffs and others similarly situated in connection with their purchases of our common stock;
- deceiving the investing public, including lead plaintiffs and the purported class, regarding, among other things, our artificially inflated statements of financial strength and understated liabilities; and
- causing our common stock to trade at artificially inflated prices and causing the plaintiff and other putative class members to purchase our common stock at inflated prices.

The putative class period in this action is from April 24, 2008 through February 25, 2013. The plaintiffs seek, among other things, the designation of this action as a class action, an award of unspecified compensatory damages, interest, costs and expenses, including counsel fees and expert fees, and such equitable/injunctive and other relief as the court deems appropriate. On July 22, 2014, the district court denied most of our motion to dismiss all of the plaintiffs' claims for failure to state a claim for which relief can be granted. On August 5, 2014, we filed our answer to the second amended complaint denying all of the plaintiffs' claims. All of the defendants have defended, and intend to continue to defend, themselves vigorously against the allegations made in the second amended complaint.

On September 30, 2014, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of Indiana under the caption: *David Banes, Individually and on Behalf of All Others Similarly Situated v. Kevin M. Modany, et al.* (the "Banes Litigation"). The complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by:

- misleading investors regarding the integrity of our financial reporting, including the reporting of the PEAKS Trust;
- knowingly or recklessly making materially false and/or misleading statements and/or failing to disclose material adverse facts about our business operations and prospects, including that:
  - our financial statements contained errors related to the accounting of the PEAKS Trust and the PEAKS Program; and
  - we lacked adequate internal controls over financial reporting;
- knowingly or recklessly engaging in acts, transactions, practices, and courses of business that operated as a fraud or deceit upon the plaintiff and the purported class;
- employing devices, schemes and artifices to defraud in connection with the purchase and sale of our common stock;
- deceiving the investing public, including the plaintiff and the purported class; and
- artificially inflating and maintaining the market price of our common stock and causing the plaintiff and other putative class members to purchase our common stock at artificially inflated prices.

The putative class period in this action is from April 26, 2013 through September 19, 2014. The plaintiffs seek, among other things, the designation of this action as a class action, an award of unspecified damages, interest, costs and expenses, including counsel fees and expert fees, and such other relief as the court deems proper. All of the defendants intend to defend themselves vigorously against the allegations made in the complaint.

On October 3, 2014, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of Indiana under the caption: *Babulal Tarapara, Individually and on Behalf of All Others Similarly Situated v. ITT Educational Services, Inc., et al.* (the "Tarapara Litigation"). The complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by knowingly or recklessly making false and/or misleading statements and failing to disclose material adverse facts about our business, operations, prospects and financial results. In particular, the complaint alleges that:

- we failed to consolidate the PEAKS Trust in our consolidated financial statements;

Table of Contents

- our consolidated financial statements contained errors related to the accounting of the PEAKS Trust and PEAKS Program;
- we improperly accounted for our guarantee obligations under the PEAKS Guarantee;
- our financial results were overstated;
- we lacked adequate internal and financial controls;
- our consolidated financial statements were materially false and misleading at all relevant times;
- we artificially inflated and maintained the market price of our common stock, causing the plaintiff and other putative class members to purchase our common stock at artificially inflated prices;
- we deceived the investing public, including the plaintiff and the purported class; and
- we employed devices, schemes and artifices to defraud in connection with the purchase and sale of our common stock.

The putative class period in this action is from February 26, 2013 through September 18, 2014. The plaintiffs seek, among other things:

- the designation of this action as a class action;
- an award of unspecified compensatory damages, including interest;
- an award of reasonable costs and expenses, including counsel fees and expert fees; and
- such other relief as the court deems proper.

All of the defendants intend to defend themselves vigorously against the allegations made in the complaint.

On October 9, 2014, a complaint in a securities class action lawsuit was filed against us and two of our current executive officers in the United States District Court for the Southern District of Indiana under the caption: *Kumud Jindal, Individually and on Behalf of All Others Similarly Situated v. Kevin M. Modany, et al.* (the "Jindal Litigation"). The complaint alleges, among other things, that the defendants violated Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder by knowingly or recklessly making false and/or misleading statements and failing to disclose material adverse facts about our business, operations, prospects and financial results. In particular, the complaint alleges that:

- our financial statements contained errors related to the accounting of the PEAKS Trust and PEAKS Program;
- we lacked adequate internal controls over financial reporting;
- our financial statements were materially false and misleading at all relevant times;
- we engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon plaintiff and the purported class;
- we employed devices, schemes and artifices to defraud in connection with the purchase and sale of our common stock; and
- we artificially inflated and maintained the market price of our common stock, causing the plaintiff and other putative class members to purchase our common stock at artificially inflated prices.

The putative class period in this action is from April 26, 2013 through September 19, 2014. The plaintiffs seek, among other things, the designation of this action as a class action, an award of unspecified damages, interest, attorneys' fees, expert fees and other costs, and such other relief as the court deems proper. All of the defendants intend to defend themselves vigorously against the allegations made in the complaint.

On May 8, 2013, a complaint in a shareholder derivative lawsuit was filed against two of our current executive officers and all of our current Directors in the United States District Court for the Southern District of New York under the following caption: *Sasha Wilfred, Derivatively on Behalf of Nominal Defendant ITT Educational Services, Inc. v. Kevin M. Modany, et al.* (the "Wilfred Litigation"). The complaint alleges, among other things, that from April 24, 2008 through February 25, 2013, the defendants violated state law, including breaching their fiduciary duties to us, grossly mismanaging us, wasting our corporate assets and being unjustly enriched, by:

- causing or allowing us to disseminate to our shareholders materially misleading and inaccurate information relating to a series of risk-sharing agreements through SEC filings, press releases, conference calls, and other public statements and disclosures;
- willfully ignoring obvious and pervasive problems with our internal controls and practices and procedures, and failing to make a good faith effort to correct these problems or prevent their recurrence;
- violating and breaching fiduciary duties of care, loyalty, reasonable inquiry, oversight, good faith and supervision;
- causing or allowing us to misrepresent material facts regarding our financial position and business prospects; and
- abandoning their responsibilities and duties with regard to prudently managing our businesses in a manner imposed upon them by law.

The complaint seeks:

- unspecified damages;
- restitution;
- disgorgement of all profits, benefits and other compensation obtained by the individual defendants;
- an order directing us to take all necessary actions to reform and improve our corporate governance and internal procedures; and

- costs and disbursements, including attorneys', accountants' and experts' fees, costs and expenses.

On August 6, 2013, the parties agreed to stay the Wilfred Litigation, until the Securities Litigation was dismissed with prejudice or the defendants filed an answer in the Securities Litigation. On September 8, 2014, the district court approved the parties' agreement for an additional stay of the Wilfred Litigation, until the earlier of:

- a final disposition of the Securities Litigation; or
- 30 days after written notice terminating the stay has been provided by any of the parties in the Wilfred Litigation to all other parties.

On May 27, 2014, a complaint in a shareholder derivative lawsuit was filed against two of our current executive officers, all of our current Directors and one former Director in the United States District Court for the District of Delaware under the following caption: *Janice Nottenkamper, Derivatively on Behalf of Nominal Defendant ITT Educational Services, Inc. v. Kevin M. Modany, et al.* (the "Nottenkamper Litigation"). The complaint alleges, among other things, that from 2008 to May 27, 2014, the defendants engaged in illicit conduct, made false and misleading statements, concealed the truth and failed to disclose material information concerning:

- our exposure under guarantees entered into with third-party lenders to obtain financing for our students;

- increases in our bad debt expense caused by increases in student loan defaults;
- our reserves associated with our obligations under third-party private education loan programs and internal student financing;
- the unwillingness of third-party lenders to provide private education loans to our students; and
- our pushing students into high-cost private loans that were likely to default.

As a result of this conduct, the complaint alleges that the defendants breached their fiduciary duties to us, were unjustly enriched, abused their control of us and grossly mismanaged us by:

- causing or allowing us to disseminate to our shareholders materially misleading and inaccurate information relating to a series of risk-sharing agreements through SEC filings, press releases, conference calls, and other public statements and disclosures;
- willfully ignoring obvious and pervasive problems with our internal controls and practices and procedures, and failing to make a good faith effort to correct these problems or prevent their recurrence;
- violating and breaching fiduciary duties of care, loyalty, good faith, diligence and candor;
- causing or allowing us to misrepresent material facts regarding our financial position and business prospects; and
- abandoning and abdicating their responsibilities and duties with regard to prudently managing our businesses in a manner imposed upon them by law.

The complaint seeks:

- unspecified damages;
- restitution;
- disgorgement of all profits, benefits and other compensation obtained by the individual defendants;
- an order directing us to take all necessary actions to reform and improve our corporate governance and internal procedures; and
- costs and disbursements, including attorneys', accountants' and experts' fees, costs and expenses.

Although the Wilfred Litigation and Nottenkamper Litigation are each brought nominally on behalf of us, we expect to incur defense costs and other expenses in connection with those actions.

On May 18, 2012, we received a Civil Investigative Demand (the "Original CID") from the U.S. Consumer Financial Protection Bureau (the "CFPB"). In September 2013, the CFPB withdrew the Original CID and we received a new Civil Investigative Demand (the "New CID") from the CFPB. Both the Original CID and the New CID provided that the purpose of the CFPB's investigation was, in part, "to determine whether for-profit post-secondary companies, student loan origination and servicing providers, or other unnamed persons have engaged or are engaging in unlawful acts or practices relating to the advertising, marketing, or origination of private student loans." Both the Original CID and the New CID contained broad requests for oral testimony, production of documents and written reports related to private education loans made to our students, internal financing provided to our students and certain other aspects of our business. We provided documentation and other information to the CFPB, while preserving our rights to object to its inquiry.

On February 26, 2014, the CFPB filed a complaint against us in the United States District Court for the Southern District of Indiana under the following caption: *Consumer Financial Protection Bureau v. ITT Educational Services, Inc.* (the "CFPB Litigation"). The complaint alleges, among other things, that we violated:

- Section 1036(a)(1) of the Consumer Financial Protection Act of 2010 (the "CFPA"), 12 U.S.C. §5536(a)(1), which prohibits unfair, deceptive and abusive acts and practices, from July 21, 2011 through December 2011, by:
    - subjecting consumers to undue influence or coercing them into taking out private education loans through a variety of unfair acts and practices designed to interfere with the consumers' ability to make informed, uncoerced choices;
    - taking unreasonable advantage of consumers' inability to protect their interest in selecting or using the private education loans; and
    - taking unreasonable advantage of consumers' reasonable reliance on us to act in the consumers' interests; and
- the Truth in Lending Act, 15 U.S.C. §§ 1601 *et seq.*, and Regulation Z thereunder, 12 C.F.R. Part 1026, which require certain disclosures to be made in writing to consumers in connection with the extension of consumer credit, since March 2009 by failing to disclose a discount that constituted a finance charge.

On April 28, 2014, we filed a motion to dismiss the CFPB Litigation for, among other reasons, lack of jurisdiction and failure to state a claim upon which relief can be granted. We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

Table of Contents

On February 27, 2014, the New Mexico Attorney General filed a complaint against us in the District Court of New Mexico under the following caption: *State of New Mexico, ex rel. Gary K King, Attorney General v. ITT Educational Services, Inc., et al.* (the "New Mexico Litigation"). On April 4, 2014, we removed the New Mexico Litigation to the U.S. District Court for the District of New Mexico. The complaint alleges, among other things, that we engaged in a pattern and practice of exploiting New Mexico consumers by using deceptive, unfair, unconscionable and unlawful business practices in the marketing, sale, provision and financing of education goods and services in violation of New Mexico's Unfair Practices Act. In particular, the complaint contains allegations that:

- we misrepresented matters related to our nursing education program, including, without limitation, its programmatic accreditation status, the transferability of credits earned in the program and the curriculum of the program;
- we misrepresented the terms of the financial aid available to students and the cost of our programs;
- we engaged in unfair or deceptive trade practices;
- we failed to issue refunds; and
- our form enrollment agreement contained unenforceable and unconscionable provisions.

The complaint seeks:

- an order declaring portions of our enrollment agreement illusory, unconscionable and unenforceable;
- preliminary and permanent injunctive relief;
- disgorgement of unjust enrichment amounts;
- unspecified civil penalty amounts;
- restitution; and
- reasonable costs, including investigative costs.

We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the complaint.

On December 17, 2013, a complaint was filed against us in a purported class action in the Superior Court of the State of California for the County of Los Angeles under the following caption: *La Sondra Gallien, an individual, James Rayonez, an individual, Giovanni Chilin, an individual, on behalf of themselves and on behalf of all persons similarly situated v. ITT Educational Services, Inc., et al.* (the "Gallien Litigation"). The plaintiffs filed an amended complaint on February 13, 2014. The amended complaint alleges, among other things, that under California law, we:

- failed to pay wages owed;
- failed to pay overtime compensation;
- failed to provide meal and rest periods;
- failed to provide itemized employee wage statements;
- engaged in unlawful business practices; and
- are liable for civil penalties under the California Private Attorney General Act.

The purported class includes recruiting representatives employed by us during the period of December 17, 2009 through December 17, 2013. The amended complaint seeks:

- compensatory damages, including lost wages and other losses;
- general damages;
- pay for missed meal and rest periods;
- restitution;
- liquidated damages;
- statutory penalties;
- interest;
- attorneys' fees, cost and expenses;
- civil and statutory penalties;
- injunctive relief; and
- such other and further relief as the court may deem equitable and appropriate.

We have defended, and intend to continue to defend, ourselves vigorously against the allegations made in the amended complaint.

There can be no assurance that the ultimate outcome of the Leveski Litigation, Securities Litigation, Banes Litigation, Tarapara Litigation, Jindal Litigation, Wilfred Litigation, Nottenkamper Litigation, CFPB Litigation, New Mexico Litigation, Gallien Litigation or other actions (including other actions under federal or state securities laws) will not have a material adverse effect on our financial condition, results of operations or cash flows.

The current officers named in the Securities Litigation, Banes Litigation, Tarapara Litigation, Jindal Litigation, Wilfred Litigation and Nottenkamper Litigation include Daniel M. Fitzpatrick and Kevin M. Modany.

Table of Contents

Certain of our current and former officers and Directors are or may become a party in the actions described above and/or are or may become subject to government investigations. Our By-laws and Restated Certificate of Incorporation obligate us to indemnify our officers and Directors to the fullest extent permitted by Delaware law, provided that their conduct complied with certain requirements. We are obligated to advance defense costs to our officers and Directors, subject to the individual's obligation to repay such amount if it is ultimately determined that the individual was not entitled to indemnification. In addition, our indemnity obligation can, under certain circumstances, include indemnifiable judgments, penalties, fines and amounts paid in settlement in connection with those actions and investigations.

Government Investigations. We are subject to investigations and claims of non-compliance with regulatory standards and other actions brought by regulatory agencies. Some of the more significant pending investigations, claims and actions are described below. If the results of any investigations, claims and/or actions are unfavorable to us, we may be required to pay money damages or be subject to fines, penalties, injunctions, operational limitations, loss of eligibility to participate in federal or state financial aid programs, debarments, additional oversight and reporting, or other civil and criminal sanctions. Those sanctions could have a material adverse effect on our financial condition, results of operations and cash flows.

On October 30, 2012, we received a Civil Investigative Demand ("CID") from the Massachusetts Office of the Attorney General ("MAG"). The MAG's CID provides that the MAG is investigating allegations that we may have violated Massachusetts General Laws, Chapter 93A, Section 2(a) by "engaging in unfair or deceptive practices in connection with marketing and advertising job placement and student outcomes, the recruitment of students, and the financing of education." The MAG's CID contains broad requests for production of documents related to our students in Massachusetts, including the financial aid available to those students, our recruitment of those students, the career services that we offer to those students, our marketing and advertising, the retention and graduation rates of those students and many other aspects of our business. We are cooperating with the MAG in its investigation, and we have provided documentation, communications and other information to the MAG in response to the CID. We believe that our acts and practices relating to our students in Massachusetts are lawful. There can be no assurance, however, that the ultimate outcome of the MAG investigation will not have a material adverse effect on our financial condition, results of operations and/or cash flows.

In January, February, April and May 2014, we received subpoenas and/or CIDs from the Attorneys General of Arkansas, Arizona, Colorado, Connecticut, Hawaii, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Tennessee and Washington under the authority of each state's consumer protection statutes. The Attorney General of the Commonwealth of Kentucky has informed us that it will serve as the point of contact for the multistate group to respond to questions relating to the subpoenas and CIDs. The subpoenas and CIDs contain broad requests for information and the production of documents related to our students and practices, including marketing and advertising, recruitment, financial aid, academic advising, career services, admissions, programs, licensure exam pass rates, accreditation, student retention, graduation rates and job placement rates, as well as many other aspects of our business. We believe that several other companies in the proprietary postsecondary education sector have received similar subpoenas and CIDs. We are cooperating with the Attorneys General of the states involved. There can be no assurance, however, that the ultimate outcome of the state Attorneys General investigation will not have a material adverse effect on our financial condition, results of operations and/or cash flows.

On February 8, 2013, we received the first of many subpoenas from the SEC. In a letter accompanying each of the subpoenas, the SEC states that it is conducting an investigation of us. The SEC's subpoenas requested the production of documents and communications that, among other things, relate to our actions and accounting associated with:

- agreements that we entered into with the 2009 Entity to create the 2009 Loan Program, including, without limitation, the 2009 RSA;
- agreements that we entered into to create the PEAKS Program;
- certain accounting-related documents associated with the 2009 Loan Program, the PEAKS Program and internal student financing; and
- our board of directors-related materials associated with the 2009 Loan Program, the PEAKS Program and internal student financing.

Table of Contents

We have provided the information requested, including testimony of senior employees. On August 7, 2014, we received a "Wells Notice" from the Staff of the SEC notifying us that the Staff had made a preliminary determination to recommend that the SEC file an enforcement action against us. According to the Staff, the enforcement action would allege violations of Sections 10(b), 13(a) and 13(b)(2) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13 and 13a-15 under the Exchange Act. The proposed action relates primarily to certain disclosures and accounting surrounding the two loan programs noted above. The SEC's notice said that the Staff's recommendation may:

- involve a civil injunctive action, public administrative proceeding and/or cease-and-desist proceeding against us; and
- seek remedies that include an injunction, a cease-and-desist order and monetary relief, including civil monetary penalties.

A Wells Notice is neither a formal allegation nor a finding of wrongdoing. Instead, it is a preliminary determination by the Staff to recommend that the SEC file a civil enforcement action or administrative proceeding against the recipient. Under the SEC's procedures, a recipient of a Wells Notice has an opportunity to respond in the form of a Wells submission that seeks to persuade the SEC that such an action should not be brought. Accordingly, we made a submission to the Staff in response to the Wells Notice setting forth why the factual record does not support the enforcement action recommended by the Staff and that any perceived shortcomings were made in good faith. Although we intend to defend ourselves vigorously should the SEC authorize any legal action that does not comport with our view of the facts, we cannot predict the outcome of any legal action or whether the matters will result in any settlement. We cannot assure you that the ultimate outcome of the SEC investigation, any legal action by the SEC or any settlement will not have a material adverse effect on our financial condition, results of operations and/or cash flows.

Lease Commitments. We lease our non-owned facilities under operating lease agreements. A majority of the operating leases contain renewal options that can be exercised after the initial lease term. Renewal options are generally for periods of one to five years. All operating leases will expire over the next 10 years and we expect that:

- most of those leases will be renewed or replaced by other leases in the normal course of business;
- we may purchase the facilities represented by those leases; or
- we may purchase or build other replacement facilities.

There are no material restrictions imposed by the lease agreements, and we have not entered into any significant guarantees related to the leases. We are required to make additional payments under the operating lease terms for taxes, insurance and other operating expenses incurred during the operating lease period.

Rent expense under our operating leases was:

- $53,212 in the year ended December 31, 2013;
- $50,817 in the year ended December 31, 2012; and
- $47,833 in the year ended December 31, 2011.

Future minimum rental payments required under our operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2013 are as follows:

2014	$ 44,714
2015	38,582
2016	27,939
2017	19,084
2018	13,282
2019 and thereafter	12,446
	$156,047

Future minimum rental payments related to equipment leases are not significant.

Guarantees. We entered into the PEAKS Guarantee in connection with the PEAKS Program and the 2009 RSA in connection with the 2009 Loan Program. Under the PEAKS Guarantee, we guarantee payment of the principal and interest owed on the PEAKS Senior Debt, the administrative fees and expenses of the PEAKS Trust and a minimum required Asset/Liability Ratio. The PEAKS Guarantee contains, among other things, representations and warranties and events of default that we believe are customary for guarantees of this type. In addition, under the PEAKS Program, some or all of the holders of the PEAKS Senior Debt could require us to purchase their PEAKS Senior Debt, if the law is changed to reduce the maximum allowable percentage of our annual revenue derived from Title IV Program funds from 90% to 75% or less. At this time, we believe that the likelihood of such a change in the law is remote. Our guarantee and purchase obligations under the PEAKS Program remain in effect until the PEAKS Senior Debt and the PEAKS Trust's fees and expenses are paid in full. At such time, we will be entitled to repayment of the amount of any payments we made under the PEAKS Guarantee (which do not include Payments on Behalf of Borrowers) to the extent that funds are remaining in the PEAKS Trust. As of December 31, 2012, the amount of payments that we had previously made under the PEAKS Guarantee and that we expected to recover was $12,342. We recorded this amount, net of an accrued discount of $5,674, in Other assets on our Consolidated Balance Sheet as if December 31, 2012.

Table of Contents

We concluded that we were required to consolidate the PEAKS Trust in our consolidated financial statements beginning on February 28, 2013. See Note 10 – Variable Interest Entities, for a further discussion of the Consolidation. As a result, the assets and liabilities of the PEAKS Trust have been included on, and all intercompany transactions have been eliminated from, our Consolidated Balance Sheet as of December 31, 2013. While we no longer record a contingent liability for the PEAKS Guarantee on our Consolidated Balance Sheet beginning on February 28, 2013, our obligations under the PEAKS Guarantee remain in effect.

We entered into the 2009 RSA in connection with the 2009 Loan Program. Under the 2009 RSA, we guarantee the repayment of the principal amount (including capitalized origination fees) and accrued interest payable on any private education loans that are charged off above a certain percentage of the private education loans made under the 2009 Loan Program, based on the annual dollar volume. The total initial principal amount of private education loans that the 2009 Entity purchased under the 2009 Loan Program was approximately $141,000. No new private education loans were or will be originated under the 2009 Loan Program after December 31, 2011, but immaterial amounts related to loans originated prior to that date were disbursed by the lender through June 2012. Our obligations under the 2009 RSA will remain in effect, until all private education loans made under the 2009 Loan Program are paid in full or charged off. The standard repayment term for a private education loan made under the 2009 Loan Program is ten years, with repayment generally beginning six months after a student graduates or three months after a student withdraws or is terminated from his or her program of study.

Under the 2009 RSA, we have the right to elect to make Discharge Payments with respect to private education loans made under the 2009 Loan Program that have been charged off. The effect of a making a Discharge Payment related to a private education loan is to reduce the aggregate amount that we may have to pay under our guarantee obligations with respect to that loan. We have claimed as an offset against the Revolving Note amounts that would have the effect of discharging our obligations with respect to certain charged off loans under the 2009 RSA. In addition, in the three months ended December 31, 2013, we made Discharge Payments to the 2009 Entity. We may continue to make Discharge Payments in future periods, if we believe that doing so would be economically beneficial to us. Making Discharge Payments may result in us paying amounts to the 2009 Entity in advance of when a guarantee payment would be due, which would negatively impact our liquidity in a particular period, but may result in us paying a lesser amount than we otherwise would have been required to pay under our guarantee obligation in future periods under the 2009 RSA. See Note 10 – Variable Interest Entities, for a further discussion of Discharge Payments.

We are not able to estimate the undiscounted maximum potential amount of future payments that we could be required to make under the 2009 RSA, because those payments will be affected by:

- the timing of future defaults;
- the use, timing and length of forbearances granted to borrowers;
- of the use, timing and length of deferral periods;
- changes in the interest rate on the loans made under the 2009 Loan Program, since those loans are based on the prime rate plus a margin; and
- the fact that those loans will consist of a large number of loans of individually immaterial amounts.

We believe that it is probable that we will make additional payments under the 2009 RSA. The following table sets forth the estimated amount of Regular Payments and Discharge Payments that we expect to pay and the estimated amount of recoveries from charged-off loans that we expect to be paid to us by the 2009 Entity in the periods indicated:

Year	Estimated Regular Payments	Estimated Discharge Payments	Estimated Total Payments	Estimated Recoveries
2014	$ 9,009	$ 0	$ 9,009	$ (1,011)
2015	14,251	0	14,251	(1,200)
2016	16,060	0	16,060	(1,200)
2017	16,333	0	16,333	(1,200)
2018 and later	0	75,194	75,194	(300)
	$ 55,653	$ 75,194	$130,847	$ (4,911)

We believe that the vast majority of the $75,194 of estimated payments projected to be paid after 2017 will be made by us in 2018. The estimated future payment amounts and timing related to the 2009 RSA assume, among other factors, that we do not make any Discharge Payments until 2018 and do make Discharge Payments to the fullest extent

Table of Contents

possible in 2018 and later years. If we do not make the Discharge Payments as assumed in 2018 and later years, we estimate that we would make approximately $97,400 of Regular Payments in 2018 through 2027. Of this amount, approximately $15,100 to $16,400 would be paid annually in each of 2018 through 2022, and approximately $16,600, in the aggregate, would be paid in 2023 through 2027.

The amounts of the estimated Regular Payments and the estimated recoveries were discounted at a risk-free rate of interest in determining our contingent liability for the 2009 RSA. The total amount of the discount as of December 31, 2013 was approximately $9,015.

The estimated future payment amounts, the estimated timing of those payments and the estimated amount of recoveries with respect to the RSAs discussed above and elsewhere in this Annual Report on Form 10-K are only estimates, are based on numerous assumptions and are subject to change. As with any estimate, as facts and circumstances change, the estimated amounts and timing could change. We made a number of assumptions in preparing the estimates, which assumptions may not be correct. The assumptions included, among other things, the following:

- the repayment performance of the private education loans made under the 2009 Loan Program or PEAKS Program, as applicable;
- the timing and rate at which those private education loans will be paid;
- the changes in the variable interest rates applicable to those private education loans and, with respect to the PEAKS Program, the PEAKS Senior Debt;
- the amounts and timing of collections in the future on those private education loans that have been charged off;
- the fees and expenses associated with servicing those private education loans; and
- our ability to utilize the available options for payment of our obligations under the 2009 RSA.

Pursuant to the 2009 RSA, we are required to maintain collateral to secure our guarantee obligation in an amount equal to a percentage of the outstanding balance of the private education loans disbursed to our students under the 2009 Loan Program. As of December 31, 2013 and December 31, 2012, the total collateral maintained in a restricted bank account was approximately $8,600. This amount was included in Other assets on our Consolidated Balance Sheets as of each of those dates. The 2009 RSA also requires that we comply with certain covenants, including that we maintain certain financial ratios which are measured on a quarterly basis and deliver compliance certificates on a quarterly basis setting forth the status of our compliance with those financial ratios. If we are not in compliance with those covenants at the end of each fiscal quarter, we are required to increase the amount of collateral maintained in the restricted bank account to a predetermined amount, until the end of a succeeding quarter at which we are in compliance with those covenants. The predetermined amount is based on the percentage of the aggregate principal balance of the private education loans made under the 2009 Loan Program that exceeds a certain percentage as of the end of each fiscal quarter. We were not in compliance with those covenants as of December 31, 2013.

As a consequence of the restatement of our unaudited condensed consolidated financial statements in our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, certain quarterly compliance certificates that we were required to deliver to the 2009 Entity under the 2009 RSA were inaccurate. Those inaccuracies did not affect our compliance with the financial ratio covenants in the 2009 RSA as of March 31, 2013. We were not, however, in compliance with the financial ratio covenants in the 2009 RSA as of June 30, 2013 and subsequent measurement dates. Further, due to our failure to timely file our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2014 and June 30, 2014, we did not timely deliver the required compliance certificates under the 2009 RSA with respect to those periods. As a result of our noncompliance with the financial ratio covenants as of June 30, 2013 and subsequent measurement dates, the amount of collateral required to be maintained in the restricted bank account has been increased by approximately $2,600. We intend to make in October 2014 a deposit in that amount to the restricted bank account to be held as additional collateral under the 2009 RSA.

Table of Contents

The following table sets forth the approximate aggregate amount of guarantee payments, Discharge Payments and Payments on Behalf of Borrowers that were made related to the PEAKS Program and 2009 RSA and the amount of recoveries from charged-off loans paid to us by the 2009 Entity, in the periods indicated:

Type of Payment (Receipt)	January 1, 2013 Through February 28, 2013(1)(2)	March 1, 2013 Through December 31, 2013(1)(2)	Total Year Ended December 31, 2013	Year Ended December 31, 2012
Guarantee:				
PEAKS Program	$ 854	$ 1,559	$ 2,413	$ 12,342
2009 RSA Regular Payments	0	0	1,791	1,990
2009 RSA Discharge Payments	0	0	912	0
Payments on Behalf of Borrowers	532	10,967	11,499	2,762
2009 RSA-Recoveries from Charged-Off Loans	0	0	(103)	(234)
Total	$ 1,386	$ 12,526	$ 16,512	$ 16,860

(1) We have provided separate columns showing the payment amounts prior to and after the Consolidation, because all transactions with the PEAKS Trust were eliminated from our consolidated financial statements after the Consolidation. Cash payments were, however, made by us throughout the periods indicated, including the periods after the Consolidation.

(2) The 2009 RSA payments are made to, and recoveries are received from, the 2009 Entity. The 2009 Entity was not consolidated in our consolidated financial statements and, therefore, separate disclosure of amounts paid or received before and after the February 28, 2013 date of Consolidation is not applicable.

In the fiscal year ended December 31, 2013, we also offset $9,091 owed by us under the 2009 RSA against amounts owed to us by the 2009 Entity under the Revolving Note, instead of making additional payments in that amount. Approximately $6,786 of the amount that we claimed as an offset against the Revolving Note in the fiscal year ended December 31, 2013 represented Discharge Payments. We recorded all of the amounts claimed as offsets in Other current liabilities on our Consolidated Balance Sheet as of December 31, 2013. In the year ended December 31, 2013, the 2009 Entity did not remit to us $574 of recoveries from charged-off loans that were owed to us. We recorded all of the amounts owed to us from the 2009 Entity for recoveries from charged-off loans in Prepaid expenses and other current assets on our Consolidated Balance Sheet as of December 31, 2013.

In the first quarter of 2013, we notified the 2009 Entity that:

- we had determined that the 2009 Entity was in default of its obligations to us under the loan and security agreement pursuant to which the Revolving Note was issued (the "2009 Loan Agreement");
- as a result of that default, all amounts under the Revolving Note were immediately due and payable; and
- we would not make payments under the 2009 RSA until we received credit for the full amount due us under the Revolving Note, based on the provisions of the 2009 Loan Agreement and the 2009 RSA that allow us to set off amounts owed by us under the 2009 RSA against amounts owed to us by the 2009 Entity under the Revolving Note.

At that time, the outstanding amount of the Revolving Note due to us was approximately $8,200, representing principal and accrued interest. In response to our notification, the 2009 Entity:

- denied that it had defaulted under the 2009 Loan Agreement and, therefore, our ability to accelerate the payment of the Revolving Note; and
- refused our demand to immediately pay the Revolving Note in full.

As a consequence, over the period from February 2013 through August 2013, we offset our then current payment obligations under the 2009 RSA and the amount of Discharge Payments we elected to make during that period against all of the 2009 Entity's obligations owed to us under the Revolving Note (the "Offset").

We understand that the 2009 Entity's position is that the Offset was improper, because:

- it has not defaulted under the 2009 Loan Agreement; and
- even if it had defaulted under the 2009 Loan Agreement, the assets of the 2009 Entity against which we could offset or exercise our other remedies, were limited.

We further understand the 2009 Entity's position to be that, because the Offset was improper, we are in default under the 2009 RSA. In April 2013, the 2009 Entity notified us that it had taken control of the restricted account containing the cash collateral that we deposited to secure our obligations under the 2009 RSA (the "Collateral"). At that time, the amount of funds in that account was approximately $8,600. To our knowledge, the 2009 Entity has taken no further action related to the Collateral. We believe that our good faith exercise of our right of offset provided for in the 2009 Loan Agreement and the 2009 RSA does not constitute an event of default under the 2009 RSA, and that the 2009 Entity's seizure of control of the restricted account containing the Collateral constitutes an additional default by the 2009 Entity. We cannot assure you, however, that the Offset will ultimately be determined to have been proper. In the event of a default by us under the 2009 RSA related to the Offset, we may be required to pay to the 2009 Entity approximately $8,600, representing the amount of the Offset, net of approximately $500 of recoveries from charged-off loans that are owed, but have not been paid, to us. If the 2009 Entity instead were to withdraw Collateral in that amount from the restricted bank account, we would be required to deposit that amount of cash in the account to maintain the required level of Collateral. Any such payment or deposit would reduce the amount of our contingent liability related to the 2009 RSA.

At the end of each reporting period, we assess whether we should recognize a contingent liability related to our guarantee obligations under the 2009 RSA (and, prior to February 28, 2013, the PEAKS Guarantee) and, if so, in what amount. As with any assessment, as facts and circumstances change, the recorded liability could change, and has changed, significantly. In order to make this assessment, we made certain assumptions with respect to the performance of the private education loans made under the 2009 Loan Program (and, prior to February 28, 2013, the PEAKS Program) over the life of those loans. The life of a private education loan made under the 2009 Loan Program or PEAKS Program may be in excess of ten years from the date of disbursement. Therefore, our assessment was based on assumptions for periods in excess of ten years, and those assumptions included, among other things, the following:

- the repayment performance of the private education loans made under the 2009 Loan Program (and, prior to February 28, 2013, the PEAKS Program);
- the timing and rate at which those private education loans will be paid;
- the changes in the variable interest rates applicable to those private education loans (and, prior to February 28, 2013, the PEAKS Senior Debt);
- the amounts and timing of collections in the future on those private education loans that have defaulted;
- prior to February 28, 2013, the fees and expenses associated with servicing the PEAKS Trust Student Loans; and
- our ability to utilize the available options for payment of our obligations under the 2009 RSA.

We consulted with third-party consumer credit consulting firms in arriving at our assumptions. The assumptions have changed, and may continue to change, significantly over time as actual results become known. Our recorded liability for our guarantee obligations under the 2009 RSA (and, prior to February 28, 2013, the PEAKS Guarantee) was included in Other current liabilities and Other liabilities on our Consolidated Balance Sheets.

17. Risks and Uncertainties

Many of the amounts of assets, liabilities, revenues and expenses reported in our consolidated financial statements are based on estimates and assumptions that affect the amounts reported. We are subject to risks and uncertainties that could affect amounts reported in our consolidated financial statements in future periods. Our future performance, results of operations, financial condition, cash flows, liquidity, capital resources, ability to meet our obligations and ability to comply with covenants, metrics and regulatory requirements are subject to significant risks and uncertainties that could cause actual results to be materially different from our estimated results, including, but not limited to, the following:

- The Consolidation of the PEAKS Trust and other factors, among other things:
  - have resulted in violations by us of covenants under the Amended Credit Agreement. We have obtained waivers and amendments relating to those violations;
  - have negatively impacted our compliance with:
    - the ED's financial responsibility measurements, primarily our institutions' composite score; and
    - our compliance with the financial requirements of certain state education and professional licensing authorities ("SAs"); and
  - have negatively impacted the financial metrics to which we are subject under the PEAKS Program and 2009 RSA.

  See Note 13 – Debt and Note 16 – Commitments and Contingencies for additional information.
- We believe that we will be required to consolidate the 2009 Entity into our consolidated financial statements in the foreseeable future, which could impact our compliance with:
  - covenants under the Amended Credit Agreement;
  - the ED's financial responsibility measurements, primarily our institutions' composite score;
  - the financial requirements of certain SAs; and
  - the financial metrics to which we are subject under the PEAKS Program and 2009 RSA.

  See Note 10 – Variable Interest Entities for additional information.
- Our institutions' failure to submit their audited consolidated financial statements and Compliance Audits to the ED by the due date resulted in sanctions imposed by the ED on our institutions that include, among other things, our institutions having to post a letter of credit, being placed on heightened cash monitoring ("HCM") and being provisionally certified. We have arranged for the letter of credit and have implemented procedures to address HCM, which requirements are not expected to significantly impact the timing of receipt of student financial aid funds. See Note 13 – Debt for additional information.
- We are required to submit the ED Letter of Credit on or before November 4, 2014. The term of the letter of credit is for a period that ends on November 4, 2019. With respect to any letter of credit issued under the Amended Credit Agreement, we are required to provide cash collateral in an amount equal to 109% of the face amount of the ED Letter of Credit and 103% of the face amount of all other letters of credit. Based on

Table of Contents

the required amount of the ED Letter of Credit and other letters of credit outstanding as of the date of this filing, the amount of the cash collateral that we will have to provide is approximately $89,300. Such collateral may be provided from available funds. See Note 13 – Debt for additional information.

- We are subject to various claims and contingencies, including those related to litigation, government investigations, business transactions, guarantee arrangements and employee-related matters, among others. With regard to these matters, we cannot provide an estimate of the possible losses, or range of possible losses, in excess of the amounts, if any, accrued. See the subsections entitled "Litigation" and "Government Investigations" in Note 16 - Commitments and Contingencies, for a further discussion of certain litigation and government investigations to which we are subject.

- The significant guarantee obligations that we have under the PEAKS Guarantee and 2009 RSA. Based on various assumptions, including the historical and projected performance and collection of the PEAKS Trust Student Loans, we believe that we will make payments under the PEAKS Guarantee of approximately $163,966 in 2014 and approximately $9,165 in 2015. In addition, based upon various assumptions, including the historical and projected performance and collections of the private education loans under the 2009 Loan Program, we believe that we will make payments under the 2009 RSA of approximately $9,009 in 2014 and $14,251 in 2015. See Note 13 – Debt and Note 16 – Commitments and Contingencies for a further discussion of the RSAs, estimated payment amounts and contingent liabilities.

- As of December 31, 2013, the outstanding borrowings under the Amended Credit Agreement totaled $50,000 and were classified as a current liability, because we believe it is probable that we will not be in compliance with certain covenants under the Amended Credit Agreement during the 12 months following December 31, 2013. If we are not in compliance with one or more covenants and are unable to obtain a waiver of our noncompliance or an amendment to the Amended Credit Agreement that would allow us to be in compliance with those covenants or otherwise not be in default under the Amended Credit Agreement, the lenders would have various remedies, including:

    - the lending commitments under the Amended Credit Agreement may be terminated;

    - our ability to request the issuance of letters of credit and to obtain amendments, extensions or renewals of letters of credit already issued under the Amended Credit Agreement may be terminated; and

    - all then outstanding borrowings and other amounts owed under the Amended Credit Agreement may be declared immediately due and payable.

  In the event that we or our subsidiary guarantor do not pay in full, upon demand, all of our outstanding borrowings and other amounts owed under the Amended Credit Agreement or we, or our subsidiary guarantor, do not provide, upon demand, the cash collateral for our letter of credit obligations, the lenders would be entitled to recourse against the collateral security, including the Mortgaged Property, that we and our subsidiary guarantor have provided, in order to obtain payment of amounts we owe or are required to provide as cash collateral.

- We incurred a net loss in the year December 31, 2013 and we had negative working capital as of December 31, 2013, primarily due to the impact of the Consolidation and the loss that we recorded related to our guarantee obligations under the 2009 RSA.

Based on our current projections, we believe that cash generated from operations will be sufficient for us to satisfy our RSA payments, letters of credit cash collateralization, working capital, loan repayment and capital expenditure requirements over the 12-month period following the date that this Annual Report on Form 10-K was filed with the SEC. We also believe that any reduction in cash and cash equivalents that may result from their use to make payments under the RSAs, provide cash collateral for letters of credit, construct facilities or repay loans will not have a material adverse effect on our expansion plans, planned capital expenditures, ability to meet any applicable regulatory financial responsibility standards or ability to conduct normal operations over the 12-month period following the date that this Annual Report on Form 10-K was filed with the SEC. Accordingly, our consolidated financial statements contained in this Annual Report on Form 10-K were prepared on the basis that we will continue to operate as a going concern. However, there can be no assurance that the ultimate outcome of these events individually or in the aggregate will not have a material adverse effect on our financial condition, results of operations or cash flows.

Table of Contents

SCHEDULE II

ITT EDUCATIONAL SERVICES, INC.
VALUATION AND QUALIFYING ACCOUNTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2013
(Amounts in thousands)

Description	Balance at Beginning of Period	Charged to Expenses	Write-offs	Balance at End of Period
Allowance for Doubtful Accounts:				
Year Ended December 31, 2013	$ 15,663	$67,640	($74,129)	$ 9,174
Year Ended December 31, 2012	$ 9,175	$56,818	($50,330)	$15,663
Year Ended December 31, 2011	$ 7,526	$35,655	($34,006)	$ 9,175

Table of Contents

ITT EDUCATIONAL SERVICES, INC.
QUARTERLY FINANCIAL RESULTS
FOR 2013 AND 2012
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended				
	March 31	June 30	Sept. 30	Dec. 31 (3)	Year
2013 (1)					
Revenue	$ 285,062	$260,459	$259,617	$ 267,173	$ 1,072,311
Cost of educational services	124,176	123,541	120,204	118,432	486,353
Student services and administrative expenses	101,721	98,335	96,182	101,303	397,541
Legal and other investigation costs	1,500	213	2,089	3,121	6,923
Loss related to loan program guarantees	3,803	0	4,826	82,335	90,964
Provision for PEAKS Trust student loan losses	0	4,319	16,382	8,648	29,349
Operating income (loss)	53,862	34,051	19,934	(46,666)	61,181
(Loss) on consolidation of PEAKS Trust	(73,248)	0	0	0	(73,248)
Interest income	34	25	16	33	108
Interest (expense)	(3,574)	(7,369)	(7,190)	(7,144)	(25,277)
Income (loss) before provision for income taxes	(22,926)	26,707	12,760	(53,777)	(37,236)
Provision (benefit) for income taxes	(5,655)	6,503	3,336	(14,396)	(10,212)
Net income (loss)	$ (17,271)	$ 20,204	$ 9,424	$ (39,381)	$ (27,024)
Earnings (loss) per share:					
Basic	($ 0.74)	$ 0.86	$ 0.40	($ 1.68)	($ 1.15)
Diluted	($ 0.74)	$ 0.86	$ 0.40	($ 1.68)	($ 1.15)
2012 (2)					
Revenue	$ 339,209	$328,061	$313,791	$ 305,572	$ 1,286,633
Cost of educational services	134,941	140,067	133,948	129,394	538,350
Student services and administrative expenses	101,319	105,895	104,647	88,995	400,856
Asset impairment	0	0	0	15,166	15,166
Legal and other investigation costs	0	873	0	0	873
Loss related to loan program guarantees	3,054	3,906	5,095	88,970	101,025
Operating income (loss)	99,895	77,320	70,101	(16,953)	230,363
Interest income	681	502	125	40	1,348
Interest (expense)	(547)	(1,254)	(1,021)	(901)	(3,723)
Income (loss) before provision for income taxes	100,029	76,568	69,205	(17,814)	227,988
Provision (benefit) for income taxes	39,384	30,627	26,747	(7,740)	89,018
Net income (loss)	$ 60,645	$ 45,941	$ 42,458	($ 10,074)	$ 138,970
Earnings (loss) per share:					
Basic	$ 2.39	$ 1.96	$ 1.82	($ 0.44)	$ 5.82
Diluted	$ 2.37	$ 1.95	$ 1.81	($ 0.44)	$ 5.79

(1) The amounts shown for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013 are the restated amounts, as reported in the amended Quarterly Reports on Form 10-Q (i.e., Form 10Q/As) for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, as filed with the SEC.

(2) The amounts shown for the fiscal quarters ended March 31, 2012, June 30, 2012, September 30, 2012 and December 31, 2012 are the revised amounts, as reported in the amended Quarterly Reports on Form 10-Q (i.e., Form 10Q/As) for the fiscal quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, as filed with the SEC.

(3) We revised our Consolidated Statement of Income for the three months ended December 31, 2012 to reflect immaterial corrections for: (i) the recognition of revenue with respect to students who withdrew from a program of study, which reduced revenue by $5,471 and student services and administrative expenses by $5,571; (ii) losses related to the 2009 RSA, which increased both revenue and loss related to loan program guarantees by $10,200; and (iii) a contingent loss related to the 2009 RSA, which increased loss related to loan program guarantees by $1,084.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ITT Educational Services, Inc.

By: /s/ Kevin M. Modany
Kevin M. Modany
Chief Executive Officer

Dated: October 15, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kevin M. Modany Kevin M. Modany	Chief Executive Officer (Principal Executive Officer)	October 15, 2014
/s/ Daniel M. Fitzpatrick Daniel M. Fitzpatrick	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	October 15, 2014
/s/ John F. Cozzi John F. Cozzi	Director	October 15, 2014
/s/ John E. Dean John E. Dean	Executive Chairman and Director	October 15, 2014
/s/ James D. Fowler, Jr. James D. Fowler, Jr.	Director	October 15, 2014
/s/ Joanna T. Lau Joanna T. Lau	Director	October 15, 2014
/s/ Thomas I. Morgan Thomas I. Morgan	Director	October 15, 2014
/s/ Samuel L. Odle Samuel L. Odle	Director	October 15, 2014
/s/ Vin Weber Vin Weber	Director	October 15, 2014
/s/ John A. Yena John A. Yena	Director	October 15, 2014

Table of Contents

INDEX TO EXHIBITS

Exhibit No.	Description	Incorporated by Reference From: Form	Exhibit	Filing Date	Filed Herewith
3.1	Restated Certificate of Incorporation, as Amended to Date	10-Q*	3.1	7/29/05	
3.2	Restated By-Laws, as Amended to Date	8-K*	3.2	7/22/11	
10.1**	1997 ITT Educational Services, Inc. Incentive Stock Plan	10-Q*	10.8	8/8/97	
10.2**	First Amendment to the 1997 ITT Educational Services, Inc. Incentive Stock Plan	10-Q*	10.38	7/17/03	
10.3**	Second Amendment to 1997 ITT Educational Services, Inc. Incentive Stock Plan	10-Q*	10.58	10/26/06	
10.4**	1999 Outside Directors Stock Option Plan	S-8***	4.3	8/10/99	
10.5**	First Amendment to the 1999 Outside Directors Stock Option Plan	10-Q*	10.37	7/17/03	
10.6**	Second Amendment to the 1999 Outside Directors Stock Option Plan	10-Q*	10.42	4/27/04	
10.7**	Third Amendment to the 1999 Outside Directors Stock Option Plan	8-K*	10.47	1/28/05	
10.8**	2006 ITT Educational Services, Inc. Equity Compensation Plan	8-K*	10.55	5/10/06	
10.9**	First Amendment to 2006 ITT Educational Services, Inc. Equity Compensation Plan	10-Q*	10.57	10/26/06	
10.10**	Second Amendment to 2006 ITT Educational Services, Inc. Equity Compensation Plan	10-Q*	10.61	7/26/07	
10.11**	Third Amendment to 2006 ITT Educational Services, Inc. Equity Compensation Plan	10-K*	10.32	2/18/11	
10.12**	Fourth Amendment to 2006 ITT Educational Services, Inc. Equity Compensation Plan	10-K*	10.12	2/24/12	
10.13**	ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan	8-K*	10.1	5/7/13	
10.14**	Form of Nonqualified Stock Option Award Agreement under the 2006 ITT Educational Services, Inc. Equity Compensation Plan (for use prior to November 24, 2010)	10-Q*	10.53	5/1/06	

Table of Contents

Exhibit No.	Description	Incorporated by Reference From Form	Exhibit	Filing Date	Filed Herewith
10.15**	Form of Nonqualified Stock Option Award Agreement under the 2006 ITT Educational Services, Inc. Equity Compensation Plan (for use November 24, 2010 – January 23, 2012)	10-K*	10.35	2/18/11	
10.16**	Form of Nonqualified Stock Option Award Agreement under the 2006 ITT Educational Services, Inc. Equity Compensation Plan (for use after January 23, 2012)	10-K*	10.15	2/24/12	
10.17**	Form of Nonqualified Stock Option Award Agreement under the ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan	8-K*	10.2	5/7/13	
10.18**	Form of Restricted Stock Unit Award Agreement under the 2006 ITT Educational Services, Inc. Equity Compensation Plan (for use prior to January 17, 2011)	10-Q*	10.59	7/26/07	
10.19**	Form of Restricted Stock Unit Award Agreement under the 2006 ITT Educational Services, Inc. Equity Compensation Plan (for use January 17, 2011 – January 23, 2012)	10-K*	10.33	2/18/11	
10.20**	Form of Restricted Stock Unit Award Agreement under the 2006 ITT Educational Services, Inc. Equity Compensation Plan (for use after January 23, 2012)	10-K*	10.18	2/24/12	
10.21**	Form of Restricted Stock Unit Award Agreement under the ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan	8-K*	10.3	5/7/13	
10.22**	Form of Amendment to Certain Restricted Stock Unit Award Agreements				X
10.23**	Form of Restricted Stock Award Agreement under the 2006 ITT Educational Services, Inc. Equity Compensation Plan (for use after November 24, 2010)	10-K*	10.34	2/18/11	
10.24**	Form of Restricted Stock Award Agreement under the ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan	8-K*	10.4	5/7/13	

Exhibit No.	Description	Incorporated by Reference From Form	Exhibit	Filing Date	Filed Herewith
10.25**	Restated ESI 401(k) Plan	10-K*	10.20	2/24/12	
10.26**	First Amendment of ESI 401(k) Plan	10-Q*	10.1	7/26/13	
10.27**	Second Amendment of ESI 401(k) Plan				X
10.28**	ESI Excess Savings Plan – 2008 Restatement	10-K*	10.15	2/21/08	
10.29**	Restated ESI Pension Plan	10-K*	10.22	2/24/12	
10.30**	First Amendment of ESI Pension Plan	10-Q*	10.1	7/27/12	
10.31**	ESI Excess Pension Plan – 2008 Restatement	10-K*	10.19	2/21/08	
10.32**	First Amendment to ESI Excess Pension Plan – 2008 Restatement	10-Q*	10.23	7/24/08	
10.33**	ESI Executive Deferred Bonus Compensation Plan – 2008 Restatement	10-K*	10.22	2/21/08	
10.34**	ESI Non-Employee Directors Deferred Compensation Plan – 2008 Restatement	10-K*	10.21	2/21/08	
10.35**	ITT Educational Services, Inc. Senior Executive Severance Plan	10-Q*	10.26	10/25/07	
10.36**	First Amendment to the ITT Educational Services, Inc. Senior Executive Severance Plan	10-K*	10.28	2/24/12	
10.37**	Summary of Certain Director and Executive Compensation				X
10.38	Trade Name and Service Mark License Agreement between ITT/ESI and ITT Sheraton Corporation	10-Q*	10.11	7/27/98	
10.39	First Amendment to Trade Name and Service Mark License Agreement between ITT/ESI and ITT Sheraton Corporation	10-K*	10.18	2/19/99	
10.40	Second Amendment to Trade Name and Service Mark License Agreement between ITT/ESI and ITT Manufacturing Enterprises, Inc. (assignee of ITT Sheraton Corporation)	10-Q*	10.24	10/31/00	
10.41	Credit Agreement, dated as of March 21, 2012, among ITT Educational Services, Inc., the lenders party thereto, JPMorgan Chase Bank, N.A. as administrative agent, Bank of America, N.A., as syndication agent and Wells Fargo, N.A., as documentation agent	8-K*	10.1	3/27/12	

Exhibit No.	Description	Incorporated by Reference From Form	Exhibit	Filing Date	Filed Herewith
10.42	First Amendment to Credit Agreement, dated as of March 31, 2014, by and among ITT Educational Services, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent	8-K*	10.1	4/4/14	
10.43	Second Amendment to Credit Agreement, dated as of May 29, 2014, by and among ITT Educational Services, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent	8-K*	10.1	6/4/14	
10.44	Third Amendment to Credit Agreement, Consent and Waiver, dated as of June 30, 2014, by and among ITT Educational Services, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent	8-K*	10.1	7/2/14	
10.45	Fourth Amendment to Credit Agreement, Consent and Waiver, dated as of July 30, 2014, by and among ITT Educational Services, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent	8-K*	10.1	8/1/14	
10.46	Fifth Amendment to Credit Agreement and Consent, dated as of September 15, 2014, by and among ITT Educational Services, Inc., the lenders party thereto, and JPMorgan Chase Bank, N.A. as administrative agent	8-K*	10.1	9/19/14	
10.47	Guarantee Agreement, dated as of January 20, 2010, between ITT Educational Services, Inc. and Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent				X
10.48	Amended and Restated Indenture and Credit Agreement, dated as of December 31, 2010, by and among PEAKS Trust 2009-1, Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent and Deutsche Bank National Trust Company, as lender trustee				X

Table of Contents

Exhibit No.	Description	Incorporated by Reference From Form	Exhibit	Filing Date	Filed Herewith
10.49	Subordinated Note Purchase Agreement, dated as of January 20, 2010, between ITT Educational Services, Inc. and PEAKS Trust 2009-1				X
10.50	Agreement for Servicing Private Student Loans, dated as of December 10, 2011, by and among PEAKS Trust 2009-1, Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent, ITT Educational Services, Inc. and First Associates Loan Servicing, LLC				X
10.51	Purchase Obligation Agreement, dated as of January 20, 2010, by and among ITT Educational Services, Inc., Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent, and the senior creditors signatory thereto				X
10.52	Letter Agreement, dated as of March 17, 2014, between ITT Educational Services, Inc., Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent, and the holders of the senior debt signatory thereto	8-K*	10.1	3/21/14	
10.53	Risk Sharing Agreement, dated as of February 20, 2009, between ITT Educational Services, Inc. and Student CU Connect CUSO, LLC, with the First Amendment, Second Amendment and Third Amendment thereto				X
10.54	Financing Program Agreement, dated as of February 20, 2009, between ITT Educational Services, Inc. and Student CU Connect CUSO, LLC, with the First Amendment, Second Amendment and Third Amendment thereto				X

Table of Contents

Exhibit No.	Description	Incorporated by Reference From Form	Exhibit	Filing Date	Filed Herewith
10.55	Loan and Security Agreement, dated as of May 18, 2009, between ITT Educational Services, Inc. and Student CU Connect CUSO, LLC, with the First Amendment, Second Amendment and Third Amendment thereto				X
10.56	Agreement for Servicing Private Student Loans, dated as of May 18, 2012, by and between First Associates Loan Servicing, LLC and Student CU Connect CUSO, LLC				X
10.57**	Letter Agreement, dated August 4, 2014, by and between ITT Educational Services, Inc. and Kevin M. Modany	8-K*	10.1	8/5/14	
10.58**	Letter Agreement, dated August 4, 2014, by and between ITT Educational Services, Inc. and John E. Dean	8-K*	10.2	8/5/14	
21	Subsidiaries				X
23	Consent of Independent Registered Public Accounting Firm				X
31.1	Chief Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934				X
31.2	Chief Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934				X
32.1	Chief Executive Officer's Certification Pursuant to 18 U.S.C. Section 1350				X
32.2	Chief Financial Officer's Certification Pursuant to 18 U.S.C. Section 1350				X
101	The following materials from ITT Educational Services, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Cash Flows; (v) Consolidated Statements of Shareholders' Equity; (vi) Notes to Consolidated Financial Statements; and (vii) Financial Statement Schedule II				X

* SEC File No. 001-13144

** The indicated exhibit is a management contract, compensatory plan or arrangement required to be filed by Item 601 of Regulation S-K.

*** Registration No. 333-84871

EXHIBIT 10.22

ITT EDUCATIONAL SERVICES, INC.
AMENDED AND RESTATED 2006 EQUITY COMPENSATION PLAN

Amendment to Restricted Stock Unit Award Agreements

This Amendment to Restricted Stock Unit Award Agreements (this "Amendment"), effective as of January 20, 2014, is by and between ITT Educational Services, Inc. (the "Company") and _________ ("Grantee").

Recitals

The Company and Grantee are parties to the following Restricted Stock Unit Award Agreements:

A. 2006 ITT Educational Services, Inc. Equity Compensation Plan Restricted Stock Unit Award Agreement, dated as of the 17th day of May, 2011, relating to 1,412 Restricted Stock Units granted by the Company to Grantee (the "2011 Award Agreement");

B. 2006 ITT Educational Services, Inc. Equity Compensation Plan Restricted Stock Unit Award Agreement, dated as of the 22nd day of May, 2012, relating to 1,722 Restricted Stock Units granted by the Company to Grantee (the "2012 Award Agreement); and

C. ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan Restricted Stock Unit Award Agreement, dated as of the 21st day of May, 2013, relating to 3,598 Restricted Stock Units granted by the Company to Grantee (the "2013 Award Agreement").

The 2011 Award Agreement, the 2012 Award Agreement and the 2013 Award Agreement are referred to collectively herein as the "Award Agreements."

The Company and the Grantee desire to amend the Award Agreements to provide for a modification of the treatment of the Restricted Stock Units granted under the Award Agreements upon a certain type of termination of service with the Company.

In consideration of the foregoing, the provisions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Grantee agree as follows:

1. Paragraph 6 of each of the Award Agreements is hereby deleted in its entirety and replaced with the following:

6. Termination of Service.

(a) Upon termination of the Grantee's service due to death or Disability, the Period of Restriction with respect to the Restricted Stock Units will lapse immediately, and the Restricted Stock Units will be settled immediately thereafter and paid immediately thereafter in the form specified in paragraph 4 of this Agreement.

(b) Upon termination of the Grantee's service due to the expiration of the last term that the Grantee is permitted to serve pursuant to any then-effective term or age limitation contained in any Company guideline, policy, principle or other corporate document that results in the Grantee not being able to be nominated to a new term of service on the Company's Board of Directors, the Period of Restriction with respect to the Restricted Stock Units will lapse immediately, and the Restricted Stock Units will be settled immediately thereafter and paid immediately thereafter in the form specified in paragraph 4 of this Agreement.

(c) Upon termination of the Grantee's service for any reason other than the reasons described in this paragraph 6(a) or 6(b), the Grantee will forfeit immediately after the termination of service all of his or her Restricted Stock Units that are unvested as of the date of termination of employment or service.

2. Except as specifically amended in this Amendment, all provisions of the Award Agreements shall remain unchanged and in full force and effect.

The Company and the Grantee have executed this Amendment as of the date first above written.

____
[GRANTEE SIGNATURE]

Print Name: ________________________

ITT EDUCATIONAL SERVICES, INC.

By: ________________________

Print Name: ________________________

Title: ________________________

EXHIBIT 10.27

SECOND AMENDMENT OF ESI 401(k) PLAN

This Second Amendment of ESI 401(k) Plan (the "Plan") is adopted by ITT Educational Services, Inc. (the "Employer").

Background

A. Effective January 1, 2012, the Employer amended and completely restated the Plan.

B. The Plan was amended by a First Amendment.

C. The Employer now wishes to amend the Plan further.

Amendment

Effective August 1, 2013, the Plan is amended by adding a new Article XIX to read as follows:

ARTICLE XIX
ACQUISITION OF CABLE HOLDINGS, LLC
(DOING BUSINESS AS BENCHMARK LEARNING)

Notwithstanding any other provision of the Plan, solely with respect to individuals who were employed by Cable Holdings, LLC ("Benchmark") on July 31, 2013 and by ESI on August 1, 2013, the following rules apply:

(a) For the purpose of determining an Employee's membership, service with Benchmark prior to August 1, 2013 will be considered in determining his Continuous Service under Section 3.1.

(b) For the purpose of determining a Member's nonforfeitable percentage in his Company Matching Contribution Account, service with Benchmark prior to August 1, 2013 will be considered Service under Section 5.4.

This Second Amendment of ESI 401(k) Plan (2012 Restatement) is executed this 18th day of December, 2013.

ITT EDUCATIONAL SERVICES, INC.

By: Angela K. Knowlton
(Signature)

Angela K. Knowlton
(Printed)

Senior Vice President, Controller and Treasurer
(Title)

ATTEST:

Jenny Yonce
(Signature)

Jenny Yonce
(Printed)

Manager, Benefits & HRIS
(Title)

Exhibit 10.37

Description of ITT Educational Services, Inc.'s Executive and Director Compensation

2014 Executive Salaries

On January 20, 2014, the Compensation Committee of our Board of Directors authorized a salary increase for our named executive officers effective February 10, 2014. The named executive officers are those executive officers of ours who will be included as such in the Proxy Statement for our 2014 Annual Meeting of Shareholders. The following table sets forth the 2014 base salary information for each of our named executive officers as of February 10, 2014.

Named Executive Officer	2014 Salary
Kevin M. Modany	$ 824,076
Daniel M. Fitzpatrick	$ 412,000
Eugene W. Feichtner*	$ 319,411
June M. McCormack	$ 285,094
Glenn E. Tanner	$ 266,880

* On August 4, 2014, Mr. Feichtner was appointed our President and Chief Operating Officer. In connection with that appointment, Mr. Feichtner's annual base salary will increase to $400,000, effective as of the date in 2015 that other employees at the Company's headquarters receive compensation adjustments.

2013 Short-Term Compensation Payments

On January 20, 2014, the Compensation Committee reviewed the results of the eight 2013 management objectives (the "2013 Management Objectives") under the short-term compensation element of executive compensation previously established by the Compensation Committee. Based on its determination of the extent to which each of the 2013 Management Objectives was accomplished by our named executive officers in 2013, the Compensation Committee approved the payment of a short-term compensation amount in cash to each of our named executive officers, as follows:

Named Executive Officer	2013 Short-Term Compensation Amount
Kevin M. Modany	$ 1,000,093
Daniel M. Fitzpatrick	$ 325,000
Eugene W. Feichtner	$ 232,581
June M. McCormack	$ 207,593
Glenn E. Tanner	$ 194,330

2014 Short-Term Compensation

On March 1, 2014, the Compensation Committee established a short-term compensation element for our executive officers that will be payable in early 2015, if certain management objectives (the "2014 Management Objectives") are accomplished during 2014. The 2014 Management Objectives and their respective weightings are as follows:

	Management Objective	Weight
1.	Obtain requisite state and accrediting commission authorizations for corporate training, continuing education and/or test preparation programs.	20%
2.	Design and implement an operational optimization plan to increase ITT/ESI's operational efficiencies for the corporation.	20%
3.	Obtain requisite federal, state and accrediting commission authorizations for additional health science, technology and/or engineering programs at the ITT Technical Institutes at both the associate degree and diploma levels.	20%
4.	Improve the 2014 ITT Technical Institute quarterly student evaluation average score.	10%
5.	Revise and begin teaching the six identified high volume, high-impact program courses at the majority of ITT Technical Institute campuses.	10%
6.	Acquire a training company to support strategic initiatives associated with The Center for Professional Development.	10%
7.	Obtain requisite federal, state and accrediting commission authorizations for a dual high school diploma and associate degree program at an ITT Technical Institute.	5%
8.	Obtain requisite federal, state and accrediting commission authorizations for additional nursing programs at the ITT Technical Institutes at both the associate and bachelor degree levels.	5%

The determination of the extent to which the 2014 Management Objectives are accomplished by our executive officers will be made by the Compensation Committee in early 2015. The Committee intends to assign one to five points to each 2014 Management Objective, based on the extent to which the Committee determines the objective was accomplished. The number of points assigned to each 2014 Management Objective will be multiplied by the weight associated with that 2014 Management Objective, resulting in a weighted number of points for that 2014 Management Objective. The weighted number of points for all of the 2014 Management Objectives will be added together, resulting in a total number of weighted points. The following table sets forth the maximum short-term compensation percentage that is associated with the total number of weighted points that are assigned to the 2014 Management Objectives by the Compensation Committee:

Total Weighted Points	Maximum Short-Term Compensation Percentage
4.76-5.00	200.0%
4.51-4.75	187.5%
4.26-4.50	175.0%
4.01-4.25	162.5%
3.76-4.00	150.0%
3.51-3.75	137.5%
3.26-3.50	125.0%
3.01-3.25	112.5%
2.76-3.00	100.0%
2.51-2.75	87.5%
2.26-2.50	75.0%
2.01-2.25	62.5%
1.76-2.00	50.0%
1.51-1.75	41.7%
1.26-1.50	33.3%
1.00-1.25	25.0%

To determine the maximum short-term compensation amount that an executive officer may receive, the maximum short-term compensation percentage (determined as described above) will be multiplied by a standard short-term compensation percentage of annualized base salary as of December 31, 2014, ranging from 32% to 100%, with the percentage depending on the officer's position, and the result will be multiplied by the officer's annualized base salary. The following table sets forth the 2014 standard short-term compensation percentage of annualized base salary as of December 31, 2014 for each of the named executive officers:

Named Executive Officer	2014 Standard Short-Term Compensation Percentage of Annualized Base Salary
Kevin M. Modany	100%
Daniel M. Fitzpatrick	65%
Eugene W. Feichtner	60%
June M. McCormack	60%
Glenn E. Tanner	60%

An executive officer's actual short-term compensation payment, however, may be more or less than the officer's potential short-term compensation as calculated as described above. An executive officer's actual short-term compensation amount will be based on the Compensation Committee's discretionary assessment of the officer's individual contribution toward accomplishing each 2014 Management Objective. Any 2014 short-term compensation payment will be made in cash. The Compensation Committee may, in its sole discretion, modify the terms of the short-term compensation element at any time before it is paid.

2014 Executive Perquisites

On January 20, 2014, the Compensation Committee of our Board of Directors also approved the following executive perquisites in 2014 for our named executive officers:

- for Mr. Modany, the use of a company car;
- for Mr. Modany, an allowance to be used for tax return preparation and financial planning of up to 2% of annualized base salary as of February 10, 2014;
- for Messrs. Fitzpatrick, Feichtner and Tanner and Ms. McCormack, an allowance to be used for tax return preparation and financial planning of up to 1% of annualized base salary as of February 10, 2014; and
- for each of the Named Executive Officers:
  - tickets to sporting, theater and other events;
  - enhanced disability benefits; and
  - an annual physical examination.

The aggregate incremental cost to us in 2014 for providing all of the 2014 perquisites described above is not expected to exceed $150,000.

2014 Director Compensation

The compensation for non-employee Directors on our Board of Directors in 2014 consists of:

- an annual retainer of $75,000 payable in one installment on January 1, 2014, at the election of each non-employee Director, in cash or shares of our common stock in increments of 25% each;
- no separate meeting fees;
- a grant under the ITT Educational Services, Inc. Amended and Restated 2006 Equity Compensation Plan of restricted stock units ("RSUs") with a time-based period of restriction that:
  - has a value of $100,000, plus the value associated with any fractional RSU necessary to cause the grant to be for a whole number of RSUs, pursuant to which the value is determined based on the closing market price of a share of our common stock on the effective date of the grant;
  - is effective on the third business day following the date as of which we become current in our filings with the Securities and Exchange Commission;
  - has a time-based period of restriction of one year; and
  - is settled on the first business day following the last day of the period of restriction by the delivery of one share of our common stock for each RSU in the grant.

We also reimburse Directors for reasonable, out-of-pocket travel expense related to attending our Board of Directors and its committee meetings and other business of the Board.

On August 4, 2014, John E. Dean was appointed our Executive Chairman and became an employee of ours. In connection with his appointment as Executive Chairman, we entered into a letter agreement with Mr. Dean which provides for an annual base salary of $575,000 and a grant of RSUs on August 4, 2014 that had a value of $1,000,000, based on the closing price of our common stock on the date of grant, which resulted in a grant of 129,534 RSUs to Mr. Dean on that date. The RSUs will vest, subject to Mr. Dean's continued service as Executive Chairman or as a member of the Board, on the first anniversary of the grant date or, if earlier, upon his termination of employment due to death or disability. Mr. Dean will receive no other compensation for his service as Executive Chairman, but will continue to vest in the equity-based awards granted to him in connection with his service as a non-employee Director.

EXHIBIT 10.47

Execution Version

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT is made as of January 20, 2010 (this "***Agreement***"), between ITT Educational Services, Inc., a Delaware corporation (the "***Guarantor***") and Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent (the "***Secured Party***") under the indenture and credit agreement dated as of January 20, 2010 (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "***Indenture and Credit Agreement***") among PEAKS Trust 2009-1 (the "***Trust***"), Deutsche Bank National Trust Company, as the lender trustee (the "***Lender Trustee***"), and the Secured Party.

RECITALS

A. The Guarantor offers certain programs of education through schools that it owns and operates.

B. Many students attending the Guarantor's schools need private student loans to finance their education costs to the extent such costs are not fully covered by other sources.

C. The Trust has been established pursuant to a Trust Agreement dated as of December 23, 2009 (as amended, supplemented, restated or otherwise modified from time to time, the "***Trust Agreement***"), between Access Group, Inc., as depositor (the "***Depositor***"), and Deutsche Bank Trust Company Delaware, as owner trustee (in such capacity, the "***Owner Trustee***"), for the purpose of purchasing and holding loans made to students attending the Guarantor's schools (the "***Student Loans***").

D. The Trust Agreement and the Indenture and Credit Agreement provide for senior asset-backed notes to be issued by the Trust (the "***Senior Notes***") and for a subordinate variable funding note to be issued by the Trust (the "***Subordinated Note***") to provide funds to purchase and hold Student Loans. The Senior Notes will be purchased by certain purchasers (the "***Note Purchasers***") pursuant to the terms of a note purchase agreement dated as of January 20, 2010 (the "***Senior Notes Note Purchase Agreement***") between the Trust and the Note Purchasers and acknowledged by the Secured Party.

E. The Trust Agreement and the Indenture and Credit Agreement also provide for the terms of a loan (the "***Loan***" and together with the Senior Notes, the "***Senior Credit***") to provide funds to purchase and hold Student Loans, which Loan will be made by a lender (the "***Lender***" and together with the Note Purchasers, the "***Senior Creditors***") to the Trust pursuant to a loan agreement (the "***Loan Agreement***") dated as of January 20, 2010 among the Trust, the Secured Party and the Lender.

F. The proceeds of the Senior Notes and the Loan will be used to (a) purchase the Student Loans, (b) fund a reserve account (the "***Reserve Account***") held by the Secured Party and (c) pay certain fees of the Trust. Amounts on deposit in the Reserve Account will only be available to pay certain amounts that are due and owing with respect to the Senior Credit and certain fees of the Trust as set forth in the Indenture and Credit Agreement.

G. As a condition to the issuance of the Senior Notes and the extension of the Loan, the Indenture and Credit Agreement requires that the Guarantor guarantee the payment, on the terms set forth herein, of the Guaranteed Payments.

H. Capitalized terms used but not defined herein (including in the preamble and the recitals hereto) shall have the meanings assigned to such terms in the Indenture and Credit Agreement.

AGREEMENTS

1. The Guarantor hereby (a) unconditionally and irrevocably guarantees to the Secured Party the full and prompt payment when due from time to time of: (i) all Ordinary Administrative Expenses payable on any Payment Date, (ii) all interest payable on the Senior Credit on any Payment Date or at the maturity of the Senior Credit (including as a result of the acceleration of the maturity of the Senior Credit following an event of default under the Indenture and Credit Agreement), (iii) principal due and payable on the Senior Credit at the maturity of the Senior Credit (including as a result of the acceleration of the maturity of the Senior Credit following an event of default under the Indenture and Credit Agreement), (iv) any Call Premium due upon a prepayment in full of the Senior Credit, (v) on any Payment Date after the Payment Date in February 2012, the Arranging Agent Fee for such Payment Date, (vi) on any Payment Date related to a Monthly Measurement Date on which the Asset/Liability Test is not satisfied (x) an amount sufficient to reduce the Outstanding Amount of the Senior Credit to an amount that would satisfy the Asset/Liability Test if the Asset/Liability Test were calculated giving effect to such reduction, and (y) any Call Premium that is payable upon a payment of principal on the Senior Credit in the amount set forth in clause (x), and (vii) to the extent not otherwise covered pursuant to clauses (i) -(vi) above, any principal and interest payable on the Senior Credit when due and any Call Premium due upon a prepayment in full of the Senior Credit (the obligations identified in clauses (i), (ii), (iii), (iv), (v), (vi) and (vii) being referred to herein as the "***Guaranteed Payments***"); (b) agrees to pay all costs, expenses and reasonable attorneys' fees incurred by the Secured Party in enforcing this Agreement; and (c) agrees to pay to the Secured Party the amount of any payments made to the Secured Party on account of the Guaranteed Payments which are recovered from the Secured Party or the Senior Creditors by a trustee, receiver, creditor or other party pursuant to applicable law. The Guarantor shall not be required to make any payments in respect of any Guaranteed Payments as set forth herein unless Available Funds and amounts on deposit in the Reserve Account available to make any such Guaranteed Payments on the related Payment Date are insufficient to pay any such Guaranteed Payments.

2. To the extent that, as of the Monthly Measurement Date for a Payment Date, there are not sufficient Available Funds and amounts on deposit in the Reserve Account available to pay any Guaranteed Payments on the related Payment Date, the Secured Party shall demand payment of any such Guaranteed Payments from the Guarantor by delivery of a demand for payment in substantially the form of Exhibit A to this Agreement (the "***Payment Demand***"). The Guarantor shall, by 4:00 p.m., New York City time, on the Business Day immediately

preceding the related Payment Date (or, if the Payment Demand is not delivered by the Secured Party on or prior to the Business Day immediately following the related Monthly Measurement Date, then by 4:00 p.m., New York City time, on the third Business Day following delivery of the Payment Demand), make payment of the amount demanded in immediately available funds to the account of the Secured Party identified in such Payment Demand. Payment of any other amounts described in Section 1 shall be made promptly upon demand for payment thereof in writing from the Secured Party, which shall refer to this Agreement and identify the amount required to be paid in reasonable detail.

3. This is a guarantee of payment, and not of collection. The Secured Party shall not be obligated to: (a) take any steps whatsoever to collect from, or to file any claim of any kind against, the Trust or any other person or entity liable for payment of any Guaranteed Payments; or (b) take any steps whatsoever to protect, accept, obtain, enforce, take possession of, perfect its interest in, foreclose or realize on collateral or security, if any, for the payment of the Guaranteed Payments (except for Available Funds and amounts on deposit in the Reserve Account held under the Indenture and Credit Agreement and available for such payment in accordance with the terms thereof); or (c) in any other respect exercise any diligence whatever in collecting or attempting to collect any amount due under the Senior Credit or the Indenture and Credit Agreement by any means.

4. The Guarantor's liability for payment of the Guaranteed Payments in the manner provided in this Agreement shall be absolute and unconditional; the Guarantor unconditionally and irrevocably waives each and every defense which, under principles of guarantee or suretyship law, would otherwise operate to impair or diminish such liability; and nothing whatever except actual full indefeasible payment to the Secured Party of the Guaranteed Payments shall operate to discharge the Guarantor's liability hereunder. The Guarantor guarantees that, to the fullest extent permitted by law, the Guaranteed Payments will be paid strictly in accordance with the terms of this Agreement, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Secured Party with respect thereto.

Without limiting the generality of the foregoing, the Secured Party shall have the right, which may (subject to the specific consent rights of the Senior Creditors and other limitations provided in the Indenture and Credit Agreement), be exercised from time to time without diminishing or impairing the liability of the Guarantor in any respect, and without notice of any kind to the Guarantor, to: (a) extend any additional credit to the Trust; (b) accept any collateral, security or guarantee for any Guaranteed Payments; (c) accept partial payment of Guaranteed Payments by the Guarantor; (d) determine what, if anything, shall at any time be done with respect to any collateral or security; subordinate, sell, transfer, surrender, release or otherwise dispose of all or any of such collateral or security; and purchase or otherwise acquire any such collateral or security at foreclosure or otherwise; and (e) with or without consideration grant, permit or enter into any waiver, amendment, extension, modification, refinancing, indulgence, compromise, settlement, subordination, discharge or release of: (i) payment of any Guaranteed Payment by the Guarantor or any obligations of the Guarantor under any agreement relating to the Guaranteed Payments, (ii) any obligations of any other person or entity liable for payment of the Guaranteed Payments, and any agreement of such person relating to such obligations, and (iii) any collateral or security or agreement relating to collateral or security for any of the foregoing.

5. Except as set forth in Section 2 hereof with respect to delivery of the Payment Demand and other demands for payment, the Guarantor hereby unconditionally waives (a) presentment, notice of dishonor, protest, demand for payment and all notices of any kind, including without limitation, notice of: (i) acceptance hereof, (ii) creation of the Senior Credit, (iii) nonpayment, nonperformance or other default on any Guaranteed Payments, and (iv) any action taken to collect upon or enforce any Guaranteed Payments; (b) any setoffs or counterclaims against the Secured Party which would otherwise impair the Secured Party's rights against the Guarantor hereunder; and (c) any other action, event or condition to the enforcement of this Agreement or the performance by the Guarantor of its obligations hereunder.

6. The Guarantor hereby unconditionally waives any subrogation to the rights of the Secured Party, the Senior Creditors, payees of Ordinary Administrative Expenses or the Arranging Agent against the Trust and any other claim against the Trust which arises as a result of payments made by the Guarantor pursuant to this Agreement, and agrees that its sole right to receive reimbursement from the Trust for any such payments shall be the right to receive reimbursement of Guaranteed Payments paid by the Guarantor (without interest on any such amount) as provided in the Indenture and Credit Agreement. To the extent the Guarantor has or acquires any other claims against the Trust, the Guarantor agrees that the Guaranteed Payments shall be prior to any such claims, whether or not the Trust becomes insolvent, and the Guarantor shall and does expressly subordinate any such claims to any claim that the Secured Party may now or hereafter have against the Trust in respect of the Guaranteed Payments.

7. The Guarantor has made an independent investigation and evaluation of the financial condition of the Trust and the value of any collateral, and has not relied (and will not rely) on any information or evaluation provided by the Certificateholder, the Secured Party, the Owner Trustee, or any other person regarding such condition or value. The Guarantor has reviewed the Indenture and Credit Agreement, the Loan Agreement, the Senior Notes Note Purchase Agreement and the forms of the Senior Notes and the Loan Note and understands the nature of the Guaranteed Payments, including that any payment by the Guarantor of amounts demanded for payment of any Guaranteed Payment pursuant to Section 2 hereof received after 4:00 p.m., New York City time, on the Business Day immediately preceding the related Payment Date (or, if the Payment Demand is not delivered by the Secured Party on or prior to the Business Day immediately following the related Monthly Measurement Date, then by 4:00 p.m., New York City time, on the third Business Day following delivery of the Payment Demand) will be considered to be a failure of the Guarantor to make a Guaranteed Payment when due.

8. The Guarantor represents and warrants that:

(a) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the power and all licenses necessary to own its assets and to transact the business in which it is engaged and is duly qualified and in good standing under the laws of each jurisdiction where the ownership of assets or the transaction of such business requires such qualification.

(b) The Guarantor has the power, authority and legal right to make, deliver and perform this Agreement and any other Basic Document to which it is a party and all of the transactions contemplated hereby and thereby, and has taken all necessary action to authorize the execution, delivery and performance of this Agreement and any other Basic Document to which it is a party. This Agreement and any other Basic Documents to which the Guarantor is a party constitute the legal, valid and binding obligations of the Guarantor, enforceable against it in accordance with each of their respective terms, except as such enforcement may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and court decisions with respect thereto and subject to the applicability of general principles of equity. No consent of any other party and no consent, license, approval or authorization of, or registration or declaration with, any governmental authority, bureau or agency is required in connection with the execution, delivery or performance by the Guarantor of this Agreement or any other Basic Document to which it is a party or the validity or enforceability of this Agreement or any such Basic Document, other than such as have been met or obtained.

(c) The execution, delivery and performance of this Agreement by the Guarantor and all other agreements and instruments executed and delivered by the Guarantor or to be executed and delivered by the Guarantor in connection with the issuance and sale of the Senior Notes and the borrowing under the Loan will not violate any provision of any existing law or regulation or any order or decree of any court, regulatory body or administrative agency or the certificate of incorporation or bylaws of the Guarantor or any other Basic Document to which the Guarantor is a party, or violate any contract or other agreement to which the Guarantor is a party or by which the Guarantor or any property or assets of the Guarantor may be bound, except to the extent such violation could not reasonably be expected to have a material adverse effect on the ability of the Guarantor to perform its obligations under this Agreement or any other Basic Document to which the Guarantor is a party.

(d) No litigation or administrative proceeding of or before any court, tribunal or governmental body is presently pending or, to the knowledge of the Guarantor, threatened against the Guarantor or any properties of Guarantor or with respect to this Agreement, which, if adversely determined, could have a material effect on the ability of the Guarantor to perform its obligations under this Agreement or any other Basic Document to which the Guarantor is a party.

(e) No injunction, writ, restraining order or other order of any nature against the Guarantor adversely affects the Guarantor's performance of its obligations under this Agreement or any other Basic Document to which the Guarantor is a party.

(f) The Guarantor is solvent and able to meet its debts as they become due, the fair market value of its assets exceeds the aggregate amount of its debts and liabilities, and the consummation of the transactions contemplated hereby will not cause the foregoing statements to become untrue.

(g) The obligations of the Guarantor under this Agreement are not junior, and will not be junior, in priority of payment or in any other respect to any unsecured indebtedness of the Guarantor.

(h) The Guarantor understands that it is the Trust's intention that the Senior Credit and the Subordinated Note be treated as debt for federal income tax purposes, and agrees to so treat the Senior Credit and the Subordinated Note as debt instruments and to take no action inconsistent therewith.

(i) The Guarantor maintains a corporate policy that the Guarantor shall advise students attending schools owned and operated by the Guarantor to consider all federal student aid that is available.

9. The Guarantor hereby covenants that it will maintain, during the term of the Loan Purchase Agreement, its corporate policy that the Guarantor shall advise students attending schools owned and operated by the Guarantor to consider all federal student aid that is available.

10. The Guarantor hereby covenants that it will not arrange, directly or indirectly, for the prepayment of any Student Loan except as expressly permitted in the Basic Documents.

11. The Guarantor agrees: (i) to review each Monthly Report prior to its delivery by the Secured Party to the Creditors pursuant to Section 4.13(b) of the Indenture and Credit Agreement, as long as the Guarantor receives the applicable Monthly Report at least three Business Days prior to the date that the Secured Party delivers that Monthly Report to the Senior Creditors; and (ii) that, if the Guarantor is required to make a payment pursuant to the terms of clause (vi) of Section 1 of this Agreement and that payment is material to the Guarantor, the Guarantor will disclose that payment in a current report on Form 8-K with the SEC. Notwithstanding the foregoing: (a) no third party, including, without limitation, the Senior Creditors, can or shall rely in any way on the Guarantor's agreement to review each Monthly Report (1) to absolve any such third party or Senior Creditor from its obligations in respect of federal or state securities laws or regulations or (2) for any reason or purpose that has the effect of transferring to the Guarantor any potential or actual responsibility, obligation or liability of the third party under the Securities Act ; and (b) the Guarantor neither has nor assumes, whether now or in the future, any responsibility, obligation or liability whatsoever that directly or indirectly relates to or arises from any of the Senior Creditors' compliance with any of the federal or state securities laws or regulations.

12. The Guarantor shall provide to the Administrator and the Secured Party a certificate of an authorized officer of the Guarantor in the form of Exhibit B hereto (the "***Quarterly Report***") on the second Business Day following the date on which the Guarantor files its Form 10-Q or Form 10-K, as applicable, with the Securities and Exchange Commission (the "***SEC***") for each such fiscal quarter or fiscal year, as applicable, which Quarterly Report shall set forth the financial and operating information referred to therein as of the end of the immediately preceding fiscal quarter of the Guarantor. The Guarantor shall also provide to the Secured Party such other information regarding the financial condition of the Guarantor as the Secured Party may reasonably request from time to time.

13. This Agreement shall inure to the benefit of the Secured Party on behalf of the Senior Creditors, the payees of Ordinary Administrative Expenses, the Arranging Agent and their permitted successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

14. This is a continuing guarantee and shall continue in effect until the Guaranteed Payments shall be paid in full and such payments are not subject to any right of recovery, at which time this Agreement shall terminate and be of no further force and effect. The liability of the Guarantor hereunder shall be primary, absolute and unconditional under all circumstances. This Agreement will continue to be effective if the Guarantor merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

15. No invalidity, irregularity, voidability, voidness or unenforceability of, or default under, the Indenture and Credit Agreement, or any other Basic Document or any other agreement or instrument relating thereto, or of all or any part of the Guaranteed Payments or of any security therefor shall affect, impair or be a defense to the obligations of the Guarantor under this Agreement.

16. No act, omission or delay by the Secured Party shall constitute a waiver of its rights and remedies hereunder or otherwise. No single or partial waiver by the Secured Party of any default hereunder or right or remedy which it may have shall operate as a waiver of any other default, right or remedy or of the same default, right or remedy on a future occasion.

17. This Agreement and the Indenture and Credit Agreement constitute the entire agreement between the Secured Party and the Guarantor with respect to the subject matter hereof, superseding all previous communications and negotiations, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon the Secured Party unless expressed herein or therein.

18. No amendment or waiver of any provision of this Agreement and no consent to any departure by the Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Secured Party, subject to the specific consent rights of the Senior Creditors and other limitations provided in the Indenture and Credit Agreement, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

19. The Guarantor may not delegate any of its obligations or duties under this Agreement without the prior written consent of the Secured Party.

20. This Agreement shall be governed by the laws of the State of New York without regard to the conflicts of law principles thereof (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law).

21. **The Guarantor hereby consents to the non-exclusive jurisdiction of any state or federal court situated in the City of New York, New York, and waives any objection based on lack of personal jurisdiction, improper venue or *forum non conveniens*, with regard to any actions, claims, disputes or proceedings relating to this Agreement, or any document delivered hereunder or in connection herewith, or any transaction arising from or connected to any of the foregoing.** Nothing herein shall affect the Secured Party's right to serve process in any manner permitted by law, or limit the Secured Party's right to bring proceedings against the Guarantor or its property or assets in the competent courts of any other jurisdiction or jurisdictions.

22. **The Guarantor hereby waives any and all right to trial by jury in any action or proceeding relating to this Agreement, or any document delivered hereunder or in connection herewith, or any transaction arising from or connected to any of the foregoing. The Guarantor represents that this waiver is knowingly, willingly and voluntarily given.**

23. All notices, Quarterly Reports, Payment Demands, other requests for payment and other communications under this Agreement shall be in writing (including in electronic format), and sent to the address set forth below, or to such other address as the recipient shall have designated to the other party by written notice:

If intended for the Guarantor:

ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032
e-mail: dfitzpatrick@ittesi.com

Attention: Chief Financial Officer
Telephone: (317) 706-9200
Facsimile: (317) 706-9254

If intended for the Secured Party:

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
100 Plaza One
Jersey City, NJ 07311-3901
Attention: Susan Barstock
Telephone: (201) 593-8421
Facsimile: (212) 553-2458
Email: susan.barstock@db.com

If intended for the Administrator:

Access Group, Inc.
P.O. Box 7430
5500 Brandywine Parkway
Wilmington, Delaware 19803
Attention: Vice President-Portfolio Management
Telephone: (302) 477-4071
Facsimile: (303) 477-4032
Email: pquigley@accessgroup.org

[*Remainder of Page Intentionally Blank*]

IN WITNESS WHEREOF, the Guarantor and the Secured Party have caused this Agreement to be executed and delivered by its duly authorized officer as of the date set forth above.

ITT EDUCATIONAL SERVICES, INC.

By	/s/ Kevin M. Modany
Name	Kevin M. Modany
Title	Chairman and CEO

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Secured Party

By: Deutsche Bank National Trust Company

By	/s/ Susan Barstock
Name	Susan Barstock
Title	Vice President

By	/s/ Mark DiGiacomo
Name	Mark DiGiacomo
Title	Assistant Vice President

EXHIBIT A
to
Guarantee Agreement

Form of Payment Demand

Payment Demand

ITT Educational Services, Inc.
13000 N. Meridian Street
Carmel, IN 46032
Attention: Chief Financial Officer

Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent (the "***Secured Party***") under the Indenture and Credit Agreement, dated as of January 20, 2010 (the "***Indenture and Credit Agreement***"), among PEAKS Trust 2009-1, as the issuer, Deutsche Bank National Trust Company, as the lender trustee, and the Secured Party, hereby demands payment under that certain Guarantee Agreement dated as of January 20, 2010 between ITT Educational Services, Inc. and the Secured Party (the "***Guarantee Agreement***"). Capitalized terms used in this demand and not otherwise defined shall have the meanings assigned in the Guarantee Agreement, or if not defined in the Guarantee Agreement, in the Indenture and Credit Agreement.

This demand is in respect of payment of a Guaranteed Payment due on ________, 20__ (the "***Specified Payment Date***"). The following table sets forth the amount of Guaranteed Payments due on the Specified Payment Date, the amount of Available Funds and amounts on deposit in the Reserve Account under the Indenture and Credit Agreement available for payment of such Guaranteed Payments on the Specified Payment Date and the amount of the related shortfall (such shortfall, the "***Required Payment***").

	Guaranteed Payments	Amount of Guaranteed Payment Due	Available Funds and amounts on deposit in the Reserve Account available for payment of such Guaranteed Payments	Required Payment
i.	all Ordinary Administrative Expenses payable on the Specified Payment Date			
ii.	all interest payable on the Senior Credit on the Specified Payment Date or at the maturity of the Senior Credit (including as a result of the acceleration of the maturity of the Senior Credit following an event of default under the Indenture and Credit Agreement),			
iii.	principal due and payable on the Senior Credit at the maturity of the Senior Credit (including as a result of the acceleration of the maturity of the Senior Credit following an event of default under the Indenture and Credit Agreement),			

iv. any Call Premium due upon a prepayment in full of the Senior Credit,

v. on any Specified Payment Date after the Payment Date in February 2012, the Arranging Agent Fee for such Payment Date

vi. on any Specified Payment Date related to a Monthly Measurement Date on which the Asset/Liability Test is not satisfied, (x) an amount sufficient to reduce the Outstanding Amount of the Senior Credit to an amount that would satisfy the Asset/Liability Test if the Asset/Liability Test were calculated giving effect to such reduction, and (y) any Call Premium that is payable upon a payment of principal on the Senior Credit in the amount set forth in clause (x)

vii. to the extent not otherwise covered pursuant to clauses (i) - (vi) above, any principal and interest payable on the Senior Credit when due and any Call Premium due upon a prepayment in full of the Senior Credit

Total:

You have agreed in the Guarantee Agreement to pay an amount equal to the Required Payment set forth above. Please make payment of the Required Payment in immediately available funds to the account identified below no later than 4:00 p.m., New York City time, on ________ __, 20__, which is the Business Day immediately preceding the Specified Payment Date (or, if this Payment Demand was not delivered on or prior to the Business Day immediately following the related Monthly Measurement Date, then by 4:00 p.m. New York City time on the third Business Day following delivery of this Payment Demand).

[Secured Party wire transfer information]

As provided in Section 7 of the Guarantee Agreement, payment received after 4:00 p.m., New York City time, on ________ __, 20__, which is the Business Day immediately preceding the Specified Payment Date (or, if this Payment Demand was not delivered by the Secured Party on or prior to the Business Day immediately following the related Monthly Measurement Date, then by 4:00 p.m., New York City time, on the third Business Day following delivery of this Payment Demand) will be considered to be a failure of the Guarantor to make a Guaranteed Payment when due.

Very truly yours,

DEUTSCHE BANK TRUST COMPANY AMERICAS, as trustee

By ______________

Its ______________

EXHIBIT B
to
Guarantee Agreement

Form of Quarterly Report

Quarterly Report

Deutsche Bank Trust Company Americas,
as Indenture Trustee and Collateral Agent
c/o Deutsche Bank National Trust Company
100 Plaza One
Jersey City, NJ 07311-3901
Attention: Susan Barstock

Access Group, Inc.
P.O. Box 7430
5500 Brandywine Parkway
Wilmington, Delaware 19803
Attention: Vice President-Portfolio Management

This certificate is delivered to you pursuant to that certain Guarantee Agreement dated as of January 20, 2010 (the "***Guarantee Agreement***") between ITT Educational Services, Inc. and Deutsche Bank Trust Company Americas, as indenture trustee and collateral agent (the "***Secured Party***"). Capitalized terms used in this certificate and not otherwise defined shall have the meanings assigned in the Guarantee Agreement, or if not defined in the Guarantee Agreement, in the Indenture and Credit Agreement. The undersigned, on behalf of the Guarantor, hereby certifies to the Secured Party and the Administrator that as of the _________, 20__ Quarterly Measurement Date, the following (in each case calculated as described in the Indenture and Credit Agreement) is true and correct in all respects:

1. The ratio of the Guarantor's Debt on such date (exclusive of the amount of Guarantees that under GAAP are not required to be recorded as a liability on the Guarantor's financial statements) to its EBITDA for the period of the four consecutive fiscal quarters ended on such date was ____ to 1.00.

2. The ratio of the Guarantor's Debt on such date (inclusive of the amount of Guarantees that under GAAP are not required to be recorded as a liability on the Guarantor's financial statements) to its EBITDA for the period of the four consecutive fiscal quarters ended on such date was ____ to 1.00.

3. The sum of the entries "cash," "cash equivalents" and "restricted cash" (or any such substantially similar category that is a successor to any such category as noted on the financial statements of the Guarantor) on the balance sheet of the Guarantor, determined in accordance with GAAP, plus Short Term Investments of the Guarantor, was $_________.

4. The sum of the entries "cash," "cash equivalents," "restricted cash" and "short-term investments" (or any such substantially similar category that is a successor to any such category as noted on the financial statements of the Guarantor) on the balance sheet of the Guarantor, determined in accordance with GAAP, plus the amount available to be drawn under a revolving credit facility available to the Guarantor, was $_________.

5. Schools owned and operated by the Guarantor representing [__]% of the Guarantor's revenues for the four consecutive fiscal quarters ended on such date were ineligible to receive funds provided pursuant to Title IV of the Higher Education Act of 1965, as amended.

Based on the foregoing, a Trigger is [not] in effect with respect to the above mentioned Quarterly Measurement Date.

IN WITNESS WHEREOF, the Guarantor has caused this certificate to be executed and delivered by its [duly authorized officer] as of the __ day of _________, 20__.

ITT EDUCATIONAL SERVICES, INC.

By: ______________________________
Title: ______________________________

EXHIBIT 10.48

AMENDED AND RESTATED INDENTURE AND CREDIT AGREEMENT

by and among

PEAKS TRUST 2009-1,

DEUTSCHE BANK TRUST COMPANY AMERICAS
as Indenture Trustee and Collateral Agent

and

DEUTSCHE BANK NATIONAL TRUST COMPANY
as Lender Trustee

Dated as of December 31, 2010

TABLE OF CONTENTS

AMENDED AND RESTATED INDENTURE AND CREDIT AGREEMENT

THIS AMENDED AND RESTATED INDENTURE AND CREDIT AGREEMENT, dated as of December 31, 2010 (as amended, supplemented, restated or otherwise modified from time to time pursuant to the terms hereof, this "***Agreement***"), is by and among **PEAKS TRUST 2009-1**, a statutory trust duly organized and existing under the laws of the State of Delaware (the "***Issuer***"), **DEUTSCHE BANK TRUST COMPANY AMERICAS**, a banking corporation duly organized and operating under the laws of the State of New York, as indenture trustee (in such capacity, the "***Indenture Trustee***") and as collateral agent (in such capacity, the "***Collateral Agent***" and in its capacities as Indenture Trustee and Collateral Agent, the "***Secured Party***"), and **DEUTSCHE BANK NATIONAL TRUST COMPANY,** a national banking association, as lender trustee (the "***Lender Trustee***"). All capitalized terms used in these preambles and granting clauses shall have the same meanings assigned thereto in Article I hereof.

W I T N E S S E T H:

WHEREAS, the Issuer has been formed as a statutory trust under the laws of the State of Delaware pursuant to the Trust Agreement, dated as of December 23, 2009 (as amended and restated on the Closing Date, the "***Trust Agreement***"), between Access Group, Inc., as depositor (the "***Depositor***") and Deutsche Bank Trust Company Delaware, as owner trustee (the "***Owner Trustee***") and that by proper action has duly authorized the execution and delivery of this Agreement, which Agreement (i) provides for the issuance and payment of student loan asset-backed senior notes (the "***Senior Notes***") which Senior Notes will be purchased by certain of the Senior Creditors pursuant to the Senior Notes Note Purchase Agreement and a subordinate variable funding note (the "***Subordinated Note***," and together with the Senior Notes, the "***Notes***") (ii) sets forth the terms and conditions and provides for the repayment of a loan (the "***Loan***" and together with the Notes, the "***Credit***", and together with the Senior Notes, the "***Senior Credit***") to be evidenced by a promissory note or notes (the "***Loan Notes***") and to be made by the Lender that is party to that certain loan agreement (the "***Loan Agreement***") dated as of the Closing Date among the Issuer, the Secured Party and the Lender; and

WHEREAS, pursuant to the Loan Agreement, the Lender has appointed and authorized Deutsche Bank Trust Company Americas to act as Collateral Agent hereunder and to enter into this Agreement on behalf of the Lender and to take all action required or authorized to be taken by the Secured Party under this Agreement on behalf of the Lender; and

WHEREAS, the Secured Party has agreed to accept the trusts herein created upon the terms herein set forth; and

WHEREAS, it is hereby agreed among the Issuer, the Secured Party, the Lender Trustee and the Creditors (each Registered Owner of Notes evidencing its consent by its execution of the related Note Purchase Agreement and the Lender evidencing its consent by its execution of the Loan Agreement) that in the performance of any of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not be general debt on its part, but shall be secured by and payable solely from the Trust Estate, payable in such order of preference and priority as provided herein;

WHEREAS, the Issuer, the Secured Party and the Lender Trustee entered into the original Indenture and Credit Agreement dated January 20, 2010 (the "***Original Agreement***");

WHEREAS, the Issuer, the Secured Party and the Lender Trustee, with the consent of the Guarantor and the Majority Priority Class Creditors, wish to amend and restate the Original Agreement; and

NOW, THEREFORE, each of the Issuer and the Lender Trustee, in consideration of the premises and acceptance by the Secured Party of the trusts herein created, of the purchase and acceptance of the Notes by the Registered Owners thereof, of the making of the Loan by the Lender, of the acknowledgement by the Secured Party of the Granting Clauses set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN AND DELIVER to the Secured Party, for the benefit of the Creditors, all of the moneys, rights and properties described in the Granting Clauses A through E below (collectively, the "***Trust Estate***"), as follows:

GRANTING CLAUSE A

The Available Funds (other than moneys paid out or released from the lien of the Trust Estate as provided herein);

GRANTING CLAUSE B

All moneys and investments held in the Accounts created under Section 5.01 hereof, including all proceeds thereof and all income thereon;

GRANTING CLAUSE C

The Financed Loans (other than Financed Loans released from the lien of the Trust Estate as provided herein), the related Promissory Notes, and all obligations of the obligors and any co-obligors thereunder including all moneys accrued and paid thereunder;

GRANTING CLAUSE D

The rights of the Issuer in and to the Servicing Agreement, the Loan Purchase Agreement, and the Administration Agreement, as the same relate to the Financed Loans; and

GRANTING CLAUSE E

All proceeds from any property described in these Granting Clauses and any and all other property, rights and interests of every kind or description that from time to time hereafter is granted, conveyed, pledged, transferred, assigned or delivered to the Secured Party as additional security hereunder.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, it is understood and agreed that the rights of the Registered Owners of the Subordinated Note with respect to the Trust Estate and the proceeds thereof shall be subordinate in all respects to the rights of the Senior Creditors with respect to the Trust Estate and the proceeds thereof. The Registered Owner of the Subordinated Note, by entering into the Subordinated Note Note Purchase Agreement, agrees that the Subordinated Note will be subordinate in all respects to the Senior Credit.

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, unto the Secured Party and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit and security of all present and future Senior Creditors, without preference of any Senior Credit over any other, and for enforcement of the payment of the Senior Credit in accordance with their terms, and all other sums payable hereunder or on the Senior Credit, and for the performance of and compliance with the obligations, covenants and conditions of this Agreement, as if all the Senior Credit at any time Outstanding had been executed and delivered simultaneously with the execution and delivery of this Agreement;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Credit and the interest, Ordinary Administrative Expenses and all other amounts payable pursuant to Section 5.03(b) hereof with respect thereto due and to become due thereon, or provide fully for payment thereof as herein provided, at the times and in the manner mentioned in this Agreement according to the true intent and meaning hereof, and shall make all required payments into the related Account as required under Article V hereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Secured Party sums sufficient to pay or to provide for payment of the entire amount due and to become so due as herein provided, then this Agreement (other than Section 7.05 hereof) and the rights hereby granted shall cease, terminate and be void and the Trust Estate shall be released to the Issuer; otherwise, this Agreement shall be and remain in full force and effect;

NOW, THEREFORE, it is mutually covenanted and agreed as follows:

ARTICLE I

DEFINITIONS AND USE OF PHRASES

Capitalized terms used herein and not otherwise defined shall have the meanings set forth below, unless the context clearly requires otherwise:

"***Access Group***" shall mean Access Group, Inc., a Delaware nonstock corporation

"***Account***" shall mean each of the accounts created pursuant to Section 5.01 hereof.

"***Acquisition Account***" shall mean the Account by that name created pursuant to Section 5.01 hereof and further described in Section 5.02 hereof, including any Subaccounts created therein.

"***Administration Agreement***" shall mean the Administration Agreement, dated as of January 20, 2010, among the Issuer, the Administrator, the Guarantor, the Owner Trustee and the Secured Party, as amended, supplemented, restated or otherwise modified from time to time pursuant to the terms thereof.

"***Administration Fee***" shall mean a fee payable to the Administrator on each Payment Date in an amount equal to the product of (i) 1/12, (ii) 0.20% and (iii) the Senior Credit Balance prior to the application of any payments on such Payment Date (or, after the Senior Credit Balance has been reduced to zero, the Outstanding Amount of the Subordinated Note prior to the application of any payments on such Payment Date).

"***Administrator***" shall mean Access Group, in its capacity as administrator of the Issuer, or any successor thereto in accordance with the Administration Agreement.

"***Affiliate***" shall mean, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"***Agreement***" shall have the meaning set forth in the preambles hereto.

"***Amendment***" shall mean an amendment hereto executed pursuant to Article VIII hereof.

"***Amendment Consent Fee***" shall mean 0.50% of the Outstanding Amount of the Senior Credit as of December 31, 2010.

"***Arranging Agent***" shall mean Deutsche Bank AG, London Branch as arranging agent hereunder, and any successor thereto.

"***Arranging Agent Fee***" shall mean, with respect to any Payment Date, an amount equal to the product of (i) 1/12 and (ii) the Arranging Agent Fee Rate and (iii) 95.43% of the Senior Credit Balance prior to the application of payments on such Payment Date.

"***Arranging Agent Fee Carryover Amount***" shall mean, with respect to any Payment Date, an amount equal to all accrued and unpaid Arranging Agent Fees for all prior Payment Dates.

"***Arranging Agent Fee Rate***" means 1.00% per annum.

"***Asset/Liability Ratio***" shall mean a fraction determined on each Monthly Measurement Date and expressed as a percentage, the numerator of which is the sum of (a) the aggregate Outstanding Amount of the Financed Loans (other than Defaulted Loans) plus accrued and unpaid interest on such Financed Loans as of the end of the related Collection Period and (b) the amounts on deposit in the Collection Account and the Reserve Account as of the end of the related Collection Period, and the denominator of which is the aggregate Outstanding Amount of the Senior Credit plus accrued and unpaid interest thereon as of the end of the related Collection

Period less amounts on deposit in the Acquisition Account as of the end of the related Collection Period. For the purpose of calculating the Asset/Liability Ratio, amounts described in clause (a) of the definition of "Available Funds" and Net Refunded Amounts shall be treated as received during a Collection Period, and included in the balance of the Collection Account or the Acquisition Account, as applicable, if they are received by the Servicer during such Collection Period and thereafter transmitted to the Secured Party prior to the Monthly Measurement Date.

"***Asset/Liability Test***" shall mean a test which will be satisfied (i) on each Monthly Measurement Date on which no Trigger is in effect, if the Asset/Liability Ratio is greater than or equal to 105% and (ii) on each Monthly Measurement Date on which a Trigger is in effect, if the Asset/Liability Ratio is greater than or equal to 140%.

"***Authorized Representative***" shall mean the Owner Trustee, the Administrator or any Person duly authorized by the Trust Agreement to act on the Issuer's behalf.

"***Available Funds***" shall mean, with respect to a Payment Date, the following amounts received to the extent not previously distributed: (a) all collections received with respect to the Financed Loans, other than Net Refunded Amounts; (b) all interest earned or gain realized from the investment of amounts in the Collection Account, the Reserve Account and the Acquisition Account; (c) on each Payment Date on and after the earlier of (i) the Payment Date in July 2011 or (ii) the first Payment Date immediately following the end of the Transfer Period, any amounts remaining on deposit in the Acquisition Account in excess of the sum of (1) those amounts required for the purchase of additional Participation Interests with respect to Partially Disbursed Student Loans and (2) amounts required for the purchase of Eligible Loans that are scheduled to be disbursed, or Participation Interests for which the first scheduled disbursement is, prior to July 31, 2011, including with respect to the amounts described in clauses (1) and (2), all associated Syndication Agent Fees and Originating Lender Premiums; (d) all amounts received from the Originating Lender pursuant to a repurchase of Financed Loans pursuant to Section 15 of the Loan Purchase Agreement, and (e) on the Payment Date in January 2013, amounts transferred from the Reserve Account.

"***Base Financed Loan Balance***" shall mean the amount of the proceeds of a Financed Loan (or with respect to a Participation Interest, the related Eligible Loan) disbursed to or for the account of the Guarantor to be credited to the account of a student in payment of a portion of such student's cost of education, less any payments, refunds, credits or cancellations in respect thereof.

"***Basic Documents***" shall mean this Agreement, the Trust Agreement, the Servicing Agreement, the Administration Agreement, the Loan Purchase Agreement, the Guarantee Agreement, the Senior Notes Note Purchase Agreement, the Subordinated Note Note Purchase Agreement, the Loan Agreement, the Purchase Obligation Agreement, the Lender Trustee Agreement, the Senior Notes, the Subordinated Note and the Loan Notes.

"***Business Day***" shall mean any day other than a Saturday, a Sunday, a holiday or any other day on which banks located in New York, New York or the cities in which the Principal Offices of the Secured Party or Administrator are located, are authorized or permitted by law, regulation or executive order to close.

"***Call Premium***" shall mean (i) on any Payment Date on or prior to the Payment Date in January 2011, 3.00% of the Principal Payment Amount for such Payment Date, (ii) on any Payment Date on and after the Payment Date in February 2011 and on or prior to the Payment Date in January 2012, 2.00% of the Principal Payment Amount for such Payment Date and (iii) on any Payment Date on and after the Payment Date in February 2012 and on or prior to the Payment Date in January 2013, 1.00% of the Principal Payment Amount for such Payment Date.

"***Certificateholder***" shall mean Access Group or any transferee as provided in the Trust Agreement.

"***Certificate of Trust***" shall mean the certificate filed with the Secretary of State of the State of Delaware establishing the Issuer under Delaware law.

"***Closing Date***" shall mean January 20, 2010.

"***Code***" shall mean the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including applicable temporary and proposed regulations, relating to such section which are applicable to the Notes or the use of the proceeds thereof. A reference to any specific section of the Code shall be deemed also to be a reference to the comparable provisions of any enactment which supersedes or replaces the Code thereunder from time to time.

"***Collateral Agent***" shall mean Deutsche Bank Trust Company Americas, a banking corporation duly organized and operating under the laws of the State of New York, acting in its capacity as collateral agent under this Agreement and the Loan Agreement, or any successor collateral agent designated pursuant to this Agreement.

"***Collection Account***" shall mean the Account by that name created pursuant to Section 5.01 hereof and further described in Section 5.03 hereof.

"***Collection Period***" shall mean, (i) with respect to any Payment Date other than the first Payment Date, the calendar month preceding the month in which such Payment Date occurs (unless any Payment Date falls in the calendar month after the month in which such Payment Date would have occurred if the 27th day of the month in which the Payment Date was scheduled to occur was a Business Day, in which case the Collection Period with respect to such Payment Date will be the second calendar month preceding the month of such Payment Date) and (ii) with respect to the first Payment Date, the period beginning on the Closing Date and ending on the last day of the second calendar month preceding the month in which such Payment Date occurs.

"***Credit***" shall have the meaning set forth in the preambles hereto.

"***Creditors***" shall mean the Registered Owners of Notes and the Lender.

"***Debt***" shall mean (a) all indebtedness or other obligations of ITT ESI for borrowed money or for the deferred purchase price of property or services (excluding current accounts payable in the ordinary course of business); (b) all indebtedness or other obligations of any other Person for borrowed money or for the deferred purchase price of property or services, to the extent the payment or collection of which ITT ESI has guaranteed or in respect of which ITT ESI is liable, contingently or otherwise, including, without limitation, liability by way of agreement to purchase, to provide funds for payment, to supply funds to or otherwise to invest in such other Person, or otherwise to assure a creditor against loss, excluding however, (i) endorsements on instruments for collection in the ordinary course of business, and (ii) the amount of any potential liability for guarantees or other payment obligations that under GAAP are not required to be, and have not been, recorded as a liability in ITT ESI financial statements; (c) all indebtedness or other obligations of ITT ESI for borrowed money or for the deferred purchase price of property or services to the extent the same are secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance upon or in property (including, without limitation, accounts) owned by ITT ESI, whether or not ITT ESI has assumed or become liable for the payment of such indebtedness or obligations, and (d) capitalized lease obligations of ITT ESI; *provided*, *however*, that "Debt" shall not include amounts in respect of tuition that is shown as deferred revenue on ITT ESI's financial statements.

"***Defaulted Loan***" shall mean a Financed Loan with respect to which (a) any required payment has become more than 180 days delinquent (without regard to whether such payment was later made) or (b) the Servicer has received notice that the borrower is deceased.

"***Depositor***" shall mean Access Group, and its successors and assigns pursuant to the terms of the Trust Agreement.

"***EBITDA***" shall mean, for ITT ESI for any period, net income for such period plus (a) without duplication and to the extent deducted in determining net income for such period, the sum of (i) interest expense for such period, (ii) income tax expense for such period, (iii) all amounts attributable to depreciation and amortization expense for such period, (iv) any extraordinary charges for such period and (v) any other non cash charges for such period (but excluding any non-cash charge in respect of an item that was included in net income in a prior period), minus (b) without duplication and to the extent included in net income, any extraordinary gains and any non-cash items of income for such period, all calculated for ITT ESI on a consolidated basis in accordance with GAAP.

"***Eligible Institution***" shall mean an institution of higher education operated by ITT ESI.

"***Eligible Loan***" shall mean a student loan that is originated in accordance with the Program Guidelines.

"***Eligible Loans Acquisition Certificate***" shall mean a certificate of the Administrator in substantially the form attached as Exhibit A hereto.

"***ERISA***" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"***Event of Bankruptcy***" shall mean (a) the Issuer or the Guarantor shall have commenced a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall have made a general assignment for the benefit of creditors, or shall have declared a moratorium with respect to its debts or shall have failed generally to pay its debts as they become due, or shall have taken any action to authorize any of the foregoing; or (b) an involuntary case or other proceeding shall have been commenced against the Issuer or the Guarantor seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property provided such action or proceeding is not dismissed within 60 days.

"***Event of Default***" shall have the meaning specified in Article VI hereof.

"***Final Maturity Date***" shall mean (i) with respect to the Senior Credit, the Payment Date in January 2020 and (ii) with respect to the Subordinated Note, the Payment Date in March 2026.

"***Financed Loan***" shall mean an Eligible Loan or Participation Interest sold to the Issuer pursuant to the Loan Purchase Agreement.

"***Fiscal Year***" shall mean the fiscal year of the Issuer, which shall be the same as the fiscal year of the Depositor (initially April 1 to March 31) as established from time to time.

"***GAAP***" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"***Gross Refunded Amount***" shall mean, with respect to any Refunded Financed Loan, the portion of the Base Financed Loan Balance of such Refunded Financed Loan that is being refunded or credited to the borrower's account in accordance with the Program Guidelines.

"***Guarantee***" shall mean any obligation, contingent or otherwise, of the Guarantor guaranteeing or having the economic effect of guaranteeing any indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the Guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such indebtedness or other obligation of the payment thereof or (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such indebtedness or other obligation; provided, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"***Guarantee Agreement***" shall mean the Guarantee Agreement dated as of January 20, 2010 between the Guarantor and the Secured Party, as amended, supplemented, restated or otherwise modified from time to time pursuant to the terms thereof.

"***Guaranteed Payments***" shall have the meaning ascribed to such term in the Guarantee Agreement.

"***Guarantor***" shall mean ITT ESI.

"***Higher Education Act***" shall mean the Higher Education Act of 1965, as amended.

"***Indenture Trustee***" shall mean Deutsche Bank Trust Company Americas, a banking corporation duly organized and operating under the laws of the State of New York, acting in its capacity as indenture trustee under this Agreement, or any successor trustee designated pursuant to this Agreement.

"***Initial Loan Balance***" means $75,000,000.

"***Initial Senior Credit Balance***" means the sum of the Initial Senior Notes Balance and the Initial Loan Balance.

"***Initial Senior Notes Balance***" means $225,000,000.

"***Initial Subordinated Note Balance***" means $0.

"***Interest Accrual Period***" shall mean, with respect to the Senior Credit, (i) with respect to the first Payment Date, the period commencing on and including the Closing Date and ending on and including the day immediately preceding such Payment Date and (ii) with respect to each Payment Date thereafter, the period beginning on and including the Payment Date immediately preceding such Payment Date and ending on and including the day immediately preceding such Payment Date.

"***Interest Rate***" shall mean, with respect to the Senior Credit and any Interest Accrual Period, a per annum rate equal to the LIBOR Rate plus 5.50%.

"***Investment Company Act***" shall mean the Investment Company Act of 1940, as amended.

"***Investment Securities***" shall mean:

(a) direct obligations of, or obligations on which the timely payment of the principal of and interest on which are unconditionally and fully guaranteed by, the United States of America;

(b) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of one month or less with any bank, trust company, national banking association or other depository institution, including those of the Secured Party, provided that, at the time of deposit or purchase such depository institution has commercial paper which is rated "A-1+" by S&P and "P-1" by Moody's; and

(c) shares of a money market fund rated at least "AAAm" or "AAAm-G" by S&P and "Aaa" by Moody's, including funds for which the Secured Party or an Affiliate thereof acts as investment advisor or provides other similar services for a fee.

"***Issuer***" shall mean PEAKS Trust 2009-1, a statutory trust organized and existing under the laws of the State of Delaware, and any successor thereto.

"***Issuer Order***" shall mean a written order signed in the name of the Issuer by an Authorized Representative and delivered to the Secured Party.

"***ITT ESI***" shall mean ITT Educational Services, Inc., a Delaware corporation.

"***Lender***" shall mean Wells Fargo Bank, N.A together with its successors and permitted assigns.

"Lender Trustee Agreement" shall mean the lender trustee agreement dated as of the Closing Date between the Issuer and the Lender Trustee.

"***Lender Trustee***" shall have the meaning set forth in the preambles hereto.

"***LIBOR Business Day***" shall mean any day on which banks in London and New York City are open for the transaction of international business.

"***LIBOR Rate***" shall mean, for any Interest Accrual Period, a rate per annum equal to the rate per annum at which United States dollar deposits having a maturity of one month are offered to prime banks in the London interbank market which appears on Reuters Page LIBOR01 as of approximately 11:00 a.m., London time, on the second LIBOR Business Day preceding the first day of such Interest Accrual Period. If such rate does not appear on Reuters Page LIBOR01, the rate shall be determined on the basis of the rate at which deposits in United States dollars having a maturity of one month are offered to prime banks in the London interbank market by four major banks in the interbank market selected by the Secured Party and in a principal amount of not less than U.S. $1,000,000 and that is representative for a single transaction in such market at such time. The Secured Party shall request the principal London office of each of such banks to provide a quotation of its rate. If at least two quotations are provided, the "LIBOR Rate" shall be the arithmetic mean (rounded upwards, if necessary, to the nearest one-hundredth of one percent) of such offered rates. If fewer than two quotations are provided, the "LIBOR Rate" shall be the arithmetic mean (rounded upwards, if necessary, to the nearest one-hundredth of one percent) of the rates quoted at approximately 11:00 a.m., New York City time, on such date by three major banks in New York, New York selected by the Secured Party for loans in United States dollars to leading European banks having a maturity of one month, and in a principal amount of not less than U.S. $1,000,000; *provided*, *however*, that if the banks selected as aforesaid are not quoting as mentioned in this sentence, the "***LIBOR Rate***" in effect for such Interest Accrual Period shall be the LIBOR Rate in effect for the immediately preceding Interest Accrual Period. Notwithstanding the foregoing, in no event shall the LIBOR Rate be less than 2. 00%. For the avoidance of doubt, with respect to the Interest Accrual Period preceding the January 2011 Payment Date, the LIBOR Rate shall be 2.00% beginning on December 31, 2010.

"***Lien***" shall mean a security interest, lien, charge, pledge, equity, mortgage or encumbrance of any kind.

"***Loan***" shall have the meaning set forth in the preambles hereto.

"***Loan Agreement***" shall have the meaning set forth in the preambles hereto.

"***Loan Notes***" shall have the meaning given to such term in Section 2.01(c) hereof.

"***Loan Purchase Agreement***" shall mean the Private Education Loan Origination and Sale Agreement dated as of the Closing Date among Access Group, as originating agent, the Originating Lender, the Issuer, the Lender Trustee, the Secured Party and the Guarantor, as amended, supplemented, restated or otherwise modified from time to time pursuant to the terms thereof.

"***Majority Priority Class Creditors***" shall mean, on any date of determination, Priority Class Creditors that (i) represent more than 50% of the aggregate Outstanding Amount of the Priority Class Credit and (ii) include each Priority Class Creditor that holds 25% or more of the aggregate Outstanding Amount of the Priority Class Credit.

"***Maturity***" when used with respect to any Note or the Loan, shall mean the date on which the principal thereof becomes due and payable as therein or herein provided, whether at its Final Maturity Date, by earlier prepayment or purchase, or by declaration of acceleration.

"***Maximum Subordinated Note Balance***" shall mean, with respect to the Subordinated Note, $95,937,703.

"***Monthly Interest Amount***" shall mean, with respect to the Senior Credit and any Payment Date, the sum of (i) interest accrued on the Outstanding Amount of the Senior Credit as of the first day of the related Interest Accrual Period (after giving effect to payments made on such date) during the related Interest Accrual Period at the Interest Rate and (ii) any Monthly Interest Amount unpaid on the immediately preceding Payment Date, with interest thereon at the Interest Rate for the current Payment Date. Interest on the Senior Credit in respect of any Payment Date will accrue during the related Interest Accrual Period on the basis of a year consisting of 360 days and the actual number of days in such Interest Accrual Period.

"***Monthly Measurement Date***" shall mean, with respect to a Payment Date, the fifth Business Day preceding such Payment Date.

"***Monthly Report***" shall have the meaning ascribed to such term in Section 4.13(b) hereof.

"***Moody's***" shall mean Moody's Investors Service, Inc., its successors and assigns.

"***Net Refunded Amount***" shall mean, with respect to any Refunded Financed Loan, the product of (i) 72% and (ii) the related Gross Refunded Amount.

"***Note Purchase Agreement***" shall mean the Senior Notes Note Purchase Agreement or the Subordinated Note Note Purchase Agreement, as applicable.

"***Notes***" shall mean the Senior Notes and the Subordinated Note.

"***Officer's Certificate***" shall mean (i) in the case of the Issuer, a certificate signed by any Authorized Representative of the Issuer and delivered to the Secured Party, and (ii) in the case of the Depositor, the Administrator or the Servicer, a certificate signed by any authorized officer of the Depositor, the Administrator or the Servicer, as applicable.

"***Opinion of Counsel***" shall mean one or more written opinions of counsel who may, except as otherwise expressly provided in this Agreement, be employees of or counsel to the Owner Trustee, the Issuer, the Administrator, the Servicer, the Lender Trustee, the Guarantor or an Affiliate of any of the foregoing and who shall be reasonably satisfactory to the Secured Party, and which opinion or opinions shall be addressed to the Secured Party and shall be in form and substance satisfactory to the Secured Party.

"***Ordinary Administrative Expenses***" shall mean, in respect of each Interest Accrual Period, (i) the Secured Party Fee, (ii) the Owner Trustee Fee, (iii) the Administration Fee, and (iv) the Servicing Fee.

"***Originating Lender***" shall mean Liberty Bank, N.A.

"***Originating Lender Premium***" shall mean a premium payable by the Issuer to the Originating Lender for its sale of the Financed Loans in the amount of 1.05% of the Base Financed Loan Balance of each Financed Loan.

"***Outstanding***" shall mean, (i) when used in connection with the Senior Credit, (a) a Senior Note that has been executed and delivered pursuant to this Agreement and which, at such date of determination, remains unpaid as to principal or interest and (b) the Loan under the Loan Agreement if, at such date of determination, the Loan remains unpaid as to principal or interest and (ii) when used in connection with the Subordinated Note, the Subordinated Note that has been executed and delivered pursuant to this Agreement to the extent the Subordinated Note, at such date of determination, remains unpaid as to principal, in each case excluding any Notes that have been replaced by a new Note pursuant to Sections 2.03 or 2.04 hereof or any Credit with respect to which provision has been made for payment as described in the Basic Documents.

"***Outstanding Amount***" shall mean (i) with respect to the Financed Loans and any date of determination, the aggregate principal amount of the Financed Loans outstanding at such date of determination, (ii) with respect to the Senior Credit and any Payment Date and on each day during an Interest Accrual Period, the excess of (a) the Initial Senior Credit Balance over (b) the aggregate of amounts actually paid as principal to the holders of the Senior Credit and (iii)) with respect to the Subordinated Note, the excess of (a) the aggregate amount of Subordinated Note Advances over (b) the sum of (i) the aggregate of amounts actually paid as principal to the holder of the Subordinated Note pursuant to Section 5.03(b) or pursuant to the second to last paragraph of Section 5.02 and (ii) 28% of the Gross Refunded Amount with respect to any Refunded Financed Loan.

"***Owner Trustee***" shall mean Deutsche Bank Trust Company Delaware, a Delaware banking corporation, solely in its capacity as the owner trustee of the Issuer under the Trust Agreement.

"***Owner Trustee Fee***" shall mean a fee payable to the Owner Trustee on each Payment Date in an amount equal to the product of (i) 1/12, (ii) 0.01% and (iii) the Senior Credit Balance prior to the application of any payments on such Payment Date (or, after the Senior Credit Balance has been reduced to zero, the Outstanding Amount of the Subordinated Note prior to the application of any payments on such Payment Date).

"***Partially Disbursed Student Loan***" shall have the meaning ascribed to such term in the Loan Purchase Agreement.

"***Participation Interests***" shall have the meaning ascribed to such term in the Loan Purchase Agreement.

"***Payment Date***" shall mean the 27th day of each calendar month (or, in the event such 27th day is not a Business Day, the next succeeding Business Day). The initial Payment Date shall be March 1, 2010.

"***Payment Date Certificate***" shall mean a certificate of the Administrator, substantially in the form of Exhibit C hereto, delivered to the Secured Party pursuant to Section 4.13 hereof.

"***Person***" shall mean an individual, corporation, partnership, joint venture, association, joint stock company, trust, estate, limited liability company, unincorporated organization or government or agency or political subdivision thereof.

"***Plan***" shall have the meaning set forth in Section 2.03 hereto.

"***Principal Payment Amount***" shall mean, (i) on any Payment Date on or prior to the Payment Date in January 2011, the product of (a) 97.08737864% and (b) all Available Funds remaining after payment of amounts in clauses (i) through (iv) of Section 5.03(b), (ii) on any Payment Date on and after the Payment Date in February 2011 and on or prior to the Payment Date in January 2012, the product of (a) 98.03921569% and (b) all Available Funds remaining after payment of amounts in clauses (i) through (iv) of Section 5.03(b), (iii) on any Payment Date on and after the Payment Date in February 2012 and on or prior to the Payment Date in January 2013, the product of (a) 99.00990099% and (b) all Available Funds remaining after payment of amounts in clauses (i) through (iv) of Section 5.03(b), and (iv) on any Payment Date on and after the Payment Date in February 2013, all Available Funds remaining after payment of amounts in clauses (i) through (iv) of Section 5.03(b), in each case, until the Outstanding Amount of the Senior Credit has been reduced to zero.

"***Principal Office***" shall mean the designated office of the party indicated, as set forth in Section 9.01 hereof or elsewhere in this Agreement.

"***Priority Class Credit***" shall mean, (i) on any date on which the Outstanding Amount of the Senior Credit is greater than zero, the Senior Credit, and (ii) after the date on which the aggregate Outstanding Amount of the Senior Credit is reduced to zero, the Subordinated Note.

"***Priority Class Creditors***" shall mean, (i) on any date on which the Outstanding Amount of the Senior Credit is greater than zero, the Senior Creditors, acting as a single class, pro rata, with identical rights and remedies, and (ii) after the date on which the aggregate Outstanding Amount of the Senior Credit is reduced to zero, the Registered Owner of the Subordinated Note.

"***Program Guidelines***" shall mean the Program Guidelines attached to the Loan Purchase Agreement setting forth the requirements, documents and other information relating to the Financed Loans purchased thereunder, as amended as provided in the Loan Purchase Agreement.

"***Promissory Note***" shall mean the electronic record of the application and loan agreement evidencing a Financed Loan.

"***PTCE***" shall have the meaning set forth in Section 2.03 hereto.

"***Purchase Amount***" shall mean with respect to any Financed Loan an amount equal to the Outstanding Amount of such Financed Loan, plus accrued interest thereon to the date of payment.

"***Purchase Obligation Agreement***" shall mean the purchase obligation agreement dated as of January 20, 2010 among the Guarantor, the Secured Party and the initial Senior Creditors.

"***Purchase Price***" shall mean, with respect to any Financed Loan, an amount equal to 101.05% of the Base Financed Loan Balance of such Financed Loan, plus accrued and unpaid interest thereon since its origination.

"***Quarterly Measurement Date***" shall mean the last day of each fiscal quarter of the Guarantor.

"***Quarterly Report***" shall mean a quarterly report of the Guarantor in substantially the form attached as Exhibit B to the Guarantee Agreement.

"***Record Date***" shall mean, with respect to any Payment Date, the last Business Day of the month immediately preceding the calendar month in which the Payment Date occurs.

"***Refunded Financed Loan***" shall mean any Financed Loan for which all or a portion of the Base Financed Loan Balance has been refunded or cancelled in accordance with the Program Guidelines.

"***Register***" shall have the meaning set forth in Section 2.03.

"***Registered Owner***" shall mean, with respect to any Note, the Person in whose name such Note is registered in the registration books of the Registrar.

"***Registrar***" shall have the meaning set forth in Section 2.03 and shall initially be Deutsche Bank Trust Company Americas, as Secured Party.

"***Reserve Account***" shall mean the Account by that name created pursuant to Section 5.01 hereof and further described in Section 5.04 hereof.

"***Reserve Account Deposit***" shall mean $36,000,000.

"***Responsible Officer***" shall mean when used with respect to the Secured Party any officer within the corporate trust department of the Secured Party (including any vice president, assistant vice president, treasurer, assistant treasurer, trust officer or any other officer of the Secured Party) (a) who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and (b) who shall have direct responsibility for the administration of this Agreement.

"***Reuters Page LIBOR01***" shall mean the display page so designated on the Reuters Money 3000 Service (or such other page as may replace that page on that service or such other service as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

"***S&P***" shall mean Standard & Poor's Ratings Group, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns.

"***Secured Party***" shall have the meaning set forth in the preambles hereto.

"***Secured Party Fee***" shall mean a fee payable to the Secured Party on each Payment Date in an amount equal to the product of (i) 1/12, (ii) 0.04% and (iii) the Senior Credit Balance prior to the application of any payments on such Payment Date (or, after the Senior Credit Balance has been reduced to zero, the Outstanding Amount of the Subordinated Note prior to the application of any payments on such Payment Date).

"***Securities Act***" shall mean the Securities Act of 1933, as amended.

"***Securities Legend***" shall mean the following legend: "THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES OR BLUE SKY LAW OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE IN ACCORDANCE WITH THE NOTE PURCHASE AGREEMENT, AGREES THAT THIS NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY PURSUANT TO AN EXEMPTION AVAILABLE UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. BY ITS PURCHASE OF THIS NOTE IN ACCORDANCE WITH THE NOTE PURCHASE AGREEMENT, THE PURCHASER SHALL REPRESENT THAT IT IS (I) AN "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED UNDER RULE 501(a)(1), (2), (3) or (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OR (II) A "QUALIFIED INSTITUTIONAL BUYER" AS THAT TERM IS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT."

"***Senior Credit***" shall have the meaning set forth in the preambles hereto.

"***Senior Credit Balance***" shall mean, with respect to any date of determination, the sum of the Outstanding Amount of the Senior Notes and the Outstanding Amount of the Loan with respect to such date of determination.

"***Senior Creditors***" shall mean the Registered Owners of Senior Notes and the Lender.

"***Senior Notes***" shall have the meaning set forth in the preambles hereto.

"***Senior Notes Note Purchase Agreement***" shall mean the note purchase agreement, dated as of January 20, 2010, between the Issuer and each initial Registered Owner of Senior Notes and acknowledged by the Secured Party, pursuant to which such Registered Owner purchased its Senior Notes, as amended, supplemented, restated or otherwise modified from time to time pursuant to the terms thereof.

"***Senior Purchase Price***" shall mean, with respect to any Financed Loan, an amount equal to the sum of (i) 72.00% of the Base Financed Loan Balance, (ii) the related Originating Lender Premium and (iii) all accrued and unpaid interest on such Financed Loan since origination.

"***Servicer***" shall mean Access Group and any other additional servicer or successor servicer selected by the Issuer.

"***Servicing and Collections Advisor***" shall mean Moehn Management Inc. and any successor thereto selected by the Issuer.

"***Servicing Agreement***" shall mean the Agreement for Servicing Private Student Loans, dated as of January 20, 2010, among the Issuer, the Secured Party, the Guarantor and Access Group, as Servicer.

"***Servicing Fee***" shall mean the "Basic Servicing Fee" set forth in the Servicing Agreement.

"***Short Term Investments***" shall mean:

(a) direct obligations of, or obligations on which the timely payment of the principal of and interest on which are unconditionally and fully guaranteed by, the United States of America with a maturity of one year or less;

(b) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with a maturity of one year or less with any bank, trust company, national banking association or other depository institution, including those of the Secured Party, provided that, at the time of deposit or purchase such depository institution has commercial paper which is rated "A-1+" by S&P and "P-1" by Moody's; and

(c) shares of a money market fund rated at least "AAAm" or "AAAm-G" by S&P and "Aaa" by Moody's, including funds for which the Secured Party or an Affiliate thereof acts as investment advisor or provides other similar services for a fee.

"***Similar Law***" shall have the meaning set forth in Section 2.03 hereto.

"***Subaccount***" shall mean any subaccount which may be created and established within any Account established pursuant to this Agreement.

"***Subordinated Note***" shall have the meaning set forth in the preambles hereto.

"***Subordinated Note Advance***" shall mean an advance of moneys by the Registered Owner of the Subordinated Note pursuant to Section 2.01 hereof and evidenced by the Subordinated Note.

"***Subordinated Note Funding Date***" shall mean each date on which a Subordinated Note Advance is made under the Subordinated Note Note Purchase Agreement.

"***Subordinated Note Note Purchase Agreement***" shall mean the note purchase agreement, dated as of January 20, 2010, between the Issuer and ITT ESI and acknowledged by the Secured Party, pursuant to which ITT ESI agrees to make Subordinated Note Advances, as amended, supplemented, restated or otherwise modified from time to time pursuant to the terms thereof.

"***Subordinated Purchase Price***" shall mean, with respect to any Financed Loan, an amount equal to the excess of the Purchase Price for such Financed Loan over the Senior Purchase Price for such Financed Loan.

"***Supplement***" shall mean an agreement supplemental hereto executed pursuant to Article VIII hereof.

"***Syndication Agent***" shall mean Deutsche Bank Securities Inc., a Delaware corporation, as syndication agent hereunder, and any successor thereto.

"***Syndication Agent Agreement***" shall mean the Syndication Agent Agreement dated as of January 20, 2010 among the Syndication Agent, the Issuer and the Guarantor.

"***Syndication Agent Fee***" shall mean an amount equal to 4.00% of the Base Financed Loan Balance of each Student Loan (or Partially Disbursed Student Loan) purchased (or Participation Interest purchased) by the Issuer.

"***Transfer Period***" shall mean the period beginning on the Closing Date and ending on the date on which all Eligible Loans originated or approved by the Originating Lender in accordance with the Program Guidelines, prior to its receipt of notice of the occurrence of an Event of Default under this Agreement, have been purchased by the Issuer.

"***Trigger***" shall mean, with respect to any Payment Date, the occurrence of any of the following as of any prior Quarterly Measurement Date (which has not been cured as of a subsequent Quarterly Measurement Date), in each case as reported by the Guarantor in the related Quarterly Report delivered pursuant to the Guarantee Agreement and calculated for the Guarantor and its majority owned subsidiaries on a consolidated basis (except, with respect to the third and fourth bulleted clauses below, to the extent any such majority owned subsidiary is subject to any restriction that limits such subsidiary's ability to dividend or distribute to the Guarantor any (i) funds contained in the entries "cash," "cash equivalents," "restricted cash" and "short-term investments" (or any such substantially similar category that is a successor to any such category as noted on the financial statements of the Guarantor) on the balance sheet of the Guarantor or (ii) Short Term Investments of the Guarantor):

- the ratio of the Guarantor's Debt on such date (exclusive of the amount of Guarantees that under GAAP are not required to be recorded as a liability on the Guarantor's financial statements) to its EBITDA for the period of the four consecutive fiscal quarters ended on such date is greater than 2.50:1.00; or

- the ratio of the Guarantor's Debt on such date (inclusive of the amount of Guarantees that under GAAP are not required to be recorded as a liability on the Guarantor's financial statements) to its EBITDA for the period of the four consecutive fiscal quarters ended on such date is greater than 3.50:1.00; or
- the sum of the entries "cash," "cash equivalents" and "restricted cash" (or any such substantially similar category that is a successor to any such category as noted on the financial statements of the Guarantor) on the balance sheet of the Guarantor, determined in accordance with GAAP, plus Short Term Investments of the Guarantor, is less than $100,000,000; or
- the sum of the entries "cash," "cash equivalents," "restricted cash" and "short-term investments" (or any such substantially similar category that is a successor to any such category as noted on the financial statements of the Guarantor) on the balance sheet of the Guarantor, determined in accordance with GAAP, plus the amount available to be drawn under a revolving credit facility available to the Guarantor is less than $200,000,000.
- schools owned and operated by the Guarantor representing more than 25% of the Guarantor's revenues for the four consecutive fiscal quarters ended on such date are ineligible to receive funds provided pursuant to Title IV of the Higher Education Act.

"***Trust Agreement***" shall have the meaning set forth in the preambles hereto.

"***Trust Estate***" shall mean the property described as such in the Granting Clauses hereto.

"***Voting Party***" shall mean, (i) for so long as (a) no Trigger has occurred and is continuing and (b) no default has occurred and is continuing under the Guarantee Agreement, the Guarantor, and (ii) in all other cases, the Majority Priority Class Creditors.

Words importing the masculine gender include the feminine and neuter genders, and words importing the feminine gender include the masculine and neuter genders. Words importing persons include firms, associations and corporations. Words importing the singular number include the plural number and vice versa. Additional terms are defined in the body of this Agreement.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if ITT ESI notifies the Secured Party that ITT ESI requests an amendment to any provision hereof that relates to computation of a Trigger to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision, regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

CREDIT DETAILS AND FORM OF NOTES; SUBORDINATED NOTE ADVANCES

Section 2.01. Credit Details. No Credit may be issued under this Agreement except in accordance with the provisions of this Article. The Senior Notes, together with the Secured Party's certificate of authentication, shall be issued on the Closing Date in substantially the form set forth in Exhibit B-1 hereto with an aggregate initial principal amount equal to the Initial Senior Notes Balance and the Subordinated Note shall be issued on the Closing Date in substantially the form set forth in Exhibit B-2 hereto. The Loan Notes shall be issued on the Closing Date in substantially the form set forth in Exhibit B-3 hereto with an aggregate initial principal amount equal to the Initial Loan Balance. The Notes and the Loan Notes shall be issued in definitive form, typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders), all as determined by the Authorized Representatives executing the Notes and the Loan Notes, as evidenced by their execution of the Notes and the Loan Notes.

(a) *Senior Notes*. Each Senior Note issued pursuant to this Agreement shall bear interest during each Interest Accrual Period at a per annum rate equal to the Interest Rate. The Outstanding Amount of each Senior Note shall be reflected by a notation on the Register, and such notation shall be adjusted from time to time by the Registrar to reflect decreases in the Outstanding Amount thereof resulting from any principal payments thereon made pursuant to Section 5.03. On each Payment Date, each Senior Note shall be entitled to payment of Call Premium, if any, payable on such Payment Date. No Senior Note may be transferred in a denomination of less than $100,000.

(b) *Subordinated Note*. The Subordinated Note issued pursuant to this Agreement shall not bear interest. The Outstanding Amount of the Subordinated Note on each Subordinated Note Funding Date shall be reflected by a notation on the Register, and such notation shall be adjusted from time to time by the Registrar to reflect (i) increases in the Outstanding Amount thereof resulting from Subordinated Note Advances being made to the Issuer and (ii) decreases resulting from any principal payments thereon made pursuant to Section 5.03(b) and the second to last paragraph of Section 5.02 and from reductions in the Outstanding Amount of the Subordinated Note equal to 28% of the Gross Refunded Amount of each Refunded Financed Loan. The Subordinated Note shall be issued as a single note representing the entire Outstanding Amount and Maximum Subordinated Note Balance of the Subordinated Note. Subordinated Note Advances shall be made as set forth in Section 2.3 of the Subordinated Note Note Purchase Agreement. Notwithstanding anything to the contrary contained herein, in no event may the Subordinated Note or any portion of the Outstanding Amount thereof or any obligation to make Subordinated Note Advances thereunder be transferred prior to the expiration of the Transfer Period. No Subordinated Note may be transferred in a denomination of less than $5,000,000.

(c) *Loan*. Pursuant to the Loan Agreement, the Lender will make the Loan to the Issuer on the terms and conditions of this Agreement in an amount equal to the Initial Loan Amount. The Loan shall bear interest during each Interest Accrual Period at a per annum rate equal to the Interest Rate. The Outstanding Amount of the Loan shall be reflected by a notation on the Register, and such notation shall be adjusted from time to time by the Registrar to reflect decreases in the Outstanding Amount thereof resulting from any principal payments thereon made pursuant to Section 5.03. On each Payment Date, the Lender shall be entitled to payment of Call Premium, if any, payable on such Payment Date. The Loan shall be evidenced by one or more Loan Notes of the Issuer to the Lender substantially in the form of Exhibit B-3 hereto, dated the Closing Date and otherwise duly completed.

Section 2.02. Execution, Authentication and Delivery of the Notes. The Notes shall be executed in the name and on behalf of the Issuer by the manual signature of an Authorized Representative. The Notes may be manually signed or attested on behalf of the Issuer by any person who, at the date of such act, shall hold the proper office or position, notwithstanding that at the date of authentication, issuance or delivery, such person may have ceased to hold such office or position.

Each Note shall be dated the date of its authentication. A Note shall not be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for in Section 2.05 hereof.

Section 2.03. Register; Registration and Transfer of the Credit; Persons Treated as Registered Owners. The Registrar shall keep a register (the "***Register***") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Credit, the registration of transfers of Credit and the notation of changes in the Outstanding Amount of Credit. The Secured Party shall be the initial "***Registrar***", which Registrar shall act solely for purposes of this Section 2.03 as the agent of the Issuer. Upon any resignation of any Registrar, the Issuer shall promptly appoint a successor. Notwithstanding such appointment and with the prior written consent of the Issuer, the Secured Party is hereby authorized to make any arrangements with other institutions which it deems necessary or desirable in order that such institutions may perform the duties of transfer agent or Registrar for the Credit.

Subject to the restrictions set forth herein and in the Loan Agreement, the Lender may at any time sell or assign all or any portion of its interest in the Loan and its rights and the obligations due to it as a Lender pursuant to the terms and conditions of this Agreement and the Loan Agreement. In connection with any such sale or assignment, the Lender shall assign and convey all or a portion of the Loan in accordance with the terms and conditions of this Agreement and the Loan Agreement; provided that the Lender may not sell or assign all or any portion of its interest in the Loan in increments of less than $1,000,000. Upon such a sale or assignment and the recordation of such transfer in the Register, the purchaser shall be treated as a Lender for purposes of this Agreement. The Lender may at any time grant participations in all or part of its interest in the Loan and its rights and the obligations due to it under this Agreement and the Loan Agreement in accordance with the terms of this Agreement and the Loan Agreement.

Upon surrender for transfer of a Note or a Loan Note at the Principal Office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or the Lender, as applicable, or its attorney duly authorized in writing, and subject to the transfer restrictions of Section 2.09 hereof, within ten Business Days thereafter, (i) the Issuer shall execute and the Secured Party shall authenticate and deliver in the name of the transferee or transferees, one or more new and fully registered Notes or Loan Notes with the same interest rate, Outstanding Amount and Final Maturity Date, as applicable and (ii) the Registrar shall register such transfer in the Register. Each such new Note or Loan Notes shall be payable to such transferee as such transferee may request and shall be substantially in the form of the Note or Loan Note attached as Exhibit B-1, Exhibit B-2 or Exhibit B-3, as applicable. Each such new Senior Note and Loan Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Senior Note or Loan Note or dated the date of the surrendered Senior Note or Loan Note if no interest shall have been paid thereon.

The person in whose name a Note or Loan Note shall be registered in the Register shall be deemed and regarded as the absolute owner thereof or Lender with respect thereto, as applicable, for all purposes, and payment of either principal of or interest on such Note or with respect to the applicable portion of the Loan shall be made only to or upon the written order of the Registered Owner or Lender thereof or its legal representative but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note or the Loan to the extent of the sum or sums paid.

By execution of the related Note Purchase Agreement, whether upon original issuance or subsequent transfer, each holder of a Note acknowledges the restrictions on the transfer of a Note set forth in the Securities Legend and agrees that it will transfer the Note only as provided herein. By execution of the Loan Agreement or an assignment and assumption executed in connection therewith, each Lender acknowledges the restrictions on the transfer or assignment of the Loan set forth in the Loan Agreement and agrees that it will transfer or assign the Loan only as provided in the Loan Agreement.

No transfer of a Note shall be made unless such transfer is exempt from the registration requirements of the Securities Act and any applicable state securities laws. None of the Issuer, the Secured Party, the Guarantor or the Depositor intends or is obligated to register or qualify any of the Notes or the Loan under the Securities Act or any state securities laws.

The Secured Party shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Agreement or the Loan Agreement or under applicable law with respect to any transfer of any interest in a Note or the Loan other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Agreement or the Loan Agreement, as applicable.

Each initial Registered Owner of a Note and each transferee of a Note shall represent and warrant that such Note may not be acquired by an employee benefit plan or other retirement arrangement subject Section 406 of ERISA or Section 4975 of the Code or by any federal, state, local, non-U.S. or other plan which is subject to substantially similar law ("***Similar Law***"), (collectively, a "***Plan***") or a Person acting on behalf of any such Plan or a Person using the assets of any such Plan, unless the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because it will satisfy the requirements for exemptive relief under Prohibited Transaction Class Exemption ("***PTCE***") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or the statutory exemption for nonfiduciary service providers under Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code or another applicable administrative or statutory exemption and in the case of a Plan subject to Similar Law, will not result in a non-exempt violation of such substantially similar law.

Each Registered Owner of a Subordinated Note and each transferee of a Subordinated Note shall represent and warrant that it is either (i) a United States Person within the meaning of Section 7701(a)(30) of the Code and is not a partnership or grantor trust under Section 7701(a)(30) of the Code or that it is an S Corporation within the meaning of Section 1361 of the Code or (ii) a nominee for another holder that satisfies the requirements of clause (i).

The Secured Party shall require the payment by any Creditor requesting the exchange or transfer of a Note of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The applicant for any such transfer or exchange may be required to pay all taxes and governmental charges in connection with such transfer or exchange, other than exchanges pursuant to Section 2.04 hereof.

Section 2.04. Lost, Stolen, Destroyed and Mutilated Notes. Upon receipt by the Secured Party of evidence satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of a Note or Loan Note and, in the case of a lost, stolen or destroyed Note or Loan Note, of indemnity satisfactory to it, and upon surrender and cancellation of the Note or Loan Note, if mutilated, (a) within ten Business Days thereafter, the Issuer shall execute, and the Secured Party shall authenticate and deliver, a replacement Note or Loan Note of the same interest rate, Outstanding Amount, Maximum Outstanding Amount and Final Maturity Date, as applicable, in lieu of such lost, stolen, destroyed or mutilated Note or Loan Note or (b) with respect to the Senior Notes and Loan Notes, if such lost, stolen, destroyed or mutilated Senior Note or Loan Note shall have matured or within 15 days shall be due and payable, in lieu of executing and delivering a new Senior Note or Loan Note as aforesaid, the Issuer may pay the Senior Note or related Lender when so due or payable. Any such new Note or Loan Note shall bear a number not contemporaneously outstanding. The applicant for any such new Note or Loan Note may be required to pay all taxes and governmental charges and all expenses and charges of the Issuer and of the Secured Party in connection with the issuance of the Note or Loan Note. The Notes and the Loan shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing conditions are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Notes and Loan Notes, negotiable instruments or other securities.

Section 2.05. Secured Party's Certificate of Authentication. The Secured Party's certificate of authentication upon the Notes and the Loan Notes shall be substantially in the form attached to the form of the Notes and the Loan Notes attached as Exhibit B-1, Exhibit B-2 and Exhibit B-3 hereto. No Note or Loan Note shall be secured hereby or entitled to the benefit hereof, or shall be valid or obligatory for any purpose, unless a certificate of authentication, substantially in such form, has been duly executed by the Secured Party; and such certificate of the Secured Party upon a Note or Loan Note shall be conclusive evidence and the only competent evidence that such Note or Loan Note has been authenticated and delivered hereunder. The Secured Party's certificate of authentication shall be deemed to have been duly executed by it if manually signed by a Responsible Officer or signatory of the Secured Party, but it shall not be necessary that the same person sign the certificate of authentication on each Note or Loan Note issued hereunder.

Section 2.06. Cancellation and Destruction of Notes and Loan Notes by the Secured Party. Whenever a Note or Loan Note shall be delivered to the Secured Party for the cancellation thereof pursuant to this Agreement, upon payment of the principal amount and interest represented thereby, or for transfer pursuant to Section 2.03 hereof or replacement pursuant to Section 2.04 hereof, such Note or Loan Note shall be promptly cancelled and shall be disposed of in a manner determined by the Secured Party or shall be returned to the Issuer upon the Issuer's request.

Section 2.07. Payment of Principal and Interest on Senior Credit; Mandatory Prepayment.

(a) Interest on the Senior Credit shall be payable on each Payment Date as specified in Section 5.03(b)(iii)(a) hereof, subject to Section 4.01 hereof. Amounts paid or duly provided for by the Issuer on each Payment Date shall be paid to the Persons in whose name the Senior Notes and the Loan Notes are registered on the related Record Date by wire transfer in immediately available funds to the account designated by the Registered Owner of such Senior Note or by the Lender with respect to such Loan Notes, as applicable, except for the final installment of principal payable with respect to a Senior Note or the Loan on a Payment Date or at Maturity which shall be payable as provided below. The amount of interest distributable to the Senior Creditors will be calculated by applying the Interest Rate for the Interest Accrual Period to the Outstanding Amount of the Senior Credit as of the first day of the related Interest Accrual Period (after giving effect to payments made on such date) and multiplying that product by the actual number of days in the Interest Accrual Period divided by 360.

(b) The principal of each Senior Note and the Loan shall be payable on each Payment Date as provided in Section 5.03(b)(v)(i) hereof. The entire unpaid principal amount of each such Senior Note and the Loan shall be due and payable, if not previously paid, on its Final Maturity Date or on the date on which an Event of Default shall have occurred and be continuing if the Secured Party or the Majority Priority Class Creditors shall have declared the Senior Credit to be immediately due and payable in the manner provided in Section 6.08 hereof. The Secured Party shall notify the Person in whose name a Senior Note is registered or the Lender with respect to a Loan Note at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on the Senior Credit will be paid. Such notice shall be delivered pursuant to Section 9.01 hereof prior to such final Payment Date and shall specify the place where the Senior Notes and the Loan Notes shall be surrendered for cancellation; *provided*, *however*, Senior Creditors are not required to surrender their Senior Notes or Loan Notes in order to receive such final payment at Maturity but shall not be entitled to any further payments on their Senior Credit once such Senior Credit has been paid in full.

(c) If the Asset/Liability Ratio computed by the Administrator on any Monthly Measurement Date (i) on which no Trigger is in effect, is less than 105%, the Senior Credit shall be subject to mandatory prepayment on the related Payment Date to the extent necessary to cause the Asset/Liability Ratio to be equal to 105% (computed on such Monthly Measurement Date but after giving effect to such prepayment as if such prepayment had occurred during the related Collection Period) and (ii) on which a Trigger is in effect, is less than 140%, the Senior Credit shall be subject to mandatory prepayment on the related Payment Date to the extent necessary to cause the Asset/Liability Ratio to be equal to 140% (computed on such Monthly Measurement Date but after giving effect to such prepayment as if such prepayment had occurred during the related Collection Period).

(d) In the circumstances described in Section 5.03(c), amounts received from the Guarantor with respect to payments of principal of and interest on the Senior Credit shall be applied as provided in Section 5.03(c).

(e) All payments and prepayments of principal of and interest on the Senior Credit shall be made in lawful money of the United States of America.

Section 2.08. Payment of the Subordinated Note.

(a) The Subordinated Note shall not be entitled to any payments in respect of interest. Amounts paid or duly provided for by the Issuer on the Subordinated Note on a Payment Date on which a payment of principal on the Subordinated Note is due shall be paid to the Person in whose name the Subordinated Note is registered on the related Record Date by wire transfer in immediately available funds to the account designated by the Registered Owner of the Subordinated Note, except for the final installment of principal payable with respect to the Subordinated Note on a Payment Date or at Maturity which shall be payable as provided below.

(b) The principal of the Subordinated Note shall be payable on each Payment Date (i) as provided in Section 5.03(b)(ix) hereof from Available Funds, if any, remaining after Available Funds are applied as provided in Section 5.03(b)(i)-(viii) and (ii) pursuant to the second to last paragraph of Section 5.02. The entire unpaid principal amount of the Subordinated Note shall be due and payable, if not previously paid, at Maturity. The Secured Party shall notify the Person in whose name the Subordinated Note is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of the Subordinated Note will be paid. Such notice shall be delivered pursuant to Section 9.01 hereof prior to such final Payment Date and shall specify the place where the Subordinated Note shall be surrendered for cancellation; *provided*, *however*, the Registered Owner of the Subordinated Note is not required to surrender the Subordinated Note in order to receive such final payment at Maturity.

(c) All payments of principal of the Subordinated Note shall be made in lawful money of the United States of America.

Section 2.09. Transfer Restrictions. Each person who is or who becomes a Registered Owner of a Note shall be deemed by the acceptance or acquisition of its Note to have agreed to be bound by the provisions of this Section. The Registered Owner of each Note (other than the Guarantor as Registered Owner of the Subordinated Note) shall qualify as (i) an institutional "accredited investor" as that term is defined under Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act, or (ii) a "qualified institutional buyer" as that term is defined in Rule 144A promulgated under the Securities Act. No Note may be transferred, unless the proposed purchaser or transferee shall have delivered to the Issuer an express agreement substantially in the form of the Investment Letter attached as Exhibit D-1 or Exhibit D-2 hereto, as applicable. Each person who is or who becomes a Lender pursuant to the execution of an assignment and assumption agreement under the Loan Agreement and the registration of transfer of a Loan Note evidencing an interest in the Loan to such Person in accordance with the provisions of this Agreement and the Loan Agreement shall be an "Eligible Assignee" as set forth in the Loan Agreement and have agreed to the restrictions on transfer with respect to its interest in the Loan set forth in the Loan Agreement and this Agreement.

Section 2.10. Subordinated Note Advances. On the terms and conditions set forth in the Subordinated Note Note Purchase Agreement, the Registered Owner of the Subordinated Note shall make Subordinated Note Advances to the Issuer for the purpose of acquiring Eligible Loans pursuant to the terms and provisions of the Loan Purchase Agreement. All such Subordinated Note Advances shall be evidenced by the Subordinated Note and by notations in the Register as provided in Section 2.01(b).

The Secured Party shall deposit the proceeds of each Subordinated Note Advance into the Acquisition Fund on the Business Day of receipt. The Outstanding Amount of the Subordinated Note shall be automatically increased by the amount of Subordinated Note Advances in respect of the Subordinated Note as set forth in Section 2.01(b).

Section 2.11. Conditions to the Loan and Senior Note Purchase. The Registered Owners of Senior Notes will purchase the Senior Notes and the Lender will make the Loan only upon satisfaction or waiver (the purchase of the Senior Notes or the making of the Loan to constitute conclusive evidence of such satisfaction or waiver) of all of the following conditions:

(a) each of the Basic Documents shall have become effective in accordance with its respective terms and shall remain in force and effect and all consents, waivers and approvals necessary for the consummation of the transactions contemplated by such Basic Documents shall have been obtained and shall be in full force and effect , and all other legal matters relating to such Basic Documents and the transactions contemplated thereby, shall be reasonably satisfactory in all respects to the Senior Creditors, and each of the parties to such agreements shall have furnished to the Senior Creditors all documents and information that any of them or their counsel may reasonably request to enable them to pass on such matters;

(b) all of the terms, covenants, agreements and conditions of such Basic Documents required to be complied with and performed by the respective parties to such agreements on or prior to the Closing Date shall have been complied with and performed;

(c) each of the representations and warranties contained in this Agreement and such other Basic Documents made by each of the parties to such agreements shall be true and correct in all material respects as of the Closing Date as though made as of such time (except to the extent that they expressly relate to an earlier time, then such representations and warranties shall be true and correct as of such earlier time);

(d) the Syndication Agent, the Secured Party and the Creditors shall have received the opinions addressed to them of Bingham McCutchen LLP, special counsel for the Issuer, dated the Closing Date as to such matters reasonably requested by the Syndication Agent, including that the Senior Credit will be characterized as indebtedness for federal income tax purposes;

(e) the Syndication Agent, the Secured Party and the Creditors shall have received the opinions addressed to them of Dorsey & Whitney (Delaware) LLP, in its capacity as counsel to the Owner Trustee and Delaware counsel to the Issuer, dated the Closing Date and in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(f) the Syndication Agent, the Secured Party and the Creditors shall have received an opinion of Dorsey & Whitney LLP, in its capacity as counsel to the Secured Party, dated the Closing Date and in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(g) the Syndication Agent, the Secured Party and the Creditors shall have received an opinion of Dorsey & Whitney LLP, in its capacity as counsel to the Lender Trustee, dated the Closing Date and in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(h) the Syndication Agent, the Secured Party and the Creditors shall have received an opinion of Foley & Lardner LLP, in its capacity as counsel to the Administrator, dated the Closing Date and in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(i) the Syndication Agent, the Secured Party and the Creditors shall have received an opinion of Foley & Lardner LLP, in its capacity as counsel to the Servicer, dated the Closing Date and in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(j) the Syndication Agent, the Secured Party and the Creditors shall have received an opinion of counsel to the Guarantor with respect to the Guarantee Agreement in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(k) the Syndication Agent, the Secured Party and the Creditors shall have received evidence satisfactory to each of them that, on or before the Closing Date, UCC-1 financing statements have been or are being filed in the office of the Secretary of State of the State of Delaware with respect to the Issuer and the office of the Secretary of the State of New York with respect to the Lender Trustee reflecting the grant of the security interest by the Issuer and the Lender Trustee in the Trust Estate and the proceeds thereof to the Secured Party;

(l) the Syndication Agent, the Secured Party and the Creditors shall have received evidence satisfactory to each of them that, on or before the Closing Date, UCC-1 financing statements have been or are being filed in the appropriate filing office reflecting the grant of the security interest pursuant to Section 48 of the Loan Purchase Agreement;

(m) the Syndication Agent, the Secured Party and the Creditors shall have received an Officer's Certificate of the Issuer dated the Closing Date in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(n) the Syndication Agent, the Secured Party and the Creditors shall have received an Officer's Certificate of the Secured Party (substantially in the form of Exhibit F hereto) dated the Closing Date in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors;

(o) the Syndication Agent, the Secured Party and the Creditors shall have received an Officer's Certificate of the Administrator dated the Closing Date in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors; and

(p) the Syndication Agent, the Secured Party and the Creditors shall have received an Officer's Certificate of the Servicer dated the Closing Date in form and substance satisfactory to the Syndication Agent, the Secured Party and the Creditors.

Section 2.12. Conditions to Subordinated Note Advances. Subordinated Note Advances under the Subordinated Note shall be made by the Registered Owner of the Subordinated Note upon satisfaction or waiver (the purchase of the Subordinated Note to constitute conclusive evidence of such satisfaction or waiver) of the conditions set forth in the Subordinated Note Note Purchase Agreement.

ARTICLE III

PARITY AND PRIORITY OF LIEN; OTHER OBLIGATIONS

Section 3.01. Parity and Priority of Lien. The provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Creditors, all of which shall be of equal rank without preference, priority or distinction, except that the Senior Credit shall be senior in preference and priority in all respects to the Subordinated Note and as expressly provided in this Agreement with respect to payments and other priorities.

Section 3.02. Other Obligations. The Available Funds and other moneys, Financed Loans, securities, evidences of indebtedness, interests, rights and properties pledged under this Agreement are and will be owned by the Issuer (except that legal title to the Financed Loans will be held by the Lender Trustee, or, with respect to any Financed Loans that are Participation Interests, by the Originating Lender) free and clear of any Lien thereon or with respect thereto prior to, of equal rank with or subordinate to the respective pledges created by this Agreement, except as otherwise expressly provided herein, and all action on the part of the Issuer to that end has been duly and validly taken. If any Financed Loan is found to have been subject to a Lien at the time such Financed Loan was acquired, the Issuer shall cause such Lien to be released. Except as otherwise provided herein, the Issuer shall not create or voluntarily permit to be created any Lien on the Financed Loans which would be on a parity with, subordinate to, or prior to the lien of this Agreement; shall not do or omit to do or suffer to be done or omitted to be done any matter or things whatsoever whereby the lien of this Agreement or the priority of such lien for the Credit hereby secured might or could be lost or impaired; and will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence to or any equality with this Agreement as a Lien upon the Financed Loans; *provided*, *however*, that nothing in this Section shall require the Issuer to pay, discharge or make provision for any such Lien so long as the validity thereof shall be contested by it in good faith, unless the Secured Party has been advised the same will endanger the security for the Credit; and *provided further* that any subordinate Lien on the Trust Estate (i.e., subordinate to the lien securing the Senior Credit and the Subordinated Note) shall be entitled to no payment from the Trust Estate or any portion thereof, nor may any remedy be exercised with respect to such subordinate Lien against any portion of the Trust Estate until all Senior Credit and the Subordinated Note have been paid or deemed paid hereunder.

ARTICLE IV

PROVISIONS APPLICABLE TO THE CREDIT;
DUTIES OF THE ISSUER; REPRESENTATIONS AND WARRANTIES

Section 4.01. Payment of Principal and Interest. The Issuer covenants that it will promptly pay, but solely from the Trust Estate and payments received under the Guarantee Agreement, the principal of and interest and Call Premium, if any, on each and every Note and the Loan at the places, on the dates and in the manner specified herein and in said Notes and the Loan Notes according to the true intent and meaning thereof. The Credit shall be and is hereby declared to be payable from and equally and ratably secured, except that the Senior Credit shall be senior in preference and priority in all respects to the Subordinated Note, by an irrevocable first lien on and pledge of the properties constituting the Trust Estate, subject to the application thereof as permitted by this Agreement, but in no event shall the Creditors have any right (i) to possession or control of the Promissory Notes or any other part of the Trust Estate, which shall be held only by the Servicer as custodian for the Secured Party, or another agent, bailee or custodian approved by the Majority Priority Class Creditors or (ii) to make claims for payment under the Guarantee Agreement except as provided in Section 6.12.

Section 4.02. Covenants as to Additional Conveyances. At any and all times, the Issuer will promptly duly execute, acknowledge and deliver, or will promptly cause to be done, executed and delivered, all and every such further acts, conveyances, transfers and assurances in law as is necessary or otherwise as the Secured Party shall reasonably require for the better conveying, transferring and pledging and confirming unto the Secured Party, all and singular, the properties constituting the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

Section 4.03. Further Covenants of the Issuer.

(a) The Issuer will cause financing statements and continuation statements with respect thereto at all times to be filed in the offices of the Secretary of State of the States of Delaware and New York, as necessary to perfect and maintain the security interest granted by the Issuer and the Lender Trustee hereunder.

(b) The Issuer will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Agreement and the other agreements to which the Issuer is a party pursuant to the transactions contemplated herein, including but not limited to the Basic Documents to which it is a party, and will punctually perform all duties required by the Trust Agreement and the laws of the State of Delaware.

(c) The Issuer shall operate on the basis of its Fiscal Year.

(d) The Issuer shall cause to be kept full and proper books of records and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the Issuer which relate to the Notes and the Loan.

(e) The Issuer, upon written request of the Secured Party, a Creditor or the Guarantor, will permit at all reasonable times the Secured Party, each Creditor and the Guarantor, or their agents, accountants and attorneys, to examine and inspect the property, books of account, records, reports and other data relating to the Financed Loans, and will furnish the Secured Party, each Creditor and the Guarantor such other information as each may reasonably request; *provided*, *however*, that the Issuer is not required to provide, or cause to be provided, to any Creditor information which is specific to any Eligible Institution or the Financed Loans that is not otherwise provided in the Monthly Report. The Secured Party shall be under no duty to make any such examination unless requested in writing to do so by the Creditors of at least 66 ⅔% in aggregate Outstanding Amount of the Priority Class Creditors and unless such Creditors shall have offered the Secured Party security and indemnity satisfactory to it against any costs, expenses and liabilities which might be incurred thereby.

(f) The Issuer covenants that electronic copies of all electronic Promissory Notes shall be held and maintained pursuant to the Servicing Agreement.

(g) Notwithstanding anything to the contrary contained herein, except upon the occurrence and during the continuance of an Event of Default hereunder, the Issuer hereby expressly reserves and retains the privilege to receive and, subject to the terms and provisions of this Agreement, to keep or dispose of, claim, bring suits upon or otherwise exercise, enforce or realize upon its rights and interest in and to the Financed

Loans and the proceeds and collections therefrom, and neither the Secured Party nor any Creditors shall in any manner be or be deemed to be an indispensable party to the exercise of any such privilege, claims or suit and the Secured Party shall be under no obligation whatsoever to exercise any such privilege, claim or suit.

(h) Other than indebtedness incurred under the Subordinated Note as a result of Subordinated Note Advances in an amount not to exceed the Maximum Subordinated Note Balance, the Issuer shall not incur any indebtedness for borrowed money other than the indebtedness of the Senior Credit issued on the Closing Date.

Section 4.04. Enforcement of Servicing Agreement and Administration Agreement. The Issuer shall:

(a) cause to be diligently enforced, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of the Servicing Agreement and the Administration Agreement, including the prompt collection and payment of all amounts due the Issuer under the Servicing Agreement, including, without limitation, all principal and interest payments that relate to any Financed Loans (and in so doing, the Issuer will comply with the Program Guidelines to the extent that they apply to the Financed Loans);

(b) not permit the release of the obligations of the Servicer or the Administrator under the Servicing Agreement or the Administration Agreement, as applicable, except in conjunction with waivers, amendments or modifications permitted by subsections (f) or (g) of this Section;

(c) at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Issuer, the Secured Party and the Creditors under or with respect to the Servicing Agreement and the Administration Agreement;

(d) at its own expense, duly and punctually perform and observe each of its obligations to the Servicer under the Servicing Agreement and the Administrator under the Administration Agreement in accordance with the terms thereof;

(e) give the Secured Party prompt written notice of each material default on the part of the Servicer of its obligations under the Servicing Agreement and on the part of the Administrator of its obligations under the Administration Agreement coming to the Issuer's attention;

(f) not waive any material default by the Servicer under the Servicing Agreement or the Administrator under the Administration Agreement unless (i) the Voting Party consents thereto and (ii) such waiver will not have a material adverse effect on the Senior Creditors;

(g) not consent or agree to or permit any amendment or modification of the "Basic Servicing Fee" under the Servicing Agreement or the Administration Fee unless (i) the Voting Party consents thereto and (ii) such amendment or modification will not have a material adverse effect on the Senior Creditors;

(h) if the Servicing Agreement or the Administration Agreement is terminated, secure a replacement Servicer for the Financed Loans or Administrator for the Issuer, as applicable, on substantially similar terms as the Servicing Agreement or the Administration Agreement, respectively. The Issuer must obtain the prior consent of the Voting Party to any such replacement Servicer or Administrator and the terms of the replacement servicing agreement or administration agreement;

(i) through the Servicing and Collections Advisor, direct further collection activities on any Financed Loan that is no longer serviced under the Servicing Agreement, other than due to being paid in full, including the selection of a collection agency and the activities to be undertaken; and

(j) if the existing agreement with the Servicing and Collections Advisor is terminated, secure a replacement servicing and collections advisor for the Financed Loans on substantially similar terms as the existing letter agreement. The Issuer must obtain the prior consent of the Voting Party to any such replacement Servicing and Collections Advisor and the terms of the replacement agreement.

Section 4.05. Enforcement of Guarantee Agreement; Actions under Basic Documents. The Secured Party shall:

(a) cause to be diligently enforced, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of the Guarantee Agreement, including making demands thereunder for the prompt payment of all amounts due thereunder, as provided in Sections 5.03(c) hereof;

(b) not permit the release of the obligations of the Guarantor under the Guarantee Agreement except as provided in Sections 4.09 or 6.15;

(c) at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of the Secured Party under or with respect to the Guarantee Agreement;

(d) not agree to waive any material default by the Guarantor under the Guarantee Agreement except as provided in Section 6.15;

(e) not consent or agree to or permit any amendment or modification of the Guarantee Agreement except as provided in Section 4.09; and

(f) not give the notice under Section 1.01(HH)(1)(a) of the Servicing Agreement unless the Guarantor has defaulted under the Guarantee Agreement and will thereafter give notice that the Guarantor is again the Voting Party if such default is cured or waived.

Section 4.06. Procedures for Transfer of Funds. In any instance where this Agreement requires a transfer of funds or money from one Account to another, a transfer of ownership in investments or an undivided interest therein may be made in any manner agreeable to the Issuer and the Secured Party, and in the calculation of the amount transferred, interest on the investment which has or will accrue before the date the money is needed in the fund to which the transfer is made shall not be taken into account or considered as money on hand at the time of such transfer.

Section 4.07. Appointment of Agents. The Issuer shall employ and appoint all employees, agents, consultants and attorneys which it may consider necessary.

Section 4.08. Continued Existence. The Issuer agrees that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights and franchises as a Delaware statutory trust, except as otherwise permitted by this Section. The Issuer further agrees that it will not (a) sell, transfer or otherwise dispose of all or substantially all of its assets (except with respect to sales of Financed Loans as specifically provided herein);
(b) consolidate with or merge into another entity; or (c) permit one or more other entities to consolidate with or merge into it. The preceding restrictions in clauses (a), (b) and (c) above shall not apply to a transaction if the transferee or the surviving or resulting entity, if other than the Issuer, by proper written instrument for the benefit of the Secured Party, irrevocably and unconditionally assumes the obligation to perform and observe the agreements and obligations of the Issuer under this Agreement and the other Basic Documents to which the Issuer is a party and the written consent of each of the Creditors and the Guarantor is obtained.

If a transfer, consolidation or merger is made as provided in this Section, the provisions of this Section shall continue in full force and effect and no further transfer shall be made except in compliance with the provisions of this Section.

Section 4.09. Amendment of Guarantee Agreement; Loan Purchase Agreement and Program Guidelines. The Issuer shall notify the Secured Party and each Creditor in writing of any proposed amendment to the Loan Purchase Agreement. The Secured Party shall notify the Issuer and each Creditor in writing of any proposed amendment to the Guarantee Agreement. Neither the Issuer nor the Secured Party shall consent to, nor shall any such amendment become effective unless and until the Secured Party receives the written consent to such amendment from the Majority Priority Class Creditors. The Secured Party shall not consent to any amendment to the Program Guidelines that relates to (i) a change in the terms of the Financed Loans that would be required to be included in the promissory note evidencing the Financed Loans and the Program Guidelines or (ii) the underwriting criteria applicable to the student loans originated in accordance with the Program Guidelines, in each case, without the consent of the Majority Priority Class Creditors.

Section 4.10. Representations; Negative Covenants.

(a) The Issuer hereby makes the following representations and warranties to the Secured Party, the Guarantor and the Creditors on which the Secured Party relies in accepting the Trust Estate and authenticating the Notes and the Loan Notes and on which the Creditors have relied in entering into the related Note Purchase Agreement or the Loan Agreement, as applicable. Such representations and warranties shall survive the transfer and assignment of the Trust Estate to the Secured Party.

(i) *Organization and Good Standing*. The Issuer is duly organized and validly existing under the laws of the State of Delaware, and has the power to own its assets and to transact the business in which it presently engages.

(ii) *Due Qualification*. The Issuer is duly qualified to do business and is in good standing, and has obtained all material necessary licenses and approvals, in all jurisdictions where the failure to be so qualified, have such good standing or have such licenses or approvals would have a material adverse effect on the Issuer's business and operations or in which the actions as required by this Agreement require or will require such qualification.

(iii) *Authorization*. The Issuer has the power, authority and legal right to create and issue the Notes, to execute, deliver and perform this Agreement and to grant (together with the Lender Trustee) the Trust Estate to the Secured Party and the creation and issuance of the Notes and the Loan, execution, delivery and performance of this Agreement and grant of the Trust Estate to the Secured Party have been duly authorized by the Issuer by all necessary statutory trust action.

(iv) *Binding Obligation*. This Agreement, assuming due authorization, execution and delivery by the Issuer and Secured Party, the Notes in the hands of the Registered Owners thereof and the Loan constitute legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms, except that (A) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws (whether statutory, regulatory or decisional) now or hereafter in effect relating to creditors' rights generally and (B) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any proceeding therefor may be brought, whether a proceeding at law or in equity.

(v) *No Violation*. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof do not conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice, lapse of time or both) a default under the organizational documents of the Issuer, or any material indenture, agreement, mortgage, deed of trust or other instrument to which the Issuer is a party or by which it is bound, or result in the creation or imposition of any lien upon any of its material properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than this Agreement, nor violate any law or any order, rule or regulation applicable to the Issuer of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Issuer or any of its properties.

(vi) *No Proceedings*. There are no proceedings, injunctions, writs, restraining orders or investigations to which the Issuer or any of its Affiliates is a party pending, or, to the best of its knowledge, threatened, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality (A) asserting the invalidity of this Agreement, (B) seeking to prevent the issuance of any Notes or the Loan or the consummation of any of the transactions contemplated by this Agreement or (C) seeking any determination or ruling that might materially and adversely affect the performance by the Issuer of its obligations under, or the validity or enforceability of this Agreement.

(vii) *Approvals*. All approvals, authorizations, consents, orders or other actions of any person, corporation or other organization, or of any court, governmental agency or body or official, required on the part of the Issuer in connection with the execution and delivery of this Agreement have been taken or obtained on or prior to the Closing Date.

(viii) *Tax and Accounting Treatment*. The Issuer shall treat the transactions contemplated by the Loan Purchase Agreement as an absolute transfer rather than as a pledge of the Financed Loans (including the Participation Interests) from the Originating Lender for federal income tax and financial accounting purposes and the Issuer will be treated as the beneficial owner of the Financed Loans and the owner of the Participation Interests for all purposes. The Issuer intends to treat the Credit as its indebtedness or the indebtedness of the Certificateholder for federal, state, county, local and foreign income, franchise and other tax purposes and financial accounting purposes.

(ix) *Taxes*. The Issuer has filed (or caused to be filed) all federal, state, county, local and foreign income, franchise and other tax returns required to be filed by it through the Closing Date, and has paid all taxes reflected as due thereon. There is no pending dispute with any taxing authority that, if determined adversely to the Issuer, would result in the assertion by any taxing authority of any material tax deficiency, and the Issuer has no knowledge of a proposed liability for any tax year to be imposed upon such entity's properties or assets for which there is not an adequate reserve reflected in such entity's current financial statements.

(x) *Legal Name*. The legal name of the Issuer is "PEAKS Trust 2009-1" and has not changed since its inception. The Issuer has no trade names, fictitious names, assumed names or "doing business as" names under which it conducts its business and has made no filing in respect of any such name.

(xi) *Business Purpose*. The Issuer will acquire the Financed Loans conveyed to it under the Loan Purchase Agreement for a bona fide business purpose and has undertaken the transactions contemplated herein as principal rather than as an agent of any other Person. The Issuer has no subsidiaries, has operated consistently with all requirements for statutory trusts under the laws of the State of Delaware with respect to its operations and has engaged in no other business or activities other than those specified in this Agreement and the other Basic Documents and in accordance with the transactions contemplated herein and therein.

(xii) *Compliance with Laws*. The Issuer is in compliance in all material respects with all applicable laws and regulations with respect to the conduct of its business and has obtained and maintains all permits, licenses and other approvals as are necessary for the conduct of its operations, including, without limitation, the purchase, holding and collection of the Financed Loans.

(xiii) *Valid Business Reasons; No Fraudulent Transfers*. The transactions contemplated by this Agreement are in the ordinary course of the Issuer's business and the Issuer has valid business reasons for granting the Trust Estate pursuant to this Agreement. At the time of each such grant: (A) the Issuer granted the Trust Estate to the Secured Party without any intent to hinder, delay or defraud any current or future creditor of the Issuer; (B) the Issuer was not insolvent and did not become insolvent as a result of any such grant; (C) the Issuer was not engaged and was not about to engage in any business or transaction for which any property remaining with such entity was an unreasonably small capital or for which the remaining assets of such entity are unreasonably small in relation to the business of such entity or the transaction; (D) the Issuer did not intend to incur, and did not believe and should not have reasonably believed that it would incur, debts beyond its ability to pay as they become due; and (E) the consideration received by the Issuer for the grant of the Trust Estate was reasonably equivalent to the value of the grant.

(xiv) *No Management of Affairs*. The Issuer is not and will not be involved in the day-to-day management of ITT ESI, the Administrator, the Depositor, or any affiliate of the foregoing.

(xv) *Ability to Perform*. There has been no material impairment in the ability of the Issuer to perform its obligations under this Agreement.

(xvi) *Financial Condition*. No material adverse change has occurred in the Issuer's financial status since the date of its formation.

(xvii) *Event of Default*. No Event of Default has occurred and no event has occurred that, with the giving of notice, the passage of time, or both, would become an Event of Default.

(xviii) *No Material Misstatements or Omissions*. No information, certificate of an officer, statement furnished in writing or report delivered to the Secured Party, the Administrator, the Servicer, the Guarantor or any Creditor by the Issuer contains any untrue statement of a material fact or omits a material fact necessary to make such information, certificate, statement or report not misleading.

(xix) *Grant*. It is the intention of the Issuer that the pledge herein contemplated constitutes a grant of a security interest in the Trust Estate to the Secured Party.

(xx) *Liens*. The Issuer has not caused, suffered or permitted any Lien with respect to the Trust Estate (other than the security interest created in favor of the Secured Party) to be created.

(xxi) *Transfer Not Subject to Bulk Transfer Act*. No grant of a security interest in the Financed Loans by the Issuer pursuant to this Agreement is subject to any bulk transfer act or any similar statutory provisions in effect in any applicable jurisdiction.

(xxii) *No Transfer Taxes Due*. No grant of a security interest in the Financed Loans (including all payments due or to become due thereunder) by the Issuer pursuant to this Agreement is subject to or will result in any tax, fee or governmental charge payable by the Issuer to any federal, state or local government.

(b) The Issuer will not:

(i) sell, transfer, exchange or otherwise dispose of any portion of the Trust Estate or any interest therein except as expressly permitted by this Agreement;

(ii) claim any credit on, or make any deduction from, the principal amount of any of the Credit by reason of the payment of any taxes levied or assessed upon any portion of the Trust Estate;

(iii) except as otherwise provided herein, dissolve or liquidate in whole or in part, except with the prior written consent of the Secured Party and, to the extent Credit remains Outstanding, approval of each Creditor;

(iv) permit the validity or effectiveness of this Agreement or any grant hereunder to be impaired, or permit the lien of this Agreement to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations under this Agreement, except as may be expressly permitted hereby;

(v) except as otherwise provided herein, permit any Lien (other than the Lien of this Agreement) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof;

(vi) permit the Lien of this Agreement on behalf of the Creditors not to constitute a valid, first-priority, perfected security interest in the Trust Estate;

(vii) incur or assume any indebtedness or guarantee any indebtedness of any Person whether secured by the Financed Loans under this Agreement or otherwise, except for such obligations as may be incurred by the Issuer in connection with the issuance of the Notes and the Loan pursuant to this Agreement and unsecured trade payables that arise in the ordinary course of its business;

(viii) operate such that it would be consolidated with the Depositor or any other Affiliate and its separate existence disregarded in any federal or state bankruptcy, insolvency or other similar proceeding;

(ix) act as agent of the Guarantor or allow the Guarantor to act as its agent;

(x) except as provided in the Basic Documents, allow the Depositor or any other Affiliate to pay its expenses, guarantee its obligations, or advance funds to it for payment of expenses; or

(xi) consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Issuer or of or relating to all or substantially all of its property, or a decree or order of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, shall have been entered against the Issuer; or the Issuer shall not consent to the appointment of a receiver, conservator or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities, voluntary liquidation or similar proceedings of or relating to the Issuer or of or relating to all or substantially all of its property; or admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency, bankruptcy or reorganization statute, make an assignment for the benefit of its creditors or voluntarily suspend payment of its obligations.

Section 4.11. Additional Covenants. So long as any Credit is Outstanding:

(a) The Issuer shall not engage in any business or activity other than in connection with the activities contemplated hereby and in the other Basic Documents.

(b) [Reserved].

(c) The funds and other assets of the Issuer shall not be commingled with those of any other Person.

(d) The Issuer shall not be, become or hold itself out as being liable for the debts of any other Person.

(e) The Issuer shall not form, or cause to be formed, any subsidiaries.

(f) The Issuer shall act solely in its own name and through its duly authorized officers or agents in the conduct of its business, and shall conduct its business so as not to mislead others as to the identity of the Person with which they are concerned.

(g) The Issuer shall maintain its records and books of account and shall not commingle its records and books of account with the records and books of account of any other Person. The books of the Issuer may be kept (subject to any provision contained in the statutes) inside or outside the State of Delaware at such place or places as may be designated from time to time by the Issuer.

(h) All actions of the Issuer shall be taken by an Authorized Representative.

(i) The Issuer shall not amend, alter, change or repeal any provision contained in this Section without the written consent of each Creditor and the Guarantor with respect to such amendment, alteration, change or repeal.

(j) The Issuer shall not amend its Certificate of Trust or its Trust Agreement without first obtaining the prior written consent of the Majority Priority Class Creditors and the Guarantor.

(k) All audited financial statements of the Issuer that are consolidated with those of any Affiliate thereof will contain detailed notes clearly stating that (i) all of the Issuer's assets are owned by the Issuer, and (ii) the Issuer is a separate entity from creditors who have received ownership and/or security interests in the Issuer's assets.

(l) The Issuer will strictly observe legal formalities in its dealings with the Depositor or any Affiliate thereof, and funds or other assets of the Issuer will not be commingled with those of the Depositor or any other Affiliate thereof. The Issuer shall not maintain joint bank accounts or other depository accounts to which the Depositor or any other Affiliate has independent access. None of the Issuer's funds will at any time be pooled with any funds of the Depositor or any other Affiliate.

(m) Any Person that renders or otherwise furnishes services to the Issuer will be compensated by the Issuer at market rates for such services it renders or otherwise furnishes to the Issuer except as otherwise provided in this Agreement. The Issuer will not hold itself out to be responsible for the debts of the Depositor or the decisions or actions respecting the daily business and affairs of the Depositor.

(n) The Issuer will comply in all material respects with all applicable federal, state and local laws and regulations in connection with its acquisition of the Financed Loans.

(o) Each student loan acquired by the Issuer shall constitute an Eligible Loan and shall have the characteristics described in the Loan Purchase Agreement.

(p) All filings (including, without limitation, Uniform Commercial Code filings) necessary in any jurisdiction to give the Secured Party a first priority perfected security interest in the Trust Estate, including the transfer of Financed Loans from the

Originating Lender to the Lender Trustee and the Issuer pursuant to the Loan Purchase Agreement, will be made on the Closing Date and copies of the file stamped financing statements will be delivered to the Secured Party promptly upon such filing.

Section 4.12. Providing of Notices. The Issuer, upon learning of any failure on its part to observe or perform in any material respect any covenant, representation or warranty of the Issuer set forth in this Agreement or the Basic Documents, shall promptly notify the Secured Party upon learning of such failure, which shall in turn promptly notify each Creditor and the Guarantor. In addition, other than routine periodic notices or notices containing information summarized in the reports set forth in Exhibit E hereto, any notices provided pursuant to this Agreement or any other Basic Document, any waivers provided with respect to the Basic Documents, copies of any amendments to the Basic Documents and copies of any opinions delivered in connection with such amendments received by the Secured Party from the Issuer, or provided to the Issuer by the Secured Party shall be delivered by the Secured Party to each Creditor and the Guarantor not more than five Business Days following its receipt or issuance thereof. The Secured Party shall deliver to each Senior Creditor the Quarterly Report of the Guarantor delivered pursuant to the Guarantee Agreement within five (5) Business Days following receipt threreof.

Section 4.13. Certain Reports.

(a) Not later than the Monthly Measurement Date preceding each Payment Date, the Issuer will cause the Administrator to prepare and provide to the Secured Party (and the Secured Party shall provide each Creditor with a copy not later than one Business Day prior to the Payment Date, which delivery may be by e-mail followed by, upon request of a Creditor, a confirming copy by regular mail (postage prepaid)), a direction in the form of Exhibit C hereto (the "***Payment Date Certificate***").

(b) The Secured Party shall provide the Creditors with the reports set forth in Exhibit E hereto (each, a "***Monthly Report***") within 15 days after each Payment Date, which delivery may be by e-mail followed by, upon request of a Creditor, a confirming copy by regular mail (postage prepaid), subject to the third sentence of this Section 4.13(b). Prior to its delivery of such Monthly Report to the Creditors in accordance with the immediately preceding sentence, the Secured Party shall confirm with the Guarantor that the Guarantor received such Monthly Report at least three Business Days prior to such date. If the Guarantor does not confirm that it received such Monthly Report at least three Business Days prior to such proposed delivery date, the Secured Party shall not distribute such Monthly Report to Creditors until the date that is three Business Days following the date on which the Guarantor received such Monthly Report. The Secured Party will rely solely upon information furnished to it by the Servicer and the Administrator in connection with information contained within the report (other than information relating to the Secured Party's fees and expenses, the balances of the Accounts and payments made by the Secured Party with respect to principal and interest on the Senior Credit) and the Secured Party shall not be responsible for the veracity of the information contained within such report.

(c) On the Business Day prior to each Monthly Measurement Date, the Secured Party shall provide the Administrator with the Outstanding Amount of the Senior Credit as of the first day of the related Interest Accrual Period (after giving effect to payments on such date), the Interest Rate for the related Interest Accrual Period and the balances on deposit within the Collection Account, the Acquisition Account and the Reserve Account, each as of such reporting date and as of the last day of the related Collection Period.

(d) The Secured Party may conclusively rely and accept such reports from the Issuer as fulfilling the requirements of this Section.

Section 4.14. Statement as to Compliance. The Issuer will deliver to the Secured Party, within 120 days after the end of each Fiscal Year, a brief certificate from an Authorized Representative including (a) a current list of the Authorized Representatives, and (b) a statement indicating whether or not to the knowledge of the signers thereof the Issuer is in compliance with all conditions and covenants under this Agreement (including, without limitation, the Issuer's covenant to maintain and file all financing statements and continuation statements referred to in Section 4.03(a) hereof) and, in the event of any noncompliance, specifying such noncompliance and the nature and status thereof. A copy of the certificate provided pursuant to this Section shall be delivered by the Secured Party to each Creditor not more than five Business Days following its receipt thereof.

ARTICLE V

ACCOUNTS

Section 5.01. Creation and Continuation of Accounts. There are hereby created and established the following Accounts to be held and maintained by the Secured Party for the benefit of the Creditors:

(a) Acquisition Account;

(b) Collection Account; and

(c) Reserve Account.

The Secured Party is hereby authorized for the purpose of facilitating the administration of the Trust Estate and for the administration of the Credit to create further Accounts, or Subaccounts in any of the various Accounts established hereunder, which are deemed necessary or desirable. Notwithstanding the creation of such Subaccounts, moneys therein shall be available for any purpose for which other moneys in the Account of which such Subaccount is a part are authorized to be applied or used.

Moneys on deposit in such Accounts shall be invested in accordance with Section 5.05 hereof.

Section 5.02. Acquisition Account. On the Closing Date, $264,000,000 of the proceeds of the Loan and the proceeds of the sale of the Senior Notes shall be deposited into the Acquisition Account. The proceeds of each Subordinated Note Advance under the Subordinated Note shall be deposited into the Acquisition Account on each Subordinated Note Funding Date. All Net Refunded Amounts received by the Secured Party or returned Syndication Agent Fees and Originating Lender Premiums with respect to Refunded Financed Loans, as indicated in the Monthly Report, shall be deposited into the Acquisition Account. The Financed Loans shall be held by the Secured Party or an agent, bailee or custodian approved by the Creditors (which may be the Servicer) and shall be pledged as part of the Trust Estate and held as a part of the Acquisition Account.

Moneys on deposit in the Acquisition Account shall be used, (i) upon receipt by the Secured Party of an Eligible Loans Acquisition Certificate, to acquire Financed Loans pursuant to the Loan Purchase Agreement and to pay the Syndication Agent Fee to the Syndication Agent on each day Financed Loans are purchased by the Issuer, and (ii) on January 6, 2011, to pay to the Senior Creditors the Amendment Consent Fee. As indicated in the related Eligible Loan Acquisition Certificate, (a) the portion of the Purchase Price for each Financed Loan acquired pursuant to the Loan Purchase Agreement equal to the related Senior Purchase Price shall be funded from amounts on deposit in the Acquisition Account in respect of the proceeds of the Loan and the proceeds of the sale of the Senior Notes and (b) the portion of the Purchase Price for each Financed Loan acquired pursuant to the Loan Purchase Agreement equal to the related Subordinated Purchase Price shall be funded from amounts on deposit in the Acquisition Account in respect of the proceeds of Subordinated Note Advances.

Except in connection with the exercise of remedies pursuant to Article VI hereof, or as specifically set forth in the Loan Purchase Agreement, Financed Loans shall not be sold, transferred or otherwise disposed of by the Issuer while any Credit is Outstanding.

As indicated in the related Payment Date Certificate, on each Payment Date on and after the earlier of (i) the Payment Date in July 2011 or (ii) the first Payment Date immediately following the end of the Transfer Period, the Secured Party shall transfer to the Collection Account any amounts remaining on deposit in the Acquisition Account in excess of the sum of (1) those amounts required for the purchase of additional Participation Interests with respect to Partially Disbursed Student Loans and (2) amounts required for the purchase of Eligible Loans that are scheduled to be disbursed, or Participation Interests for which the first scheduled disbursement is, prior to July 31, 2011 (including with respect to the amounts described in clauses (1) and (2), all associated Syndication Agent Fees and Originating Lender Premiums) and such amounts shall become part of Available Funds on such Payment Date. On January 6, 2011, the Secured Party shall withdraw the Amendment Consent Fee from amounts on deposit in the Acquisition Account and pay such amount to the Senior Creditors, *pro rata*, based on the Outstanding Amount of the Senior Credit.

If any proceeds of a Subordinated Note Advance on deposit in the Acquisition Account were intended for the purchase of an Eligible Loan with respect to which all or a portion of such Eligible Loan has been refunded or cancelled in accordance with the Program Guidelines prior to purchase of such Eligible Loan by the Issuer, the Secured Party shall pay the applicable portion of such Subordinated Note Advance to the Servicer for the account of Registered Owner of the Subordinated Note and the Outstanding Amount of the Subordinated Note shall be reduced by the amount so paid.

As indicated in the related Eligible Loan Acquisition Certificate, (i) the Secured Party shall be permitted to reduce any Syndication Agent Fees payable to the Syndication Agent by the amount of Syndication Agent Fees previously paid to the Syndication Agent in respect of any Financed Loan that became a Refunded Financed Loan for which the Syndication Agent has not returned such Syndication Agent Fees to the Issuer and (ii) the Secured Party shall be permitted to reduce the Purchase Price for any Eligible Loan by the amount of Originating Lender Premiums previously paid to the Originating Lender as part of the Purchase Price for any Financed Loan that became a Refunded Financed Loan for which the Originating Lender has not returned such Originating Lender Premiums to the Issuer.

Section 5.03. Collection Account.

(a) ***Deposits to Collection Account***. There shall be deposited to the Collection Account (i) all Available Funds and (ii) any other amounts deposited thereto upon receipt of an Issuer Order. Available Funds on deposit in the Collection Account shall be used to make the payments described in subsection (b) of this Section. The Secured Party may conclusively rely on all written instructions of the Administrator described in this Agreement with no further duty to examine or determine the accuracy of the information contained in any Payment Date Certificate or Issuer Order; *provided*, *however*, the Secured Party shall verify the receipt of sufficient Available Funds on the Payment Date to make the payments provided for in the Payment Date Certificate.

(b) ***Payments on Payment Dates***. The Administrator shall instruct the Secured Party in writing no later than the Monthly Measurement Date preceding each Payment Date (pursuant to the Payment Date Certificate and subject to the receipt of sufficient Available Funds) to make the following deposits and distributions from Available Funds on deposit in the Collection Account received on or prior to such Payment Date (including any amounts required to be transferred from the Reserve Account pursuant to Section 5.04 hereof as set forth in the Payment Date Certificate) to the Persons or to the Account specified below on such Payment Date, in the following order of priority, and the Secured Party shall comply with such instructions to the extent of Available Funds:

(i) to pay to the Secured Party, the Owner Trustee, the Administrator and the Servicer, *pro rata*, based on amounts owed to each such party, without preference or priority of any kind, the Secured Party Fee, the Owner Trustee Fee, the Administration Fee and the Servicing Fee, respectively, due on such Payment Date, in each case, together with such fees remaining unpaid from prior Payment Dates;

(ii)

(A) on any Payment Date prior to the occurrence of an Event of Default, to pay to the Secured Party, the Owner Trustee, the Lender Trustee, the Administrator, the Servicer and the Originating Lender, *pro rata*, based on amounts owed to each such party, without preference or priority of any kind, extraordinary fees and expenses or indemnification amounts owed to such party by the Issuer pursuant to the Basic Documents or any costs and expenses of replacing the Secured Party, the Owner Trustee, the Lender Trustee, the Servicer or the Administrator (but only to the extent required under the terms of the Basic Documents), up to an annual cap equal to $200,000, due on such Payment Date; and

(B) on any Payment Date on or after the occurrence of an Event of Default, sequentially, as follows:

(1) first, to pay to the Secured Party, extraordinary fees and expenses or indemnification amounts owed to the Secured Party by the Issuer pursuant to the Basic Documents or any costs and expenses of replacing the Secured Party (but only to the extent required under the terms of the Basic Documents) due on such Payment Date, up to an aggregate maximum amount (including all such payments on prior Payment Dates) of $350,000; and

(2) to pay to the Owner Trustee, the Lender Trustee, the Administrator, the Servicer and the Originating Lender, *pro rata*, based on amounts owed to each such party, without preference or priority of any kind, extraordinary fees and expenses or indemnification amounts owed to such party by the Issuer pursuant to the Basic Documents or any costs and expenses of replacing the Owner Trustee, the Lender Trustee, the Servicer or the Administrator (but only to the extent required under the terms of the Basic Documents), up to an annual cap equal to $200,000, due on such Payment Date.

(iii) *pro rata*, based on amounts owed to each such party, without preference or priority of any kind, (a) to pay to the Senior Creditors, with each Senior Creditor receiving a *pro rata* amount based upon the amount owed to such Senior Creditor, without preference or priority of any kind, the Monthly Interest Amount due on such Payment Date and (b) to pay to the Arranging Agent, the Arranging Agent Fee due on such Payment Date;

(iv) to pay to the Arranging Agent any Arranging Agent Fee Carryover Amount for such Payment Date;

(v) concurrently, to the Senior Creditors (i) the Principal Payment Amount, in repayment of principal until the Outstanding Amount of the Senior Credit is reduced to zero and (ii) on or prior to the Payment Date in January 2013, the Call Premium for such Payment Date;

(vi) to pay to the Senior Creditors, any amounts due to the Senior Creditors pursuant to Section 15 of the Senior Notes Note Purchase Agreement or the Loan Agreement, as applicable;

(vii) to pay to the Secured Party, the Owner Trustee, the Lender Trustee, the Administrator, the Servicer and the Originating Lender, *pro rata*, based on amounts owed to each such party, without preference or priority of any kind, any extraordinary fees and expenses or indemnification amounts due and owing to such party by the Issuer pursuant to the Basic Documents as of such Payment Date and not previously paid pursuant to clause (ii) above;

(viii) to the Guarantor, the amount of any payments made by the Guarantor under the Guarantee Agreement until the Guarantor has been reimbursed in full for all such payments;

(ix) to the Registered Owner of the Subordinated Note until the Outstanding Amount of the Subordinated Note has been reduced to zero; and

(x) transfer any remaining amount to the Issuer for distribution in accordance with the terms of the Trust Agreement.

(c) ***Payments Under the Guarantee Agreement***. On any Monthly Measurement Date, if there are insufficient Available Funds and amounts on deposit in the Reserve Account as of the end of the related Collection Period to pay the amount of a Guaranteed Payment on such Payment Date, the Administrator shall notify the Secured Party in the Payment Date Certificate and the Secured Party shall make a demand upon the Guarantor for a payment under the Guarantee Agreement of the amount of the Guaranteed Payment due under the Guarantee Agreement on such Payment Date. The Secured Party shall deposit any amounts received in respect of a Guaranteed Payment under the terms of the Guarantee Agreement into the Collection Account and apply such amounts to the payment of Guaranteed Payments in the amount and order of priority provided in clause (b) above. Amounts paid by the Guarantor pursuant to the Guarantee Agreement shall not be considered part of Available Funds on any Payment Date.

Section 5.04. Reserve Account. On the Closing Date there shall be deposited to the Reserve Account an amount equal to the Reserve Account Deposit.

On each Payment Date, as specified in the Payment Date Certificate, the Secured Party shall withdraw amounts on deposit in the Reserve Account, and make the following payments from such amounts in the following order of priority, to the extent unpaid from Available Funds pursuant to Section 5.03(b):

(i) to pay to the Secured Party, the Owner Trustee, the Administrator and the Servicer, *pro rata*, based on amounts owed to each such party, without preference or priority of any kind, the Secured Party Fee, the Owner Trustee Fee, the Administration Fee and the Servicing Fee, respectively, due on such Payment Date, in each case, together with such fees remaining unpaid from prior Payment Dates; and

(ii) to pay to the Senior Creditors, with each Senior Creditor receiving a *pro rata* amount based upon the amount owed to such Senior Creditor, without preference or priority of any kind, the Monthly Interest Amount due on such Payment Date.

To the extent amounts are on deposit in the Reserve Account on the Monthly Measurement Date in January 2013 or on any Monthly Measurement Date thereafter, all amounts remaining on deposit therein shall be withdrawn and transferred to the Collection Account and become part of Available Funds on the related Payment Date.

Section 5.05. Investment of Funds Held by Secured Party. The Secured Party shall invest money held for the credit of the Collection Account, the Reserve Account and the Acquisition Account, including any Subaccount of such Accounts, held by the Secured Party hereunder as directed in writing by an Authorized Representative of the Issuer, to the fullest extent practicable and reasonable, in Investment Securities which shall mature or be redeemed at par value at the option of the holder prior to the respective dates when the money held for the credit of such Account will be required for the purposes intended, but no later than the next Payment Date. In the absence of any such direction and to the extent practicable, the Secured Party shall invest amounts held hereunder in those Investment Securities described in clause (c) of the definition of Investment Securities. All such investments shall be held by (or by any custodian on behalf of) the Secured Party and, if in registered form shall be registered in the name of the Secured Party and all interest and other investment income collected (net of losses and investment expenses) on funds on deposit in the Collection Account, the Reserve Account and the Acquisition Account shall be deposited into the Collection Account when received. The Secured Party and the Issuer hereby agree that unless an Event of Default shall have occurred and be continuing hereunder, the Issuer acting by and through an Authorized Representative shall be entitled to, and shall, provide written direction to the Secured Party with respect to any discretionary acts required or permitted of the Secured Party under any Investment Securities and the Secured Party shall not take such discretionary acts without such written direction.

The Investment Securities purchased shall be held by the Secured Party and shall be deemed at all times to be held for the credit of such Account or Subaccounts or combination thereof, and the Secured Party shall inform the Issuer of the details of all such investments. The Secured Party shall present for redemption any Investment Securities purchased by it as an investment whenever it shall be necessary to provide money to meet any payment from the applicable Account. The Secured Party shall, on or before the fifteenth day of each calendar month (or such later date as reasonably consented to by the Issuer), provide the Issuer with a monthly statement which shall list all investments held for the credit of each applicable Account in its custody under the provisions of this Agreement as of the end of the preceding month and the balance thereof, and shall list any investments which were sold or liquidated during such preceding calendar month.

Money in any Account constituting a part of the Trust Estate may be pooled for the purpose of making investments and may be used to pay accrued interest on Investment Securities purchased. The Secured Party and its affiliates may act as principal or agent in the acquisition or disposition of any Investment Securities.

Notwithstanding the foregoing, the Secured Party shall not be responsible or liable for any losses on investments made by it hereunder or for keeping all funds held by it, fully invested at all times, its only responsibility being to comply with the written investment instructions of the Issuer or its designee in a non-negligent manner.

The Issuer acknowledges that to the extent the regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Issuer the right to receive brokerage confirmations of security transactions, the Issuer waives receipt of such confirmations.

Section 5.06. Release.

(a) The Secured Party shall, upon Issuer Order and subject to the provisions of this Agreement, take all actions reasonably requested by the Issuer to effect the release of a Financed Loan from the lien of this Agreement to the extent the terms hereof expressly permit the sale, disposition or transfer of the Financed Loan.

(b) Subject to the payment of its fees and expenses pursuant to Sections 7.05 and 7.07 hereof, the Secured Party may, and when required by the provisions of this Agreement shall, execute instruments to release property from the lien of this Agreement, or convey the Secured Party's interest in the same, in a manner and under circumstances that are not inconsistent with the provisions of this Agreement. No party relying upon an instrument executed by the Secured Party as provided in this Article shall be bound to ascertain the Secured Party's authority, inquire into the satisfaction of any conditions precedent or see to the application of any moneys.

(c) The Secured Party shall, at such time as no Credit is Outstanding and all sums due the Secured Party pursuant to Sections 7.05 and 7.07 hereof and all amounts payable to the Secured Party, the Owner Trustee, the Lender Trustee, the Administrator, the Servicer, the Originating Lender and the Guarantor have been paid, release any remaining portion of the Trust Estate that secured the Credit from the lien of this Agreement and release to the Issuer or any other Person entitled thereto any funds then on deposit in the Accounts.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Events of Default Defined. For the purpose of this Agreement, the following events are hereby defined as, and are declared to be, "***Events of Default***":

(a) default in the due and punctual payment of any interest on any Senior Credit when the same becomes due and payable, and such default shall continue for a period of five (5) Business Days;

(b) default in the due and punctual payment of the principal of any Note or the Loan when the same becomes due and payable;

(c) default in the performance or observance of any of the covenants, agreements or conditions on the part of the Issuer contained in Sections 4.02, 4.03(a), (d) and (f), 4.04(a), 4.05, 4.07, 4.08, 4.09, 4.10(b)(i), 4.10(b)(iii)-(vii) and 4.11;

(d) default in the performance or observance of any of the other covenants, agreements or conditions on the part of the Issuer to be kept, observed and performed contained in this Agreement or in the Notes or the Loan Notes (other than those referred to in Sections 6.01(a), (b) and (c)) and such default is not remedied within 30 days after the earlier of (i) an Authorized Representative of the Issuer obtaining actual knowledge of such default and (ii) the Issuer receiving written notice of such default from any Creditor or the Secured Party (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 6.01(d)); *provided*, that if the default is such that it can be corrected but not within 30 days, it shall not constitute an Event of Default if corrective action is undertaken by the Issuer within such 30 day period and such default is cured within 90 days;

(e) the breach of any representation or warranty of the Issuer in this Agreement, the Senior Notes Note Purchase Agreement or the Loan Agreement, and such breach is not remedied within 30 days after the earlier of (i) an Authorized Representative of the Issuer obtaining actual knowledge of such breach and (ii) the Issuer receiving written notice of such breach from any Creditor or the Secured Party (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 6.01(e));

(f) (i) the Guarantee Agreement shall cease to be in full force and effect as an enforceable instrument or the Guarantor (or any other Person at its authorized direction or on its behalf) shall assert in writing that the Guarantee Agreement is unenforceable, (ii) any default in making a required payment when due under the Guarantee Agreement shall occur and be continuing or (iii) there is a waiver of a default in making a required payment when due under the Guarantee Agreement by the Secured Party other than in accordance with Section 6.15 hereof;

(g) other than as set forth in clause (f) above, (i) any breach of the representations, warranties and covenants contained in Section 8(i) or Section 9 of the Guarantee Agreement or (ii) the breach of any representation, warranty or covenant of the Guarantor in the Guarantee Agreement other than as set forth in clause (i) above, and such breach is not remedied within 30 days after the earlier of (a) an authorized representative of the Guarantor obtaining actual knowledge of such breach and (b) the Guarantor receiving written notice of such breach from the Secured Party (any such written notice to be identified as a "notice of default" and to refer specifically to this Section 6.01(g)); and

(h) the occurrence of an Event of Bankruptcy;

(i) the Issuer defaults in the performance of or compliance with any term contained in Section 7.1(d) or Section 10 of the Senior Notes Note Purchase Agreement or the Loan Agreement;

(j) the Issuer defaults in the performance of or compliance with any term contained in the Senior Notes Note Purchase Agreement or the Loan Agreement and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default and (ii) the Issuer receiving written notice of such default from any Creditor; and

(k) a final judgment or judgments for the payment of money aggregating in excess of $1,000,000 are rendered against the Issuer and which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, and are not discharged within 60 days after the expiration of such stay.

Any notice herein provided to be given to the Issuer or the Guarantor with respect to any default shall be deemed sufficiently given if delivered by hand or sent by overnight courier or registered mail with postage prepaid to its Principal Office and to the Administrator at its Principal Office. The Secured Party may, and shall if requested to do so in writing by a Creditor, give such notice.

Section 6.02. Remedy on Default; Possession of Trust Estate. Subject to Sections 6.08, 7.05 and 7.07 hereof, upon the happening and continuance of any Event of Default, the Secured Party may, or at the direction of the Majority Priority Class Creditors, shall, take possession of such portion of the Trust Estate as shall be in the custody of others, and all property comprising the Trust Estate, and each and every part thereof, and exclude the Issuer and its agents, servants and employees wholly therefrom, and have, hold, use, operate, manage, and control the same and each and every part thereof, and in the name of the Issuer or otherwise, as it shall deem best, conduct the business thereof and exercise the privileges pertaining thereto and all the rights and powers of the Issuer and use all of the then existing Trust Estate for that purpose, and collect and receive all charges, income and Available Funds of the same and of every part thereof, and after deducting therefrom all expenses incurred hereunder in the collection of such amounts, the Secured Party shall apply the rest and residue of the money received by the Secured Party in accordance with the priority of payments set forth in Section 5.03(b).

Upon the occurrence of an Event of Default described in Sections 6.01(a) or (b) hereof and prior to an acceleration of maturity of the Credit pursuant to Section 6.08 hereof, any Available Funds received by the Secured Party shall be immediately distributed pursuant to this Section. Upon the occurrence of an Event of Default and an acceleration of the maturity of the Credit pursuant to Section 6.08 hereof, the Secured Party may fix a record date and payment date for any payment to Creditors pursuant to this Section. At least 15 days before such record date, the Secured Party shall deliver in accordance with the provisions of Section 9.01 hereof to each Creditor and the Issuer a notice that states the record date, the payment date and the amount to be paid.

Section 6.03. Remedies on Default. Upon the happening of any Event of Default, the Secured Party shall proceed to protect and enforce its rights and those of the Creditors as directed pursuant to the provisions of Section 6.11 hereof and, in the event no direction is received from the Majority Priority Class Creditors, in such manner as counsel for the Secured Party may advise, whether for the specific performance of any covenant, condition, agreement or undertaking herein contained, or in aid of the execution of any power herein granted, or for the enforcement of such other appropriate legal or equitable remedies as may be more effectual to protect and enforce the rights aforesaid.

Section 6.04. Remedies on Default; Sale of Trust Estate. Upon the happening of any Event of Default and if the principal of all of the Outstanding Credit shall have been declared due and payable, then and in every such case, and irrespective of whether other remedies authorized shall have been pursued in whole or in part, the Secured Party may, or at the direction of the Majority Priority Class Creditors, shall, sell, with or without entry, to the highest bidder all or any portion of the Trust Estate, and all right, title, interest, claim and demand thereto and the right of redemption thereof, at any such place or places, and at such time or times and upon such notice and terms as may be required by law. Upon such sale the Secured Party may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the Issuer and all Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money or to inquire as to the authorization, necessity, expediency or regularity of any such sale. The Secured Party is hereby irrevocably appointed the true and lawful attorney-in-fact of the Issuer, in its name and stead, to make and execute all bills of sale, instruments of assignment and transfer and such other documents of transfer as may be necessary or advisable in connection with a sale of all or part of the Trust Estate, but the Issuer, if so requested by the Secured Party, shall ratify and confirm any sale or sales by executing and delivering to the Secured Party or to such purchaser or purchasers all such instruments as may be necessary, or in the judgment of the Secured Party, proper for the purpose which may be designated in such request. In addition, the Secured Party may proceed to protect and enforce the rights of the Secured Party and the Creditors in such manner as directed pursuant to the provisions of Section 6.11 hereof and, in the event no direction is received from the Majority Priority Class Creditors, in such manner as counsel for the Secured Party may advise, whether for the specific performance of any covenant, condition, agreement or undertaking herein contained, or in aid of the execution of any power herein granted, or for the enforcement of such other appropriate legal or equitable remedies as may be more effectual to protect and enforce the rights aforesaid. The Secured Party shall take any such action or actions if requested to do so in writing by the Majority Priority Class Creditors.

Notwithstanding the foregoing and subject to Section 15 of the Loan Purchase Agreement, the Secured Party is prohibited from selling the Financed Loans during the occurrence and continuance of an Event of Default, other than a default in the payment of any principal or interest on any Credit, unless the Majority Priority Class Creditors consent to such a sale.

Section 6.05. Appointment of Receiver. In case an Event of Default occurs, and if the Outstanding Credit shall have been declared due and payable and in case any judicial proceedings are commenced to enforce any right of the Secured Party or the Creditors under this Agreement or otherwise, then as a matter of right, the Secured Party shall be entitled to the appointment of a receiver of the Trust Estate and of the earnings, income or revenue, rents, issues and profits thereof with such powers as the court making such appointments may confer.

Section 6.06. Restoration of Position. In case the Secured Party shall have proceeded to enforce any rights under this Agreement by sale or otherwise, and such proceedings shall have been discontinued, or shall have been determined adversely to the Secured Party, then and in every such case to the extent not inconsistent with such adverse decree, the Issuer, the Secured Party and the Creditors shall be restored to their former respective positions and the rights hereunder in respect to the Trust Estate, and all rights, remedies and powers of the Secured Party and the Creditors shall continue as though no such proceeding had been taken.

Section 6.07. Application of Sale Proceeds. The proceeds of any sale of the Trust Estate, together with any funds at the time held by the Secured Party and not otherwise required to be used for a specific purpose pursuant to this Agreement, shall be applied by the Secured Party in accordance with the priority of payments as set forth in Section 5.03(b) hereof, and then to the Issuer or whomsoever shall be lawfully entitled thereto.

Section 6.08. Acceleration of Maturity; Rescission and Annulment. If an Event of Default should occur and be continuing, then and in every such case the Secured Party or the Majority Priority Class Creditors may declare the Outstanding Credit to be immediately due and payable, by a notice in writing to the Issuer (and to the Secured Party if given by the Creditors), and upon any such declaration the unpaid principal amount of such Outstanding Credit, together with accrued and unpaid interest thereon (with respect to the Senior Credit) to the date of acceleration, shall become immediately due and payable, subject, however, to Section 6.04 hereof.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by the Secured Party as hereinafter provided in this Article, the Majority Priority Class Creditors, by written notice to the Issuer and the Secured Party, may rescind and annul such declaration and its consequences if either of the following occur:

(a) the Issuer has paid or deposited with the Secured Party a sum sufficient to pay:

(i) all payments of principal of and interest, as applicable, on the Credit and all other amounts that would then be due hereunder if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by the Secured Party hereunder and the reasonable compensation, expenses, disbursements and advances of the Secured Party, the Owner Trustee, the Administrator and the Servicer and their agents and counsel; or

(b) all Events of Default, other than the nonpayment of the principal of the Credit that has become due solely by such acceleration, have been cured or waived as provided in Section 6.14 hereof.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 6.09. Remedies Not Exclusive. The remedies herein conferred upon or reserved to the Secured Party or the Majority Priority Class Creditors are not intended to be exclusive of any other remedy, but each remedy herein provided shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, and every power and remedy hereby given to the Secured Party or the Majority Priority Class Creditors, or any supplement hereto, may be exercised from time to time as often as may be deemed expedient. No delay or omission of the Secured Party or the Majority Priority Class Creditors to exercise any power or right arising from any default hereunder shall impair any such right or power or shall be construed to be a waiver of any such default or to be acquiescence therein.

Section 6.10. Collection of Indebtedness and Suits for Enforcement by Secured Party. The Issuer covenants that if:

(a) default is made in the payment of any installment of interest, if any, on any Credit when such interest becomes due and payable and such default continues for a period of five Business Days; or

(b) default is made in the payment of the principal of any Credit at its Maturity,

then the Issuer shall pay to the Secured Party, for the benefit of the Creditors, but solely from the Trust Estate, the whole amount then due and payable on such Credit for principal (and premium, if any) and interest, if applicable, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, fees, expenses, disbursements and advances of the Secured Party and its agents and counsel. Such amounts shall be applied as provided in Section 5.03(b).

If the Issuer fails to pay such amounts forthwith, the Secured Party, in its own name and as trustee of an express trust, may upon receiving indemnification satisfactory to the Secured Party institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree, and may enforce the same against the Issuer or any other obligor upon such Credit and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Issuer or any other obligor upon such Credit, wherever situated.

If an Event of Default occurs and is continuing, the Secured Party may, after being indemnified to its satisfaction and in its discretion, proceed to protect and enforce its rights and the rights of the Creditors by such appropriate judicial proceedings as the Secured Party shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Agreement or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 6.11. Direction of Secured Party. Upon the happening of any Event of Default, the Majority Priority Class Creditors (or, in the event there is no Senior Credit Outstanding, the Administrator, (i) if a default has occurred and is continuing under the Guarantee Agreement and (ii) in the case of clause (c) below) shall have the right by an instrument or instruments in writing delivered to the Secured Party to direct and control the Secured Party as to (a) the method of taking any and all proceedings for any sale of any or all of the Trust Estate hereunder, (b) the appointment of a receiver, if permitted by law, or (c) the direction to be given to the Secured Party in respect of the pursuit of remedies under the Guarantee Agreement, and may at any time cause any proceedings authorized by the terms hereof to be so taken or to be discontinued or delayed; *provided*, *however*, that such Majority Priority Class Creditors (or, in the event there is no Senior Credit Outstanding, the Administrator, (i) if a default has occurred and is continuing under the Guarantee Agreement and

(ii) in the case of clause (c) above) shall not be entitled to cause the Secured Party to take any proceedings which in the Secured Party's opinion would be unjustly prejudicial to non-assenting Priority Class Creditors or, with respect to the pursuit of remedies under the Guarantee Agreement, would be unjustly prejudicial to the other payees of Guaranteed Payments with respect to Guaranteed Payments that would otherwise be paid pursuant to Section 5.03(b) prior to payments of principal on the Senior Credit, but the Secured Party shall be entitled to assume that the action requested by the Majority Priority Class Creditors will not be prejudicial to any non-assenting Priority Class Creditors unless the Priority Class Creditors with respect to more than 50% of the collective aggregate Outstanding Amount of the non-assenting Priority Class Creditors, in writing, show the Secured Party how they will be prejudiced. The provisions of this Section shall be expressly subject to the provisions of Sections 7.01(c), 7.05 and 7.07 hereof.

Section 6.12. Right to Enforce in Secured Party. No Creditor shall have any right as such Creditor to institute any suit, action or proceedings for the enforcement of the provisions of this Agreement or the Guarantee Agreement or for the execution of any trust hereunder or for the appointment of a receiver or for any other remedy hereunder, all rights of action hereunder being vested exclusively in the Secured Party, unless and until such Creditor shall have previously given to the Secured Party written notice of a default hereunder, and of the continuance thereof, and also unless the Majority Priority Class Creditors shall have made written request upon the Secured Party pursuant to Section 6.11 hereof and the Secured Party shall have been afforded reasonable opportunity to institute such action, suit or proceeding in its own name, and unless the Secured Party shall have been offered indemnity and security satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, which offer of indemnity shall be an express condition precedent hereunder to any obligation of the Secured Party to take any such action hereunder, and the Secured Party for 30 days after receipt of such notification, request and offer of indemnity, shall have failed to institute any such action, suit or proceeding. It is understood and intended that one or more Creditors shall not have the right in any manner whatever by its or their action to affect, disturb or prejudice the lien of this Agreement or to enforce any right hereunder or in the Guarantee Agreement except in the manner herein provided and for the benefit of all Creditors in accordance with their respective priorities.

Section 6.13. Physical Possession of Notes and Loan Notes Not Required. In any suit or action by the Secured Party arising under this Agreement or on all or any of the Notes issued hereunder or with respect to the Loan, or any supplement hereto, the Secured Party shall not be required to produce such Notes or the Loan Notes related to the Loan, but shall be entitled in all things to maintain such suit or action without their production.

Section 6.14. Waivers of Events of Default. The Secured Party may waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration only upon the written request of the Majority Priority Class Creditors; *provided*, *however*, that there shall not be waived (a) any Event of Default in the payment of the principal of or premium on any Outstanding Credit at the Maturity thereof, or any default in the payment when due of the interest on any such Credit (with respect to the Senior Credit), unless prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal and all expenses of the Secured Party, in connection with such default shall have been paid or provided for; or (b) any default in the payment of amounts set forth in Sections 7.05 and 7.07 hereof. In case of any such waiver or rescission, or in case any proceedings taken by the Secured Party on account of any such default shall have been discontinued or abandoned or determined adversely to the Secured Party, then and in every such case the Issuer, the Secured Party and the Creditors shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to or affect any subsequent or other default, or impair any rights or remedies consequent thereon.

Section 6.15. Guarantee Agreement. Notwithstanding anything to the contrary contained in this Agreement or any other Basic Document, the Secured Party agrees not to waive any default under the Guarantee Agreement without first obtaining the written consent of each of the Senior Creditors and the other payees of Guaranteed Payments to the extent affected thereby. Upon the occurrence of any Event of Default resulting from a default by the Guarantor under the Guarantee Agreement, the Majority Priority Class Creditors may direct the Secured Party as to the action to take or the remedies to be pursued against the Guarantor, provided that in no event may the Guarantor have any right to direct such action, as Voting Party or Majority Priority Class Creditor.

ARTICLE VII

THE SECURED PARTY

Section 7.01. Acceptance of Trust. The Secured Party hereby accepts the trusts imposed upon it by this Agreement, and agrees to perform said trusts, but only upon and subject to the following terms and conditions:

(a) Except during the continuance of an Event of Default:

(i) the Secured Party undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Secured Party; and

(ii) in the absence of negligence, bad faith or willful misconduct on its part, the Secured Party may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Secured Party and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Secured Party, the Secured Party shall be under a duty to examine the same to determine whether or not they conform as to form with the requirements of this Agreement.

(b) In case an Event of Default has occurred and is continuing, the Secured Party, in exercising the rights and powers vested in it by this Agreement, shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) Before taking any action hereunder requested by the Creditors, the Secured Party may require that it be furnished an indemnity bond or other indemnity and security satisfactory to it by the Creditors making such request for the reimbursement of all expenses to which it may be put and to protect it against all liability.

(d) The Secured Party shall not be liable for any error of judgment made in good faith by a Creditor, unless it shall be proved that the Secured Party was negligent in ascertaining the pertinent facts.

Section 7.02. Recitals of Others. The recitals, statements and representations set forth herein shall be taken as the statements of the Issuer, and the Secured Party assumes no responsibility for the correctness of the same. The Secured Party makes no representations as to the title of the Issuer or the Lender Trustee in the Trust Estate or as to the security afforded thereby and hereby, or as to the validity or sufficiency of this Agreement or of the Credit issued hereunder, and the Secured Party shall incur no responsibility in respect of such matters.

Section 7.03. As to Filing of Agreement. The Secured Party shall be under no duty (a) to file or record, or cause to be filed or recorded, this Agreement or any instrument supplemental hereto, (b) to procure any further order or additional instruments of further assurance, (c) to see to the delivery to it of any personal property intended to be pledged hereunder or thereunder, (d) to do any act which may be suitable to be done for the better maintenance of the lien or security hereof, or (e) to give notice of the existence of such lien, or for extending or supplementing the same or to see that any rights to the Trust Estate intended now or hereafter to be transferred in trust hereunder are subject to the lien hereof. The Secured Party shall not be liable for failure of the Issuer to pay any tax or taxes in respect of such property, or any part thereof, or the income therefrom or otherwise, nor shall the Secured Party be under any duty in respect of any tax which may be assessed against it or the Creditors in respect of such property or pledged to the Trust Estate. Pursuant to Section 4.03(a) hereof, the Issuer agrees to prepare and file in a timely manner, and request that the Secured Party execute (if such execution is necessary for any such filing) with any necessary execution by the Issuer, the continuation statements referred to herein; *provided*, that the Secured Party shall have no responsibility for the sufficiency, adequacy or priority of any filing and, in the absence of written notice to the contrary by the Issuer or other Authorized Representative, may rely and shall be protected in relying on all information and exhibits in such initial filings for the purposes of any continuation statements.

Section 7.04. Secured Party May Act Through Agents. The Secured Party may execute any of the trusts or powers hereof and perform any duty hereunder, either itself or by or through its attorneys, agents, accountants or other experts, and it shall not be answerable or accountable for any default, neglect or misconduct of any such attorneys, agents or employees, if reasonable care has been exercised in the appointment. All reasonable costs incurred by the Secured Party and all reasonable compensation to all such persons as may reasonably be employed in connection with the trusts hereof shall be paid by the Issuer.

Section 7.05. Indemnification of Secured Party. The Secured Party shall have no liability under this Agreement or other related agreements to which it is a party except for its own negligence or willful misconduct. In no event shall the Secured Party be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Secured Party has been advised of the likelihood of such loss or damage and regardless of the form of action. In no event shall the Secured Party be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Secured Party shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances. The Secured Party shall be under no obligation or duty to perform any act at the request of the Creditors or to institute or defend any suit in respect thereof unless properly indemnified and provided with security to its satisfaction as provided in Section 7.01(c) hereof. The Secured Party shall not be required to take notice, or be deemed to have knowledge, of any default or Event of Default of the Issuer hereunder and may conclusively assume that there has been no such default or Event of Default (other than an Event of Default described in Section 6.01(a), (b), or (f)(ii) hereof) unless and until a Responsible Officer of the Secured Party shall have been specifically notified in writing at the address in Section 9.01 hereof of such default or Event of Default by (a) any Creditor or (b) an Authorized Representative of the Issuer. However, the Secured Party may begin suit, or appear in and defend suit, execute any of the trusts hereby created, enforce any of its rights or powers hereunder, or do anything else in its judgment proper to be done by it as trustee, without assurance of reimbursement or indemnity, and in such case the Secured Party shall be reimbursed or indemnified by the Creditors requesting such action, if any, or the Issuer in all other cases, for all fees, costs and expenses, liabilities, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith, unless such costs and expenses, liabilities, outlays and attorneys' fees and other reasonable disbursements properly incurred in connection therewith are adjudicated to have resulted from the negligence or willful misconduct of the Secured Party. In furtherance and not in limitation of this Section, the Secured Party shall not be liable for, and shall be held harmless by the Issuer from, following any Issuer Orders, instructions or other directions upon which the Secured Party is authorized to rely pursuant to this Agreement or any other Basic Document to which it is a party. If the Issuer or the Creditors, as appropriate, shall fail to make such reimbursement or indemnification, the Secured Party may reimburse itself from any money in its possession under the provisions of this Agreement, subject only to the prior lien of the Credit for the payment of the principal thereof, premium, if any, and interest thereon from the Collection Account as provided in Section 5.03(b) hereof. None of the provisions contained in this Agreement or any other agreement to which it is a party shall require the Secured Party to act or to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers on behalf of the Creditors if it shall have reasonable grounds for believing that prompt repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Issuer agrees to indemnify the Secured Party and its officers, directors, agents and employees for, and to hold them harmless against, any loss, liability, damage, claim or expenses incurred without bad faith, negligence or willful misconduct on their part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of their powers or duties hereunder arising from the Trust Estate. The Issuer agrees to indemnify and hold harmless the Secured Party against any and all claims, demands, suits, actions or other proceedings and all liabilities, costs and expenses whatsoever caused by any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering document distributed in connection with the issuance of the Credit (other than information in any such offering document provided by the Secured Party) or caused by any omission or alleged omission from such offering document of any material fact required to be stated therein or necessary in order to make the statements made therein in the light of the circumstances under which they were made, not misleading.

Section 7.06. Secured Party's Right to Reliance. The Secured Party shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, appraisal, opinion, report or document of the Issuer, the Administrator or a Servicer or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Secured Party may consult with experts and with counsel (who may but need not be counsel for the Issuer, the Secured Party or any Creditor), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered, and in respect of any determination made by it hereunder in good faith and in accordance with the opinion of such counsel.

Whenever in the administration hereof the Secured Party shall reasonably deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Secured Party (unless other evidence be herein specifically prescribed) may, in the absence of negligence, bad faith or willful misconduct on its part, rely upon a certificate signed by an Authorized Representative or an authorized officer of the Administrator.

The Secured Party shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it hereby; *provided*, *however*, that the Secured Party shall be liable for its negligence or willful misconduct in taking such action.

The Secured Party is authorized to enter into agreements with other Persons, in its capacity as Indenture Trustee and Collateral Agent, in order to carry out or implement the terms and provisions of this Agreement. The Secured Party shall not be liable with respect to any action taken, suffered or omitted to be taken in good faith in accordance with this Agreement or any other Basic Document or at the direction of the Voting Party or the Majority Priority Class Creditors relating to the time, method and place of conducting any proceeding for any remedy available to the Secured Party, or exercising any trust or power conferred upon the Secured Party, under this Agreement or any other Basic Document.

Section 7.07. Compensation of Secured Party. Except as otherwise expressly provided herein, the Secured Party Fee and all advances, counsel fees (including without limitation allocated fees of in-house counsel) and other expenses reasonably made or incurred by the Secured Party in and about the execution and administration of the trust hereby created shall be paid by the Issuer. The compensation of the Secured Party shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust. If not paid by the Issuer, the Secured Party shall have a lien against all money held pursuant to this Agreement, in the priority provided by Section 5.03(b) hereof, against the money and investments in the Collection Account for the payment of the principal thereof, premium, if any, and interest thereon, if any, for such reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts hereby created and the exercise and performance of the powers and duties of the Secured Party hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Secured Party).

Section 7.08. Resignation of Secured Party. The Secured Party and any successor to the Secured Party may resign and be discharged from the trust created by this Agreement by giving to the Issuer notice in writing which notice shall specify the date on which such resignation is to take effect; *provided*, *however*, that such resignation shall only take effect on the day specified in such notice if a successor Secured Party shall have been appointed pursuant to Section 7.10 hereof (and is qualified to be the Secured Party under the requirements of Section 7.10 hereof). If no successor Secured Party has been appointed by the date specified or within a period of 90 days from the receipt of the notice by the Issuer, whichever period is the longer, the Secured Party may (a) appoint a temporary successor Secured Party having the qualifications provided in Section 7.10 hereof or (b) request a court of competent jurisdiction to (i) require the Issuer to appoint a successor, as provided in Section 7.10 hereof, within three days of the receipt of citation or notice by the court, or (ii) appoint an Secured Party having the qualifications provided in Section 7.10 hereof. In no event may the resignation of the Secured Party be effective until a qualified successor Secured Party shall have been selected and appointed. In the event a temporary successor Secured Party is appointed pursuant to clause (a) above, the Issuer may remove such temporary successor Secured Party and appoint a successor thereto pursuant to Section 7.10 hereof.

Section 7.09. Removal of Secured Party. The Secured Party or any successor Secured Party may be removed (a) by the Issuer or the Majority Priority Class Creditors for cause or upon the sale or other disposition of the Secured Party or its corporate trust functions or (b) by the Majority Priority Class Creditors without cause so long as no Event of Default exists or has existed within the last 90 days, upon payment to the Secured Party so removed of all money then due to it hereunder and appointment of a successor thereto by the Issuer and acceptance thereof by said successor. One copy of any such order of removal shall be filed with the Owner Trustee and the other with the Secured Party so removed.

In the event the Secured Party (or successor Secured Party) is removed, by any person or for any reason permitted hereunder, such removal shall not become effective until (a) the Majority Priority Class Creditors by instrument or concurrent instruments in writing (signed and acknowledged by such Majority Priority Class Creditors or their attorneys-in-fact) filed with the Secured Party removed have appointed a successor Secured Party and (b) the successor Secured Party has accepted appointment as such.

Section 7.10. Successor Secured Party. In case at any time the Secured Party shall resign or be dissolved, or otherwise shall be disqualified to act or be incapable of acting, or in case control of the Secured Party or of any successor Secured Party or of its officers shall be taken over by any public officer or officers, a successor Secured Party may be appointed by the Majority Priority Class Creditors by an instrument or concurrent instruments in writing (signed and acknowledged by such Majority Priority Class Creditors or their attorneys-in-fact). In the case of any such appointment by the Majority Priority Class Creditors of a successor to the Secured Party, the successor Secured Party shall forthwith cause notice thereof to be mailed to the Creditors at the address of each Creditor appearing on the registration books maintained by the Secured Party, as registrar.

Every successor Secured Party appointed by the Majority Priority Class Creditors or by a court of competent jurisdiction shall be a state, national or federally chartered bank or trust company in good standing, organized and doing business under the laws of the United States or any state, which has a reported capital and surplus of not less than $50,000,000, be authorized under the law to exercise corporate trust powers and be subject to supervision or examination by a federal or state authority.

Section 7.11. Manner of Vesting Title in Secured Party. Any successor Secured Party appointed hereunder shall execute, acknowledge and deliver to its predecessor Secured Party, and also to the Issuer, an instrument accepting such appointment hereunder, and thereupon such successor Secured Party, without any further act, deed or conveyance shall become fully vested with all the estate, properties, rights, powers, trusts, duties and obligations of its predecessors in trust and agency hereunder (except that the predecessor Secured Party shall continue to have the benefits to indemnification hereunder together with the successor Secured Party), with like effect as if originally named as trustee herein; but the Secured Party ceasing to act shall nevertheless, on the written request of an Authorized Representative, or an authorized officer of the successor Secured Party, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Secured Party all the right, title and interest of the Secured Party which it succeeds, in and to the Trust Estate and such rights, powers, trusts, duties and obligations, and the Secured Party ceasing to act also, upon like request, pay over, assign and deliver to the successor Secured Party any money or other property or rights subject to the lien of this Agreement, including any pledged securities which may then be in its possession. Should any deed or instrument in writing from the Issuer be required by the successor Secured Party for more fully and certainly vesting in and confirming to such new Secured Party such estate, properties, rights, powers and duties, any and all such deeds and instruments in writing shall on request be executed, acknowledged and delivered by the Issuer.

In case any of the Notes or the Loan Notes issued hereunder shall have been authenticated but not delivered, any successor Secured Party may adopt the certificate of authentication of the Secured Party or of any successor to the Secured Party; and in case any of the Notes or the Loan Notes shall not have been authenticated, any successor to the Secured Party may authenticate such Notes or the Loan Notes in its own name; and in all such cases such certificate shall have the full force which it has anywhere in the Notes, the Loan Notes or in this Agreement.

Section 7.12. Right of Inspection. Each Creditor shall be permitted at reasonable times during regular business hours and in accordance with reasonable regulations prescribed by the Secured Party to examine at the Principal Office of the Secured Party a copy of any report or instrument theretofore filed with the Secured Party relating to the condition of the Trust Estate; *provided*, *however*, that the Secured Party shall not provide, or cause to be provided, to any Creditor information which is specific to the Guarantor or the Financed Loans that is not otherwise provided in the Monthly Report.

Section 7.13. Limitation with Respect to Examination of Reports. Except as provided in this Agreement, the Secured Party shall be under no duty to examine any report or statement or other document required or permitted to be filed with it by the Issuer.

Section 7.14. Additional Covenants of Secured Party. The Secured Party, by the execution hereof, covenants, represents and agrees that it will not exercise any of the rights, duties or privileges under this Agreement in such manner as would cause the Financed Loans held or acquired under the Loan Purchase Agreement to be transferred, assigned or pledged as security to any person or entity other than as permitted by this Agreement.

Section 7.15. Merger of the Secured Party. Any corporation into which the Secured Party may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Secured Party shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Secured Party, shall be the successor of the Secured Party hereunder, provided such corporation shall be otherwise qualified and eligible under this Agreement, without the execution or filing of any paper or any further act on the part of any other parties hereto.

Section 7.16. Receipt of Funds from the Servicer. The Secured Party shall not be accountable or responsible in any manner whatsoever for any action of the Issuer, the Administrator, the depository bank of any funds of the Issuer, or the Servicer while the Servicer is acting as bailee or agent of the Secured Party with respect to the Financed Loans for actions taken in compliance with any reasonable instruction or direction given to the Secured Party, or for the application of funds or moneys by the Servicer until such time as funds are received by the Secured Party.

Section 7.17. Survival of Secured Party's Rights to Receive Compensation, Reimbursement and Indemnification. The Secured Party's rights to receive compensation, reimbursement and indemnification of money due and owing hereunder at the time of the Secured Party's resignation or removal shall survive the Secured Party's resignation or removal and the termination of the Basic Documents.

Section 7.18. Secured Party May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer, the Guarantor or any other obligor upon the Credit or the property of the Issuer or of such other obligor or their creditors, the Secured Party (irrespective of whether the principal of the Credit shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Secured Party shall have made any demand on the Issuer for the payment of overdue principal, premium, if any, or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount, or such lesser amount as may be provided for in the Credit, of principal (and premium, if any) and interest, if any, owing and unpaid in respect of the Credit and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Secured Party (including any claim for the reasonable fees, compensation, expenses, disbursements and advances of the Secured Party and its agents and counsel) and of the Creditors allowed in such judicial proceeding; and

(b) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Creditor to make such payments to the Secured Party, and if the Secured Party shall consent to the making of such payments directly to the Creditors, to pay to the Secured Party any amount due to it for the reasonable fees, compensation, expenses, disbursements and advances of the Secured Party and any predecessor Secured Party, their agents and counsel, and any other amounts due the Secured Party or any predecessor Secured Party.

Nothing herein contained shall be deemed to authorize the Secured Party to authorize or consent to or accept or adopt on behalf of any Creditor, any plan of reorganization, arrangement, adjustment or composition affecting the Credit or the rights of any Creditor, or to authorize the Secured Party to vote in respect of the claim of any Creditor in any such proceeding.

In any proceedings brought by the Secured Party (and also any proceedings involving the interpretation of any provision of this Agreement to which the Secured Party shall be a party), the Secured Party shall be held to represent all the Creditors, and it shall not be necessary to make any Creditors parties to any such proceedings.

Section 7.19. No Petition. The Secured Party will not at any time institute against the Issuer any bankruptcy proceeding under any United States federal or State bankruptcy or similar law in connection with any obligations of the Issuer under this Agreement.

ARTICLE VIII

AMENDMENTS AND SUPPLEMENTS

Section 8.01. Amendments and Supplements Not Requiring Consent of the Creditors. The Issuer and the Secured Party may, without the consent of the Creditors or the Guarantor, enter into any Amendment or Supplement to this Agreement for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Agreement;

(b) to grant to or confer upon the Secured Party for the benefit of the Creditors any additional benefits, rights, remedies, powers or authorities not inconsistent with any other provisions hereof that may lawfully be granted to or conferred upon the Creditors or the Secured Party;

(c) to describe or identify more precisely any part of the Trust Estate or to subject additional revenues, properties or collateral to the lien and pledge of this Agreement;

(d) to evidence the appointment of a separate or co-Secured Party or a co-registrar or transfer agent or the succession of a new Secured Party hereunder;

(e) to make any changes necessary to comply with or obtain more favorable treatment under any current or future law, rule or regulation, including but not limited to the Code and the regulations promulgated thereunder; and

(f) to create any additional Accounts or Subaccounts under this Agreement deemed by the Secured Party to be necessary or desirable;

provided, *however*, that nothing in this Section shall permit, or be construed as permitting, any modification of the trusts, powers, rights, duties, remedies, immunities and privileges of the Secured Party without the prior written approval of the Secured Party, which approval shall be evidenced by execution of an Amendment or Supplement; and *provided*, *further*, (i) an Opinion of Counsel is delivered to the Secured Party to the effect that such amendment will not have a material adverse effect on the Creditors and the Guarantor and (ii) that a copy of each Amendment or Supplement to this Agreement entered into pursuant to this Section shall be delivered by the Secured Party to each Creditor and the Guarantor not more than five Business Days following entry into the same.

Section 8.02. Amendments and Supplements Requiring Consent of the Guarantor and Creditors. Exclusive of Amendments and Supplements covered by Section 8.01 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Guarantor and the Majority Priority Class Creditors shall have the right, from time to time, to consent to and approve the execution by the Issuer and the Secured Party of such other amendment or supplement hereto for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Agreement; *provided*, *however*, that nothing in this Section shall permit, or be construed as permitting without the consent of the Guarantor and the Creditors of all then Outstanding Credit which would be affected thereby, (i) an extension of the Maturity of the principal of or the due date for interest on any Credit, or (ii) a reduction in the principal amount of any Credit or the rate of interest thereon (with respect to the Senior Credit), or (iii) a privilege or priority of any Senior Credit over any other Senior Credit, or (iv) a reduction in the aggregate principal amount of the Credit required for consent to such Amendment or Supplement, or (v) the creation of any lien other than a lien ratably securing all of the Senior Credit at any time Outstanding hereunder except as otherwise provided herein and a subordinate lien securing the Subordinate Note Outstanding hereunder. For purposes of this Agreement, Credit is deemed "affected" by an amendment if such amendment, directly or indirectly, adversely affects or diminishes the rights of the Registered Owners or Lender thereof to be assured of the payment of principal of, premium, if any, and interest (with respect to the Senior Credit) on such Credit. In furtherance of the foregoing, in no event may any provision of this Agreement that requires the consent of, or provides for direction from all Creditors, be amended or supplemented without obtaining the consent of all such Creditors.

If at any time the Issuer shall request the Secured Party to enter into any such Amendment or Supplement for any of the purposes of this Section, the Secured Party shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Amendment or Supplement to be delivered to each Creditor at the address shown on the registration books pursuant to Section 9.01 hereof and the Guarantor. Such notice (which shall be prepared by the Issuer) shall briefly set forth the nature of the proposed Amendment or Supplement and shall include a copy of the same. If, within 60 days, or such longer period as shall be prescribed by the Issuer, following the delivery of such notice, the Guarantor and such percentage of Creditors as may be required shall have consented in writing to and approved the execution thereof as herein provided, no Creditor shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Secured Party or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Amendment or Supplement as in this Article VIII permitted and provided, this Agreement shall be and be deemed to be modified and amended in accordance therewith and the Secured Party shall deliver to each Creditor and the Guarantor not more than five Business Days following entry into the same a copy of such fully executed Amendment or Supplement at the address shown on the note registration books pursuant to Section 9.01 hereof.

Section 8.03. Rights of Secured Party. If, in the opinion of the Secured Party, any Amendment or Supplement provided for in this Article adversely affects the rights, duties or immunities of the Secured Party under this Agreement or otherwise, the Secured Party may, in its discretion, decline to execute such Amendment or Supplement. The Secured Party shall be entitled to receive, and shall be fully protected in relying upon, an opinion of counsel as conclusive evidence that any such Amendment or Supplement proposed to be executed by it hereunder conforms to the requirements of, and is authorized and permitted under, this Agreement.

Section 8.04. Rights of Administrator. No Amendment or Supplement shall amend (a) the rights or responsibilities of the Administrator hereunder or (b) any provision addressing the payment of the Administration Fees or the payment of other fees or expenses of the Administrator or the payment of the Servicing Fees or the payment of other fees or expenses of the Servicer, unless the Secured Party shall have received the written consent of the Administrator to such Amendment or Supplement.

ARTICLE IX

GENERAL PROVISIONS

Section 9.01. Notices. Any notice, request or other instrument required by this Agreement to be signed or executed by the Creditors may be executed by the execution of any number of concurrent instruments of similar tenor, and may be signed or executed by such Creditors in person or by agent appointed in writing. As a condition for acting thereunder, the Secured Party may demand proof that the person or agent executing such instrument on behalf of the Creditor is authorized to do so.

All notices, requests and other communications to any party hereunder or to the Guarantor shall be in writing (including bank wire, electronic communication, facsimile or similar writing) to a proper address specified herein or pursuant to an Amendment or Supplement. All notices to Creditors shall be sent to the address of each Creditor appearing on the registration books maintained by the Secured Party, as registrar. Until otherwise provided by the respective Person, all notices, certificates and communications shall be made to the following addresses, and each address shall constitute each Person's respective "Principal Office" for purposes of this Agreement:

If intended for the Secured Party:

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
100 Plaza One
Jersey City, NJ 07311-3901
Attention: Susan Barstock
Telephone: (201) 593-8421
Facsimile: (212) 553-2458

If intended for the Issuer:

PEAKS Trust 2009-1
c/o Deutsche Bank Trust Company Delaware
1011 Centre Road, Suite 200
Wilmington, Delaware 19805
Attention: Elizabeth B. Ferry
Telephone: (302) 636-3392
Facsimile: (302) 636-3399

with a copy to

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
100 Plaza One
Jersey City, NJ 07311-3901
Attention: Susan Barstock
Telephone: (201) 593-8421
Facsimile: (212) 553-2458

and a copy to the Administrator:

Access Group, Inc.
P.O. Box 7430
5500 Brandywine Parkway
Wilmington, Delaware 19803
Attention: Vice President-Portfolio Management
Telephone: (302) 477-4071
Facsimile: (302) 477-4032

If intended for the Guarantor:

ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032
e-mail: dfitzpatrick@ittesi.com
Attention: Chief Financial Officer
Telephone: (317) 706-9200
Facsimile: (317) 706-9254

If intended for the Lender Trustee:

Deutsche Bank National Trust Company
100 Plaza One
Jersey City, NJ 07311-3901
Attention: Susan Barstock
Telephone: (201) 593-8421
Facsimile: (212) 553-2458

Any Person may change the address to which subsequent notices to such Person are to be sent, or of its Principal Office, by notice to the others, delivered by hand or received by telex or facsimile or registered first-class mail, postage prepaid. Each such notice, request or other communication shall be effective when delivered by hand or received by facsimile or registered first-class mail, postage prepaid.

Section 9.02. Covenants Bind Issuer. The covenants, agreements, conditions, promises, and undertakings in this Agreement shall extend to and be binding upon the successors and assigns of the Issuer, and all of the covenants hereof shall bind such successors and assigns, and each of them, jointly and severally. All the covenants, conditions and provisions hereof shall be held to be for the sole and exclusive benefit of the parties hereto and their successors and assigns, the Persons identified in Section 9.12 hereof and of the Creditors.

No extension of time of payment of any of the Credit shall operate to release or discharge the Issuer, it being agreed that the liability of the Issuer, to the extent permitted by law, shall continue until all of the Credit is paid in full, notwithstanding any transfer of Financed Loans or extension of time for payment.

Section 9.03. Lien Created. This Agreement shall operate effectually as (a) a grant of lien on and security interest in, and (b) an assignment of, the Trust Estate.

Section 9.04. Severability of Lien. If the lien of this Agreement shall be or shall ever become ineffectual, invalid or unenforceable against any part of the Trust Estate, which is not subject to the lien, because of want of power or title in the Issuer, the inclusion of any such part shall not in any way affect or invalidate the pledge and lien hereof against such part of the Trust Estate as to which the Issuer in fact had the right to pledge.

Section 9.05. Consent of Creditors Binds Successors. Any request or consent of the Creditors given for any of the purposes of this Agreement shall bind all future assignees of the Credit of such Creditor or any Credit issued in exchange therefor or in substitution thereof in respect of anything done or suffered by the Issuer or the Secured Party in pursuance of such request or consent.

Section 9.06. Nonliability of Persons; No General Obligation. It is hereby expressly made a condition of this Agreement that any agreements, covenants or representations herein contained or contained in the Notes or the Loan Notes do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the organizers, officers, employees, agents or trustees or the Administrator of the Issuer, or against the general credit of the Issuer, and in the event of a breach of any such agreement, covenant or representation, no personal or pecuniary liability or charge payable directly or indirectly from the general revenues of the Issuer shall arise therefrom. Nothing contained in this Section, however, shall relieve the Issuer from the observance and performance of the several covenants and agreements on its part herein contained.

Section 9.07. Laws Governing. It is the intent of the parties hereto that this Agreement shall in all respects be governed by the laws of the State of New York.

Section 9.08. Severability. If any covenant, agreement, waiver, or part thereof in this Agreement shall be forbidden by any pertinent law or under any pertinent law be effective to render this Agreement invalid or unenforceable or to impair the lien hereof, then each such covenant, agreement, waiver, or part thereof shall itself be and is hereby declared to be wholly ineffective, and this Agreement shall be construed as if the same were not included herein.

Section 9.09. Waiver of Jury Trial. The parties hereto irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 9.10. Exhibits. The terms of the Schedules and Exhibits, if any, attached to this Agreement are incorporated herein in all particulars.

Section 9.11. Non-Business Days. Except as may otherwise be provided in this Agreement, if the date for making payment of any amount hereunder or on any Note, or if the date for taking any action hereunder, is not a Business Day, then such payment can be made or action can be taken on the next succeeding Business Day and interest, if any, shall accrue to such next succeeding Business Day, with the same force and effect as if such payment were made when due or action taken on such required date.

Section 9.12. Parties Interested Herein. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Secured Party, the Owner Trustee, the Lender Trustee, the Administrator, the Guarantor, the Persons entitled to payments from the Collection Account pursuant to Section 5.03(b)(i) and (ii) hereof and the Creditors, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Agreement contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Secured Party, the Administrator, such other Persons and the Creditors.

Section 9.13. Credit Are Limited Obligations. The Credit and the obligations of the Issuer contained in this Agreement are special, limited obligations of the Issuer, secured by and payable solely from the Trust Estate herein provided and amounts received under the Guarantee Agreement. The Issuer shall not be obligated to pay the Credit, the interest thereon, or any other obligation created by or arising from this Agreement from any other source.

Section 9.14. Financed Loans. The Issuer, together with the Lender Trustee, expects to acquire Eligible Loans and to grant a security interest in the Eligible Loans to the Secured Party, in accordance with this Agreement, which Eligible Loans, upon becoming subject to the lien of this Agreement, constitute Financed Loans, as defined herein. If for any reason a Financed Loan does not constitute an Eligible Loan, or ceases to constitute an Eligible Loan, such loan shall continue to be subject to the lien of this Agreement as a Financed Loan.

Section 9.15. Concerning the Owner Trustee. It is expressly understood and agreed by the parties to this Agreement and the Creditors that (a) this Agreement is executed and delivered by the Owner Trustee not in its individual or personal capacity but solely in its capacity as Owner Trustee under the Trust Agreement on behalf of the Issuer, in the exercise of the powers and authority conferred and vested in it as Owner Trustee under the Trust Agreement, subject to the protections, indemnities and limitations from liability afforded to the Owner Trustee thereunder; (b) the representations, warranties, covenants, undertakings, agreements and obligations by the Owner Trustee are made and intended not as personal representations, warranties, covenants, undertakings, agreements and obligations by Deutsche Bank Trust Company Delaware, but are made and intended for the purpose of only binding the Trust Estate, as defined in the Trust Agreement, and the Issuer; (c) nothing contained herein shall be construed as creating any liability on Deutsche Bank Trust Company Delaware, individually or personally, to perform any expressed or implied covenant, duty or obligation of any kind whatsoever contained herein; and (d) under no circumstances shall Deutsche Bank Trust Company Delaware, be personally liable for the payment of any fees, costs, indebtedness or expenses of any kind whatsoever or be personally liable for the breach or failure of any obligation, representation, agreement, warranty or covenant whatsoever made or undertaken by the Owner Trustee or the Issuer hereunder.

Section 9.16. Concerning the Administrator. It is expressly understood and agreed by the parties to this Agreement and the Creditors that (a) in the exercise of the powers and authority conferred and vested in it as Administrator under the Administration Agreement, and subject to the protections and limitations from liability afforded to the Administrator thereunder, Access Group is acting solely in its capacity as Administrator on behalf of the Issuer and not in its individual or personal capacity; (b) the representations, warranties, certifications, covenants, undertakings, agreements and obligations by Access Group herein and in the certificates delivered pursuant hereto are made and intended not as personal representations, warranties, covenants, undertakings, agreements and obligations by Access Group, but are made and intended for the purpose of only binding the Trust Estate and the Issuer; and (c) except as provided in the Administration Agreement, nothing contained herein shall be construed as creating any liability on Access Group, individually or personally, to perform any expressed or implied covenant, duty or obligation of any kind whatsoever contained herein.

Section 9.17. Indemnification Obligations of Creditors. In the event that any indemnity is due and owing from the Creditors to the Secured Party as a result of an instruction or direction given by all or less than all of the Creditors, the Creditors shall, in either such case, provide such indemnification ratably on the basis of the Outstanding Amount of the Credit held by each such Creditor at the time such indemnity is due and owing. Nothing in this Section shall constitute a waiver of the Secured Party's right not to expend or risk its own funds pursuant to Section 7.05 hereof.

Section 9.18. Security Agreement. This Agreement constitutes a Security Agreement under the Uniform Commercial Code.

ARTICLE X

PAYMENT AND CANCELLATION OF CREDIT AND SATISFACTION OF AGREEMENT

Section 10.01. Trust Irrevocable. The trust created by the terms and provisions of this Agreement is irrevocable until the indebtedness secured hereby (the Subordinated Note and the Senior Credit and interest thereon) are fully paid or provision made for their payment as provided in this Article.

Section 10.02. Satisfaction of Agreement. If on any date the Issuer shall pay, or cause to be paid, or there shall otherwise be paid to (a) the Creditors of the Senior Credit, the principal of and interest on the Senior Credit, and (b) after the Outstanding Amount of the Senior Credit has been reduced to zero, to the Registered Owner of the Subordinated Note, the principal of the Subordinated Note, at the times and in the manner stipulated in this Agreement, then the pledge of the Trust Estate, and all covenants, agreements and other obligations of the Issuer to the Creditors shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Secured Party shall execute and deliver to the Issuer all such instruments as the Issuer may request to evidence such discharge and satisfaction, and the Secured Party shall pay over or deliver all money held by it under this Agreement to the party entitled to receive the same under this Agreement.

Section 10.03. Cancellation of Paid Notes and Loans. Any Notes which have been paid or purchased by the Issuer or any portion of the Loan that has been assigned or transferred to the Issuer, and any transferred, exchanged or mutilated Loan Notes or Notes replaced by new Loan Notes or Notes, shall (unless otherwise directed by the Issuer by Issuer Order) forthwith be cancelled and destroyed pursuant to Section 2.06 hereof.

Section 10.04. Third-Party Beneficiary; Reports.

The Guarantor shall be express third-party beneficiary of this Agreement entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto. All reports required to be delivered under this Agreement by any party shall be delivered to the Guarantor.

Section 10.05. Actions by Guarantor as Voting Party.

Notwithstanding anything to the contrary contained herein, in no event may the Guarantor take any action as Voting Party hereunder, including, but not limited to, with respect to granting consent to any amendment of or waiver under this Agreement or the other Basic Documents, if such action would be materially adverse to any Creditor, unless each Creditor so affected shall have consented to such action.

Section 10.06. Tax Treatment.

Each Registered Owner of Notes understands that it is the Issuer's intention that the Notes be treated as debt for federal income tax purposes, and by its acceptance of its Notes agrees to so treat all Notes as debt of the Issuer or the Certificateholder for all federal, state and local income and franchise tax purposes and to take no action inconsistent therewith. The Lender understands that the Issuer is treating the Loan as debt for federal, state, and local income and franchise tax purposes, and by its execution of the Loan Agreement (or an assignment and assumption agreement executed in connection therewith), agrees to treat the Loan as a debt instrument and to take no action inconsistent therewith.

IN WITNESS WHEREOF, the Issuer has caused this Agreement to be executed in its organizational name and behalf by the Owner Trustee, to evidence its acceptance of the trusts hereby created, has caused this Agreement to be executed in its organizational name and behalf, all in multiple counterparts, each of which shall be deemed an original, and the Issuer and the Secured Party have caused this Agreement to be dated as of the date herein above first shown.

PEAKS TRUST 2009-1, a Delaware statutory trust

By: DEUTSCHE BANK TRUST COMPANY DELAWARE, not in its individual capacity or personal capacity but solely in its capacity as Owner Trustee

By /s/ Susan Barstock
Name: Susan Barstock
Title: Attorney-in-fact

By /s/ Ellen Jean-Baptiste
Name: Ellen Jean-Baptiste
Title: Attorney-in-fact

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Indenture Trustee and as Collateral Agent

By /s/ Susan Barstock
Name Susan Barstock
Title Vice President

By /s/ Ellen Jean-Baptiste
Name Ellen Jean-Baptiste
Title Associate

DEUTSCHE BANK NATIONAL TRUST COMPANY, as Lender Trustee

By /s/ Susan Barstock
Name Susan Barstock
Title Vice President

By /s/ Ellen Jean-Baptiste
Name Ellen Jean-Baptiste
Title Associate

EXHIBIT A

ELIGIBLE LOANS ACQUISITION CERTIFICATE

This Eligible Loans Acquisition Certificate is submitted pursuant to the provisions of Section 5.02 of the Amended and Restated Indenture and Credit Agreement, dated as of December 31, 2010, (as amended, the "***Agreement***"), among PEAKS Trust 2009-1 (the "***Issuer***"), Deutsche Bank Trust Company Americas, as secured party (the "***Secured Party***") and Deutsche Bank National Trust Company, as lender trustee (the "***Lender Trustee***"). All capitalized terms used in this Certificate and not otherwise defined herein shall have the same meanings given to such terms in the Agreement. In your capacity as Secured Party, you are hereby authorized and requested to disburse to (a) Liberty Bank, N.A. (the "***Originating Lender***") the amount set forth in the last sentence of paragraph (4) below for the acquisition of Eligible Loans and (b) Deutsche Bank Securities, Inc., the amount set forth in the last sentence of paragraph (5) below for the payment of the Syndication Agent Fee. With respect to the Eligible Loans so to be acquired, the Issuer hereby certifies as follows:

1. The Eligible Loans to be acquired or increased are those specified in Schedule A attached hereto (the "***Acquired Loans***").

2. The Issuer is not, on the date hereof, in default in any material respect under the Agreement or in the performance of any of its covenants and agreements made in the Loan Purchase Agreement, and, to the best knowledge of the Issuer, the Originating Lender is not in default under the Loan Purchase Agreement.

3. To its knowledge, all of the conditions specified in the Loan Purchase Agreement applicable to the Acquired Loans and the Agreement for the acquisition of the Acquired Loans and the disbursement hereby authorized and requested have been satisfied.

4. The Purchase Price payable for the Acquired Loans is $______. The amount of Originating Lender Premiums previously paid to the Originating Lender in respect of Financed Loans that became Refunded Financed Loans for which the Originating Lender has not returned such Originating Lender Premiums to the Issuer is $______. The net Purchase Price to be paid for the Acquired Loans is $______.

5. The Syndication Agent Fees payable in connection with the Acquired Loans is $______. The amount of Syndication Agent Fees previously paid to the Syndication Agent in respect of Financed Loans that became Refunded Financed Loans for which the Syndication Agent has not returned such Syndication Agent Fees to the Issuer is $______. The net amount of Syndication Agent Fees to be paid in connection with the Acquired Loans is $______.

6. The Senior Purchase Price with respect to the Acquired Loans is $______. The Subordinated Purchase Price with respect to the Acquired Loans is $______.

7. The undersigned is authorized to sign and submit this Certificate on behalf of the Issuer.

WITNESS my hand this __ day of _________.

PEAKS TRUST 2009-1

By: ACCESS GROUP, INC., as Administrator

By ________________________________
Name ________________________________
Title ________________________________

SCHEDULE A

ACQUIRED LOANS

EXHIBIT B-1

FORM OF SENIOR NOTE

THIS SENIOR NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES OR BLUE SKY LAW OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES THAT THIS SENIOR NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY PURSUANT TO AN EXEMPTION AVAILABLE UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. BY ENTERING INTO THE SENIOR NOTES NOTE PURCHASE AGREEMENT, THE PURCHASER SHALL HAVE REPRESENTED THAT IT IS (I) AN INSTITUTIONAL "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED UNDER RULE 501(a)(1), (2), (3) or (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OR (II) A "QUALIFIED INSTITUTIONAL BUYER" AS THAT TERM IS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT.

THE PRINCIPAL OF THIS SENIOR NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS SENIOR NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THIS SENIOR NOTE IS NOT GUARANTEED OR INSURED BY ANY GOVERNMENTAL AGENCY.

PEAKS TRUST 2009-1
SENIOR NOTE

REGISTERED NO. R-__ REGISTERED $[_____]

CUSIP [_________]

PEAKS TRUST 2009-1, a statutory trust organized and existing under the laws of the State of Delaware (herein referred to as the "***Issuer***"), for value received, hereby promises to pay to [_____], or registered assigns (the "***Registered Owner***"), but solely from the revenues and receipts hereinafter specified and not otherwise, a principal sum of [_____] MILLION DOLLARS AND NO/100 ($[_____]) (the "***Principal Amount***") on the Payment Date in January 2020 (the "***Stated Maturity Date***"), subject to the right of prior payment as described herein, and to pay interest on said Principal Amount, but solely from the revenues and receipts hereinafter specified and not otherwise, to the Registered Owner hereof at the close of business on the corresponding Record Date, from the date hereof until the payment of said Principal Amount has been made or duly provided for, payable on each Payment Date and at the Maturity Date, at a per annum rate equal to the LIBOR Rate plus 5.50%. Interest payable on this Senior Note shall be computed on the basis of a year of 360 days for the number of days actually elapsed and accrue daily from the date hereof.

The principal of and interest on this Senior Note are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Senior Note shall be applied first to interest due and payable on this Senior Note as provided above and then to the unpaid Principal Amount of this Senior Note.

This Senior Note is a senior note (collectively, the "***Senior Notes***") issued by the Issuer pursuant to the Indenture and Credit Agreement, dated as of January 20, 2010 (the "***Agreement***"), by and among the Issuer (by Deutsche Bank Trust Company Delaware, in its capacity as owner trustee (the "***Owner Trustee***")), Deutsche Bank Trust Company Americas, a banking corporation duly organized and operating under the laws of the State of New York, as indenture trustee (in such capacity, the "***Indenture Trustee***") and as collateral agent (in such capacity, the "***Collateral Agent***", and in its capacities as Indenture Trustee and as Collateral Agent, the "***Secured Party***") and Deutsche Bank National Trust Company, as lender trustee (the "***Lender Trustee***") (capitalized terms used but not defined herein being defined in the Agreement, which also contains rules as to usage that shall be applicable herein). This Senior Note is subject to all terms and provisions of the Agreement. A subordinated note (the "***Subordinated Note***," and together with the Senior Notes, the "***Notes***") was also issued by the Issuer pursuant to the Agreement. The Agreement also sets forth the terms of a loan (the "***Loan***" and together with the Notes, the "***Credit***") under which the Issuer is the borrower.

Reference is hereby made to the Agreement, a copy of which is on file in the Principal Office of the Secured Party, and to all of the provisions of which any Registered Owner of this Senior Note by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Credit secured thereunder; the Eligible Loans being financed by the issuance of the Credit; the revenues and other moneys pledged to the payment of the principal of and premium, if any, and interest, if any, on the Credit; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Principal Amount of this Senior Note may be decreased; the conditions upon which the Agreement may be amended or supplemented with or without the consent of the Creditors; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the Issuer and the Secured Party thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity of this Senior Note, and this Senior Note shall thereafter no longer be secured by the Agreement, or be deemed to be Outstanding thereunder; and for the other terms and provisions thereof.

Notwithstanding any provision of this Senior Note to the contrary, in no event shall the cumulative amount of interest paid or payable on this Senior Note (including interest calculated as provided herein, plus any other amounts that constitute interest on this Senior Note under applicable law, which are contracted for, charged, reserved, taken or received pursuant to this Senior Note or related documents) calculated from the date of issuance of this Senior Note through any subsequent day during the term of this Senior Note or otherwise prior to payment in full of this Senior Note exceed the amount permitted by applicable law. If applicable law is ever judicially interpreted so as to render usurious any amount called for under this Senior Note or related documents or otherwise contracted for, charged, reserved, taken or received in connection with this Senior Note, or if the acceleration of the Stated Maturity Date of this Senior Note results in payment to or receipt by the Registered Owner or any former Registered Owner hereof of any interest in excess of that permitted by applicable law, then notwithstanding any provision of this Senior Note or related documents to the contrary all excess amounts theretofore paid or received with respect to this Senior Note shall be credited on the principal balance of this Senior Note (or, if this Senior Note has been paid or would thereby be paid in full, refunded by the recipient thereof), and the provisions of this Senior Note and related documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for under this Senior Note and under the related documents.

The Credit is and will be secured by the Trust Estate pledged as security therefor as provided in the Agreement.

The entire unpaid Principal Amount of this Senior Note shall be due and payable on the Stated Maturity Date. Notwithstanding the foregoing, the entire unpaid Principal Amount of the Credit shall be due and payable on the date on which (a) an Event of Default shall have occurred and be continuing and (b) either the Secured Party or the Majority Priority Class Creditors shall have declared the Credit to be immediately due and payable in the manner provided in the Agreement.

Payments of interest on this Senior Note on each Payment Date, together with the installment of principal, if any, to the extent not in full payment of this Senior Note, shall be paid to the Person in whose name this Senior Note is registered on the related Record Date by wire transfer in immediately available funds to the account designated by the Registered Owner. If funds are expected to be available, as provided in the Agreement, for payment in full of the then Outstanding Principal Amount of this Senior Note on a Payment Date, then the Secured Party shall notify the Person in whose name this Senior Note is registered at the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of and interest on this Senior Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Payment Date.

As provided in the Agreement and subject to certain limitations set forth therein, the transfer of this Senior Note may be registered upon the records of the Secured Party upon surrender for transfer of this Senior Note at the Principal Office of the Secured Party, duly endorsed for transfer and accompanied by an assignment and assumption agreement in the form set forth in the Senior Notes Note Purchase Agreement duly executed by the Registered Owner or its attorney duly authorized in writing and by the transferee, and thereupon the Issuer shall execute and the Secured Party shall authenticate and deliver in the name of the transferee or transferees a new fully registered Senior Note of the same Principal Amount and interest rate and the same Stated Maturity Date.

The person in whose name this Senior Note shall be registered shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of either principal or interest shall be made only to or upon the written order of the Registered Owner hereof or its legal representative, but such registration may be changed as provided in the Agreement. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Senior Note to the extent of the sum or sums paid.

THE TRANSFER OF THIS SENIOR NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS SET FORTH IN THE AGREEMENT. Each Registered Owner and each transferee of a Senior Note shall represent and warrant that this Senior Note may not be acquired by an employee benefit plan or other retirement arrangement subject Section 406 of ERISA or Section 4975 of the Code or by any federal, state, local, non-U.S. or other plan which is subject to substantially similar law ("***Similar Law***"), (collectively, a "***Plan***") or a Person acting on behalf of any such Plan or a Person using the assets of any such Plan, unless the acquisition, holding and disposition of this Senior Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because it will satisfy the requirements for exemptive relief under Prohibited Transaction Class Exemption ("***PTCE***") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or the statutory exemption for nonfiduciary service providers under Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code or another applicable administrative or statutory exemption and in the case of a Plan subject to Similar Law, will not result in a non-exempt violation of such substantially similar law.

The Secured Party shall require the payment by any Registered Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The applicant for any such transfer or exchange may be required to pay all taxes and governmental charges in connection with such transfer or exchange, other than exchanges pursuant to the Agreement.

Unless the certificate of authentication hereon has been executed by the Secured Party whose name appears below by manual signature, this Senior Note shall not be entitled to any benefit under the Agreement, or be valid or obligatory for any purpose.

The term "***Issuer***" as used in this Senior Note includes any successor to the Issuer under the Agreement.

The Issuer is permitted by the Agreement, under certain circumstances, to merge or consolidate, subject to the rights of the Secured Party and the Creditors under the Agreement.

The Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Registered Owner hereof and other Creditors under the Agreement, or the waiver of certain past defaults under the Agreement and their consequences, at any time by the Issuer with specified percentages in aggregate principal amount or, in certain circumstances, without the consent of Creditors.

This Senior Note is issuable only in registered form as provided in the Agreement, subject to certain limitations therein set forth.

This Senior Note shall be held and owned upon the express condition that, to the extent permitted by law, the conditions set forth in Section 2.04 of the Agreement are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Notes, negotiable instruments or other securities.

This Senior Note shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws.

No reference herein to the Agreement and no provision of this Senior Note or of the Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and interest on this Senior Note at the times, place and rate, and in the coin or currency, herein prescribed.

It is expressly understood and agreed by the holder hereof that (a) each of the Agreement and this Senior Note is executed and delivered by Deutsche Bank Trust Company Delaware, not individually or personally but solely as Owner Trustee, in the exercise of the powers and authority conferred and vested in it; (b) each of the representations, undertakings and agreement in the Agreement and this Senior Note made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Deutsche Bank Trust Company Delaware or the Administrator of the Issuer but is made and intended for the purpose of binding only the Issuer; (c) nothing contained in the Agreement or this Senior Note shall be construed as creating any liability on Deutsche Bank Trust Company Delaware or the Administrator (except as provided in the Administration Agreement), individually or personally, to perform any covenant either expressly contained in or implied by the Agreement or this Senior Note, all such liability, if any, being expressly waived by the holder hereof and by any Person claiming by, through or under the holder hereof; and (d) under no circumstances shall Deutsche Bank Trust Company Delaware or the Administrator be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligations, representation, warranty or covenant made or undertaken by the Issuer under the Agreement, this Senior Note or the other Basic Documents.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed, manually or in facsimile, as of the date set forth below.

PEAKS TRUST 2009-1, a Delaware statutory trust

By: DEUTSCHE BANK TRUST COMPANY DELAWARE, not in its individual capacity or personal capacity but solely in its capacity as Owner Trustee

By ______________________________
Name:
Title:

By ______________________________
Name:
Title:

Date: ________ __, ______

SECURED PARTY'S CERTIFICATE OF AUTHENTICATION

This is one of the Senior Notes designated above and referred to in the within-mentioned Agreement.

DEUTSCHE BANK TRUST COMPANY AMERICAS, not in its individual capacity but solely as Secured Party

By ______________________________
Authorized Signatory

Date: ________ __, ______

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

____

(name and address of assignee)

the within Senior Note and all rights thereunder, and hereby irrevocably constitutes and appoints

____

attorney, to transfer said Senior Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ___________

By __________________________ *
Name __________________________
Title __________________________

Signature Guaranteed:

By __________________________ *

*NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Secured Party. The Assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Senior Note in every particular without alteration or any change whatever.

EXHIBIT B-2

FORM OF SUBORDINATED NOTE

THIS SUBORDINATED NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES OR BLUE SKY LAW OF ANY STATE. THE HOLDER HEREOF, BY PURCHASING THIS SUBORDINATED NOTE, AGREES THAT THIS SUBORDINATED NOTE MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY PURSUANT TO AN EXEMPTION AVAILABLE UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. BY ENTERING INTO THE SUBORDINATED NOTE NOTE PURCHASE AGREEMENT, THE PURCHASER SHALL HAVE REPRESENTED THAT IT IS (I) AN INSTITUTIONAL "ACCREDITED INVESTOR" AS THAT TERM IS DEFINED UNDER RULE 501(a)(1), (2), (3) or (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OR (II) A "QUALIFIED INSTITUTIONAL BUYER" AS THAT TERM IS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT.

THE PRINCIPAL OF THIS SUBORDINATED NOTE IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS SUBORDINATED NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THIS SUBORDINATED NOTE IS NOT GUARANTEED OR INSURED BY ANY GOVERNMENTAL AGENCY. THE REGISTERED OWNER OF THIS NOTE IS REQUIRED TO MAKE SUBORDINATED NOTE ADVANCES IN ACCORDANCE WITH THE PROVISIONS OF THE INDENTURE AND CREDIT AGREEMENT.

PEAKS TRUST 2009-1
SUBORDINATED NOTE

REGISTERED NO. R-__ REGISTERED $[______]

PEAKS TRUST 2009-1, a statutory trust organized and existing under the laws of the State of Delaware (herein referred to as the "***Issuer***"), for value received, hereby promises to pay to [______], or registered assigns (the "***Registered Owner***"), but solely from the revenues and receipts hereinafter specified and not otherwise, a principal sum of [______] MILLION DOLLARS AND NO/100 ($[______]), or such lesser amount as determined in accordance with the Indenture and Credit Agreement (as defined herein) (the "***Principal Amount***") on the Payment Date in March 2026 (the "***Stated Maturity Date***"), subject to the right of prior payment as described herein. This Subordinated Note shall not bear interest.

The principal of this Subordinated Note is payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Issuer with respect to this Subordinated Note shall be applied to the outstanding Principal Amount of this Subordinated Note.

This Note is a Subordinated Note (the "***Subordinated Note***") issued by the Issuer pursuant to the Indenture and Credit Agreement, dated as of January 20, 2010 (the "***Agreement***"), by and among the Issuer (by Deutsche Bank Trust Company Delaware, in its capacity as owner trustee (the "***Owner Trustee***")), Deutsche Bank Trust Company Americas, a banking corporation duly organized and operating under the laws of the State of New York, as indenture trustee (in such capacity, the "***Indenture Trustee***") and as collateral agent (in such capacity, the "***Collateral Agent***" and in its capacities as Indenture Trustee and as Collateral Agent, the "***Secured Party***") and Deutsche Bank National Trust Company, as lender trustee (the "***Lender Trustee***") (capitalized terms used but not defined herein being defined in the Agreement, which also contains rules as to usage that shall be applicable herein). This Subordinated Note is subject to all terms and provisions of the Agreement. Senior Notes (the "***Senior Notes***," and together with the Subordinated Note, the "***Notes***") were also issued by the Issuer pursuant to the Agreement. The Agreement also sets forth the terms of a loan (the "***Loan***" and together with the Notes, the "***Credit***") under which the Issuer is the borrower.

The indebtedness evidenced by this Subordinated Note is, to the extent and in the manner provided by the Indenture and Credit Agreement, expressly subordinate and subject in right of payment to the prior payment of the Senior Credit, whether outstanding at the date of the Subordinated Note Note Purchase Agreement or thereafter incurred.

Reference is hereby made to the Agreement, a copy of which is on file in the Principal Office of the Secured Party, and to all of the provisions of which any Registered Owner of this Subordinated Note by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Credit secured thereunder; the Eligible Loans being financed by the issuance of the Credit; the revenues and other moneys pledged to the payment of the principal of and premium, if any, and interest, if any, on the Credit; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Principal Amount of this Subordinated Note may be increased and decreased; the conditions upon which the Agreement may be amended or supplemented with or without the consent of the Creditors; the rights and remedies of the Registered Owner hereof with respect hereto and thereto, including the limitations upon the right of a Registered Owner hereof to institute any suit, action or proceeding in equity or at law with respect hereto and thereto; the rights, duties and obligations of the Issuer and the Secured Party thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity of this Subordinated Note, and this Subordinated Note shall thereafter no longer be secured by the Agreement, or be deemed to be Outstanding thereunder; and for the other terms and provisions thereof.

The Credit is and will be secured by the Trust Estate pledged as security therefor as provided in the Agreement.

The entire unpaid Principal Amount of this Subordinated Note shall be due and payable on the Maturity Date. Notwithstanding the foregoing, the entire unpaid Principal Amount of the Credit shall be due and payable on the date on which (a) an Event of Default shall have occurred and be continuing and (b) either the Secured Party or the Majority Priority Class Creditors shall have declared the Credit to be immediately due and payable in the manner provided in the Agreement.

Payments of principal, to the extent not in full payment of this Subordinated Note, shall be paid to the Person in whose name this Subordinated Note is registered on the related Record Date by wire transfer in immediately available funds to the account designated by the Registered Owner. If funds are expected to be available, as provided in the Agreement, for payment in full of the then Outstanding Principal Amount of this Subordinated Note on a Payment Date, then the Secured Party shall notify the Person in whose name this Subordinated Note is registered by the close of business on the Record Date preceding the Payment Date on which the Issuer expects that the final installment of principal of this Subordinated Note will be paid. Such notice shall be mailed or transmitted by facsimile prior to such final Payment Date.

As provided in the Agreement and subject to certain limitations set forth therein, the transfer of this Subordinated Note may be registered upon the records of the Secured Party upon surrender for transfer of this Subordinated Note at the Principal Office of the Secured Party, duly endorsed for transfer and accompanied by an assignment and assumption agreement in the form set forth in the Note Purchase Agreement duly executed by the Registered Owner or its attorney duly authorized in writing and by the transferee, and thereupon the Issuer shall execute and the Secured Party shall authenticate and deliver in the name of the transferee or transferees a new fully registered Subordinated Note of the same Principal Amount and the same Maturity Date.

The person in whose name this Subordinated Note shall be registered shall be deemed and regarded as the absolute owner hereof for all purposes, and payment of principal shall be made only to or upon the written order of the Registered Owner hereof or its legal representative, but such registration may be changed as provided in the Agreement. All such payments shall be valid and effectual to satisfy and discharge the liability upon this Subordinated Note to the extent of the sum or sums paid.

THE TRANSFER OF THIS SUBORDINATED NOTE IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS SET FORTH IN THE AGREEMENT. Each Registered Owner and each transferee of a Subordinated Note shall represent and warrant that this Subordinated Note may not be acquired by an employee benefit plan or other retirement arrangement subject Section 406 of ERISA or Section 4975 of the Code or by any federal, state, local, non-U.S. or other plan which is subject to substantially similar law (collectively, a "***Plan***") or a person acting on behalf of any such Plan or a person using the assets of any such Plan.

The Secured Party shall require the payment by any Registered Owner requesting exchange or transfer of any tax or other governmental charge required to be paid with respect to such exchange or transfer. The applicant for any such transfer or exchange may be required to pay all taxes and governmental charges in connection with such transfer or exchange, other than exchanges pursuant to the Agreement.

Unless the certificate of authentication hereon has been executed by the Secured Party whose name appears below by manual signature, this Subordinated Note shall not be entitled to any benefit under the Agreement, or be valid or obligatory for any purpose.

The term "***Issuer***" as used in this Subordinated Note includes any successor to the Issuer under the Agreement.

The Issuer is permitted by the Agreement, under certain circumstances, to merge or consolidate, subject to the rights of the Secured Party and the Creditors under the Agreement.

The Agreement permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the Registered Owner hereof and other Creditors under the Agreement, or the waiver of certain past defaults under the Agreement and their consequences, at any time by the Issuer with specified percentages in aggregate principal amount or, in certain circumstances, without the consent of Creditors.

This Subordinated Note is issuable only in registered form as provided in the Agreement, subject to certain limitations therein set forth.

This Subordinated Note shall be held and owned upon the express condition that, to the extent permitted by law, the conditions set forth in Section 2.04 of the Agreement are exclusive with respect to the replacement and payment of mutilated, destroyed, lost or stolen Notes, negotiable instruments or other securities.

This Subordinated Note shall be construed in accordance with the laws of the State of New York, without reference to its conflict of law provisions, and the obligations, rights and remedies of the parties hereunder and thereunder shall be determined in accordance with such laws.

No reference herein to the Agreement and no provision of this Subordinated Note or of the Agreement shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of this Subordinated Note at the times, place and in the coin or currency, herein prescribed.

It is expressly understood and agreed by the holder hereof that (a) each of the Agreement and this Subordinated Note is executed and delivered by Deutsche Bank Trust Company Delaware, not individually or personally but solely as Owner Trustee, in the exercise of the powers and authority conferred and vested in it; (b) each of the representations, undertakings and agreement in the Agreement and this Subordinated Note made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Deutsche Bank Trust Company Delaware or the Administrator of the Issuer but is made and intended for the purpose of binding only the Issuer; (c) nothing contained in the Agreement or this Subordinated Note shall be construed as creating any liability on Deutsche Bank Trust Company Delaware or the Administrator (except as provided in the Administration Agreement), individually or personally, to perform any covenant either expressly contained in or implied by the Agreement or this Subordinated Note, all such liability, if any, being expressly waived by the holder hereof and by any Person claiming by, through or under the holder hereof; and (d) under no circumstances shall Deutsche Bank Trust Company Delaware or the Administrator be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligations, representation, warranty or covenant made or undertaken by the Issuer under the Agreement, this Subordinated Note or the other Basic Documents.

IN WITNESS WHEREOF, the Issuer has caused this instrument to be duly executed, manually or in facsimile, as of the date set forth below.

PEAKS TRUST 2009-1, a Delaware statutory trust

By: DEUTSCHE BANK TRUST COMPANY DELAWARE, not in its individual capacity or personal capacity but solely in its capacity as Owner Trustee

By ______________________________
Name:
Title:

By ______________________________
Name:
Title:

Date: ________ __, ____

SECURED PARTY'S CERTIFICATE OF AUTHENTICATION

This is the Subordinated Note designated above and referred to in the within-mentioned Agreement.

DEUTSCHE BANK TRUST COMPANY AMERICAS, not in its individual capacity but solely as Secured Party

By ______________________________
Authorized Signatory

Date: ________ __, ____

ASSIGNMENT

Social Security or taxpayer I.D. or other identifying number of assignee

____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

____

(name and address of assignee)

the within Subordinated Note and all rights thereunder, and hereby irrevocably constitutes and appoints

____

attorney, to transfer said Subordinated Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ____________

By ______________________________ *
Name ______________________________
Title ______________________________

Signature Guaranteed:

By ______________________________ *

*NOTICE: Signature(s) should be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Secured Party. The Assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Subordinated Note in every particular without alteration or any change whatever.

EXHIBIT B-3

[FORM OF LOAN NOTE]

$[ ]

January [ ], 2010
New York, New York

THE PRINCIPAL OF THE LOAN IS PAYABLE AS SET FORTH HEREIN. ACCORDINGLY, THE OUTSTANDING PRINCIPAL AMOUNT OF THE LOAN AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. THE LOAN IS NOT GUARANTEED OR INSURED BY ANY GOVERNMENTAL AGENCY.

FOR VALUE RECEIVED, PEAKS TRUST 2009-1, a Delaware statutory trust (the "Borrower"), hereby promises to pay to the order of **[ ]** (the "Lender")**,** at the principal office of the Lender at [ ], in lawful money of the United States, and in immediately available funds, the principal sum of [ ] ($[ ]) (or such lesser amount as shall equal the aggregate unpaid principal amount of the Loan made by the Lender to the Borrower under the terms of the Indenture and Credit Agreement and the Loan Agreement (each as defined below)), on the dates and in the principal amounts provided in the Indenture and Credit Agreement, and to pay interest on the unpaid principal amount of each such Loan, at such office, in like money and funds, for the period commencing on the date of such Loan until such Loan shall be paid in full, at the rates per annum and on the dates provided in the Indenture and Credit Agreement.

This note is a Loan Note (a "***Loan Note***") evidencing an interest in the Loan provided for in the Indenture and Credit Agreement, dated as of January 20, 2010 (the "***Indenture and Credit Agreement***"), by and among the Issuer (by Deutsche Bank Trust Company Delaware, in its capacity as owner trustee (the "***Owner Trustee***")), Deutsche Bank Trust Company Americas, a banking corporation duly organized and operating under the laws of the State of New York, as indenture trustee (in such capacity, the "***Indenture Trustee***") and as collateral agent (in such capacity, the "***Collateral Agent***" and in its capacities as Indenture Trustee and as Collateral Agent, the "***Secured Party***") and Deutsche Bank National Trust Company, as lender trustee (the "***Lender Trustee***") (capitalized terms used but not defined herein being defined in the Indenture and Credit Agreement, which also contains rules as to usage that shall be applicable herein). This Loan Note evidences the Loan made by the Lender to the Borrower pursuant to the loan agreement (the ***Loan Agreement***") dated as of January 20, 2010 among the Borrower, the Collateral Agent and the Lender. The Loan is subject to all terms and provisions of the Indenture and Credit Agreement and the Loan Agreement. Senior Notes (the "***Senior Notes***,") and a Subordinated Note (the "***Subordinated Note***" and together with the Senior Notes, the "***Notes***" and the Notes, together with the Loan, the "***Credit***") were also issued by the Issuer pursuant to the Indenture and Credit Agreement.

The principal of and interest on the Loan are payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. All payments made by the Borrower with respect to the Loan shall be applied first to interest due and payable on this Loan as provided above and then to the unpaid principal amount of this Loan.

The obligations of the Borrower to pay principal and interest under the Loan and certain other obligations under the Loan Agreement are non-recourse obligations of the Borrower, payable solely from the sources described in the Indenture and Credit Agreement.

THE TRANSFER OR ASSIGMENT OF INTERESTS IN THE LOAN IS SUBJECT TO CERTAIN TRANSFER RESTRICTIONS SET FORTH IN THE LOAN AGREEMENT AND THE INDENTURE AND CREDIT AGREEMENT.

PEAKS TRUST 2009-1, a Delaware statutory trust

By: DEUTSCHE BANK TRUST COMPANY DELAWARE, not in its individual capacity or personal capacity but solely in its capacity as Owner Trustee

By ____________________
Name:
Title:

By ____________________
Name:
Title:

SECURED PARTY'S CERTIFICATE OF AUTHENTICATION

This is the Loan Note designated above and referred to in the within-mentioned Indenture and Credit Agreement.

DEUTSCHE BANK TRUST COMPANY AMERICAS, not in its individual capacity but solely as Secured Party

By ____

Authorized Signatory

Date: ________ __, ____

EXHIBIT C

FORM OF ADMINISTRATOR'S PAYMENT DATE CERTIFICATE

This Payment Date Certificate (the "***Certificate***") is being provided by Access Group, Inc., as administrator (the "***Administrator***"), to Deutsche Bank Trust Company Americas, as trustee (in such capacity, the "***Indenture Trustee***") and as collateral agent (in such capacity, the "***Collateral Agent***" and as in its capacities as Indenture Trustee and as Collateral Agent, the "***Secured Party***"), pursuant to Section 5.03(b) of the Amended and Restated Indenture and Credit Agreement, dated as of December 31, 2010 (the "***Agreement***"), by and among PEAKS Trust 2009-1 (the "***Issuer***"), the Secured Party and Deutsche Bank National Trust Company, as lender trustee (the "***Lender Trustee***"). All capitalized terms used in this Certificate and not otherwise defined shall have the same meanings as assigned to such terms in the Agreement.

Pursuant to this Certificate, the Administrator hereby directs the Secured Party to make the following deposits and distributions to the Persons specified below by 3:00 p.m. (New York time) on ______ __, ____ (the "***Payment Date***"), to the extent of the amount of Available Funds on deposit in the Collection Account on such Payment Date. The Secured Party shall make the following distributions in the following order of priority, and the Secured Party shall comply with such instructions:

(i)	(a)	the Secured Party Fee to the Secured Party,	$ —
	(b)	the Owner Trustee Fee to the Owner Trustee,	$ —
	(c)	the Administration Fee to the Administrator,	$ —
	(d)	the Servicing Fees to the Servicer, and	$ —
	(e)	any unpaid Secured Party Fees, Owner Trustee Fees, Administration Fees and Servicing Fees, if any, from prior Payment Dates to the Secured Party, the Owner Trustee, the Administrator and the Servicer due on the Payment Date,	$ —

payments described in (a) through (e) above to be made ratably based on amounts due, without preference or priority of any kind, due on the Payment Date, and in each case with such fees remaining unpaid from prior Payment Dates;

(A) on any Payment Date prior to the occurrence of an Event of Default, to pay to the Secured Party, the Owner Trustee, the Lender Trustee, the Administrator, the Servicer and the Originating Lender, pro rata, based on amounts owed to each such party, without preference or priority of any kind, extraordinary fees and expenses or indemnification amounts owed to such party by the Issuer pursuant to the Basic Documents or any costs and expenses of replacing the Secured Party, the Owner Trustee, the Lender Trustee, the Servicer or the Administrator (but only to the extent required under the terms of the Basic Documents), up to an annual cap equal to $200,000, due on such Payment Date, as follows:

to the Secured Party:
to the Owner Trustee:
to the Lender Trustee:
to the Administrator:
to the Servicer:
to the Originating Lender:

and

(B) on any Payment Date on or after the occurrence of an Event of Default, sequentially, as follows:

(1) first, to pay to the Secured Party, extraordinary fees and expenses or indemnification amounts owed to the Secured Party by the Issuer pursuant to the Basic Documents or any costs and expenses of replacing the Secured Party (but only to the extent required under the terms of the Basic Documents) due on such Payment Date, up to an aggregate maximum amount (including all such payments on prior Payment Dates) of $350,000; and

(2) to pay to the Owner Trustee, the Lender Trustee, the Administrator, the Servicer and the Originating Lender, pro rata, based on amounts owed to each such party, without preference or priority of any kind, extraordinary fees and expenses or indemnification amounts owed to such party by the Issuer pursuant to the Basic Documents or any costs and expenses of replacing the Owner Trustee, the Lender Trustee, the Servicer or the Administrator (but only to the extent required under the terms of the Basic Documents), up to an annual cap equal to $200,000, due on such Payment Date as follows:

to the Owner Trustee:
to the Lender Trustee:
to the Administrator:
to the Servicer:
to the Originating Lender:

(ii)	.	$ —

(iii)	(a)	accrued and unpaid interest on the Senior Credit to the Senior Creditors, and	$ —
	(b)	the Arranging Agent Fee to the Arranging Agent, and	$ —
		payments described in (a) and (b) above to be made ratably based on amounts due, without preference or priority of any kind, due on the Payment Date;	
(iv)		any Arranging Agent Fee Carryover Amount due to the Arranging Agent;	$ —
(v)	(a)	the Principal Payment Amount, in repayment of principal until the Outstanding Amount of the Senior Credit is reduced to zero, to the Senior Creditors, and	$ —
	(b)	on or prior to the Payment Date in January 2013, the Call Premium for such Payment Date, to the Senior Creditors, and	$ —
		payments described in (a) and (b) above to be made ratably based on amounts due, without preference or priority of any kind, due on the Payment Date;	
(vi)		to pay to the Senior Creditors, any amounts due to the Senior Creditors pursuant to Section 15 of the Senior Notes Note Purchase Agreement or the Loan Agreement, as applicable;	
		to the Secured Party, the Owner Trustee, the Lender Trustee, the Administrator, the Servicer and the Originating Lender, pro rata, based on amounts owed to each such party, without preference or priority of any kind, any extraordinary fees and expenses or indemnification amounts due and owing to such party by the Issuer pursuant to the Basic Documents as of such Payment Date and not previously paid pursuant to clause (ii) above, as follows:	
		to the Secured Party:	
		to the Owner Trustee:	
		to the Lender Trustee:	
		to the Administrator:	
		to the Servicer:	
(vii)		to the Originating Lender:	$ —
(viii)		to the Guarantor, in repayment of any Guaranteed Payments made by the Guarantor under the Guarantee Agreement;	$ —

(ix)	to the Registered Owner of the Subordinated Note, in repayment of the Subordinated Note, until the principal balance of the Subordinated Note has been reduced to zero;	$ —
(x)	transfer any remaining amount to the Issuer for distribution in accordance with the terms of the Trust Agreement.	$ —
	Total Distributions	$ —

The Administrator further hereby directs the Secured Party to withdraw from the Reserve Account an amount equal to $______, representing the shortfall of Available Funds in the Collection Account needed to make the transfers required by Section 5.03(b)(i) and 5.03(b)(iii)(a) of the Agreement. The Secured Party shall make the following distributions in the following order of priority, and the Secured Party shall comply with such instructions:

(i)	(a)	the Secured Party Fee to the Secured Party,	$ —
	(b)	the Owner Trustee Fee to the Owner Trustee,	$ —
	(c)	the Administration Fee to the Administrator,	$ —
	(d)	the Servicing Fees to the Servicer, and	$ —
	(e)	any unpaid Secured Party Fees, Owner Trustee Fees, Administration Fees and Servicing Fees, if any, from prior Payment Dates to the Secured Party, the Owner Trustee, the Administrator and the Servicer due on the Payment Date, and	$ —
		payments described in (a) through (e) above to be made ratably based on amounts due, without preference or priority of any kind, due on the Payment Date, and in each case with such fees remaining unpaid from prior Payment Dates;	
(ii)		accrued and unpaid interest on the Senior Credit to the Senior Creditors, to be made ratably based on amounts due, without preference or priority of any kind, due on the Payment Date	$ —
		Total Distributions	$ —

The Administrator further directs the Secured Party, to the extent amounts are on deposit in the Reserve Account on the Monthly Measurement Date in January 2013, to withdraw all amounts remaining on deposit therein and transfer such amounts to the Collection Account to become part of Available Funds on the related Payment Date.

The Administrator further directs the Secured Party, to the extent amounts are on deposit in the Acquisition Account on any Payment Date on or after the earlier of (i) the Payment Date in July 2011 or (ii) the first Payment Date immediately following the end of the Transfer Period, to withdraw all amounts remaining on deposit therein in excess of the sum of (1) those amounts required for the purchase of additional Participation Interests with respect to Partially Disbursed Student Loans and (2) amounts required for the purchase of Eligible Loans that are scheduled to be disbursed, or Participation Interests for which the first scheduled disbursement is, prior to

July 31, 2011 (including with respect to the amounts described in clauses (1) and (2), all associated Syndication Agent Fees and Originating Lender Premiums), and transfer such amounts to the Collection Account to become part of Available Funds on the related Payment Date.

The Administrator hereby certifies, in reliance on information provided by the Secured Party, that the information herein is true and accurate in all material respects and is in compliance with the provisions of the Agreement.

IN WITNESS WHEREOF, the Administrator has caused this Certificate to be duly executed and delivered as of the date written below.

ACCESS GROUP, INC., as Administrator

By ______________________________

Authorized Signatory

Date: ________ __, ____

EXHIBIT D-1

FORM OF INVESTMENT LETTER FOR SENIOR NOTE

________ __, ____

PEAKS Trust 2009-1, as Issuer
Deutsche Bank Trust Company Americas, as Secured Party
Deutsche Bank National Trust Company, as Lender Trustee
Deutsche Bank Trust Company Delaware, as Owner Trustee

Re: PEAKS Trust 2009-1 (the "***Issuer***")
Student Loan Asset-Backed Senior Notes (the "***Notes***")

Ladies and Gentlemen:

[✖] (the "***Purchaser***") is today purchasing in a private sale from [✖] (the "***Seller***") $[✖] aggregate Senior Credit Balance of the above-captioned Notes, issued pursuant to the Amended and Restated Indenture and Credit Agreement, dated as of December 31, 2010 (the "***Agreement***"), among the Issuer, Deutsche Bank Trust Company Americas, as indenture trustee (in such capacity, the "***Indenture Trustee***") and as collateral agent (in such capacity, the "***Collateral Agent***" and in its capacities as Indenture Trustee and as Collateral Agent, the "***Secured Party***") and Deutsche Bank National Trust Company, as lender trustee (the "***Lender Trustee***").

In connection with the purchase of the Notes, the Purchaser hereby represents and warrants to each of you as follows:

(a) The Purchaser understands that the Notes have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***") or under the securities laws of any state or other jurisdiction ("***blue sky laws***"), and that the Notes may not be sold, resold, pledged or otherwise transferred except as permitted in the following two sentences. The Purchaser agrees, on its behalf and on behalf of any accounts for which the Purchaser is acting as hereinafter stated, that such Notes may be resold, pledged or transferred only (i) to a person who purchases either all or a percentage interest in the Purchaser's interest in the Notes, and (ii) either (A) so long as such Notes are eligible for resale pursuant to Rule 144A under the Securities Act ("***Rule 144A***"), to a person whom the Purchaser reasonably believes after due inquiry is a "qualified institutional buyer" as defined in Rule 144A acting for its own account (and not for the account of others) or as a fiduciary or agent for others (which others also are "qualified institutional buyers") to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, (B) to a person it reasonably believes is an institutional "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act acting for its own account (and not for the account of others) or as a fiduciary or agent for others (which others also are institutional "accredited investors"), or (C) in a sale, pledge or other transfer made in a transaction otherwise exempt from the registration requirements of the Securities Act and applicable blue sky laws, in which case the Secured Party shall require that (I) both the prospective transferor and the prospective transferee certify to the Secured Party on behalf of the Issuer in writing the facts surrounding such transfer, which certification shall be in form and substance reasonably satisfactory to the Secured Party and (II) a written opinion of counsel satisfactory to the Secured Party be provided to the Secured Party to the effect that such transfer will not violate the Securities Act or applicable blue sky laws. The Purchaser will notify any purchaser of the Notes from it of the above resale restrictions, if then applicable.

(b) The Purchaser is either (i) a "qualified institutional buyer" as defined under Rule 144A under the Securities Act or (ii) an institutional "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act, and in each case is purchasing for its own account (and not for the account of others) or as a fiduciary or agent for others (which others also are "qualified institutional buyers" or institutional "accredited investors," as applicable). The Purchaser is familiar with Rule 144A or Rule 501(a) under Regulation D, as applicable, under the Securities Act and is aware that the Seller of the Notes and other parties intend to rely on the statements made herein and the exemption from the registration requirements of the Securities Act provided by Rule 144A or Rule 501(a) under Regulation D, as applicable. The Purchaser acknowledges that it has received the information specified in paragraph (d)(4) of Rule 144A under the Securities Act. The Purchaser is aware that it (or any account for which it is purchasing) may be required to bear the economic risk of an investment in the Notes for an indefinite period, and it (or such account) is able to bear such risk for an indefinite period.

(c) [Reserved].

(d) The Purchaser agrees that if at some time it wishes to dispose of or exchange any of the Notes, it will not transfer or exchange any of the Notes unless such transfer or exchange is in accordance with the provisions of the Agreement.

(e) The Purchaser represents that if it is an employee benefit plan or other retirement arrangement subject Section 406 of ERISA or Section 4975 of the Code or any federal, state, local, non-U.S. or other plan which is subject to substantially similar law ("***Similar Law***"), (collectively, a "***Plan***") or a person acting on behalf of any such plan or a person using the assets of any such plan, the acquisition, holding and disposition of the Senior Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because it will satisfy the requirements for exemptive relief under Prohibited Transaction Class Exemption ("***PTCE***") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or the statutory exemption for nonfiduciary service providers under Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code or another applicable administrative or statutory exemption and in the case of a Plan subject to Similar Law, will not result in a non-exempt violation of such substantially similar law.

(f) The Purchaser has consulted with its own legal counsel, independent accountants and financial advisors to the extent it deems necessary regarding the tax consequences to it of ownership of the Notes, is aware that its taxable income with respect to the Notes in any accounting period may not correspond to the cash flow (if any) from the Notes for such period, and is not purchasing the Notes in reliance on any representations of the Seller or its counsel with respect to tax matters.

(g) The Purchaser understands that the Notes will bear a legend substantially as set forth in the Agreement.

(h) The Purchaser hereby further agrees to be bound by all the terms and conditions of the Notes as provided in the Agreement.

(i) If the Purchaser sells any of the Notes, the Purchaser will obtain from any subsequent purchaser substantially the same representations contained in this Investment Letter.

(j) The undersigned is a sophisticated institutional investor and has such knowledge and experience in financial and business matters and expertise in assessing financial risk, that it is capable of evaluating the merits, risks and suitability of investing in the Notes.

(k) The undersigned has conducted its own independent due diligence investigation of the Issuer, the Guarantor and the Notes, and is relying solely on its own diligence investigation, its own financial analysis, and whatever sources of information it has deemed appropriate, reliable and adequate, with respect to the Notes.

(l) The undersigned is able to bear the economic risks of and an entire loss of its investment in the Notes.

(m) The undersigned [has had the opportunity to consult] [has consulted] with such legal, financial and other advisers as it has deemed appropriate with respect to the Issuer, the Guarantor and the Notes and all related legal, financial, accounting and tax matters.

(n) The undersigned acknowledges that it has had the opportunity to ask questions of and receive answers from the Guarantor and the Issuer regarding the terms and conditions of the Notes and regarding the business, financial affairs and other aspects of the Guarantor and the Issuer, and further has had the opportunity to obtain all information (to the extent the Guarantor or the Issuer, as applicable, possesses or can acquire such information without unreasonable effort or expense) that it deems necessary to evaluate the investment and verify the accuracy of information otherwise provided to the undersigned.

(o) The undersigned acknowledges and agrees to be bound by the confidentiality provisions of Section 20 of the Senior Notes Note Purchase Agreement as if it was a "Note Purchaser" thereunder. [ONLY FOR PURCHASERS OF SENIOR NOTES OTHER THAN THE INITIAL REGISTERED OWNERS]

(p) Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed thereto in the Agreement.

You are entitled to rely upon this letter and you are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

The representations and warranties contained herein shall be binding upon the successors of the undersigned.

Executed at _________, this __day of _________, 200__.

By: ______________________________

Name: [Purchaser's Name]
Title: [✖]
Address: [✖]
Taxpayer ID Number: [✖]

EXHIBIT D-2

FORM OF INVESTMENT LETTER FOR SUBORDINATED NOTE

________ __, ____

PEAKS Trust 2009-1, as Issuer
Deutsche Bank Trust Company Americas, as Secured Party
Deutsche Bank Trust Company Delaware, as Owner Trustee
Access Group, Inc., as Administrator

Re: PEAKS Trust 2009-1,
[Subordinated Note]

Ladies and Gentlemen:

The undersigned (the "***Purchaser***") intends to purchase from **[Name of current Registered Owner]** the above referenced Note (the "***Note***") issued by PEAKS Trust 2009-1 (the "***Issuer***") pursuant to the Amended and Restated Indenture and Credit Agreement, dated as of December 31, 2010 (the "***Agreement***"), by and among the Issuer, Deutsche Bank Trust Company Americas, as indenture trustee (in such capacity, the "***Indenture Trustee***") and as collateral agent (in such capacity, the "***Collateral Agent***" and in its capacities as Indenture Trustee and as Collateral Agent, the "***Secured Party***") and Deutsche Bank National Trust Company, as lender trustee (the "***Lender Trustee***"). Capitalized terms used and not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement.

THIS LETTER, OR A FACSIMILE COPY HEREOF, WILL BE DELIVERED TO THE ABOVE ADDRESSEES NO LATER THAN THE DATE OF PURCHASE.

In connection with the purchase of the Note, the undersigned, as an authorized officer or agent of the Purchaser and on behalf of the Purchaser hereby agrees to the following terms and conditions and makes the representations and warranties stated herein with the express understanding that the truth and accuracy of the representations and warranties will be relied upon by the Issuer, the Secured Party, the Owner Trustee and the Administrator:

1. The Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its creation, and is authorized to purchase the Note and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Note. The person executing this Investment Letter on behalf of the Purchaser and making the certifications included herein is the chief financial officer, a person fulfilling an equivalent function, or other executive or authorized officer of the Purchaser and is duly authorized to do so on the Purchaser's behalf.

2. The Purchaser qualifies as (i) an "accredited investor" as that term is defined under Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended (the "***Securities Act***"), (ii) a "qualified institutional buyer" as that term is defined in Rule 144A promulgated under the Securities Act and (iii) a "qualified purchaser" as that term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and related rules.

3. The Purchaser represents that it is purchasing the Note for its own account or for one or more separate accounts maintained by the Purchaser or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of such Purchaser's or their property shall at all times be within the Purchaser's or their control.

4. The Purchaser understands that the Note has not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Issuer is not required to register the Note.

5. The Purchaser represents that it (a) is a sophisticated investor familiar with transactions similar to its investment in the Note, (b) understands that an investment in the Note involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances, (c) has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of its investment in the Note and (d) is able to bear the economic risk of its investment. The Purchaser represents that it has had access to such financial and other information concerning the transaction as it has deemed necessary or appropriate in order to make an informed investment decision with respect to its acquisition of the Note. The Purchaser represents that it is not relying on the Issuer or any of its Affiliates for information with respect to the Note or any security therefor. The Purchaser has sought such accounting and tax advice as it has considered necessary.

6. The Purchaser understands that none of the Issuer, the Secured Party, the Owner Trustee or the Administrator makes any representation as to the proper characterization of the Note for legal investment or other purposes, or as to the ability of particular investors to purchase the Note for legal investment or other purposes, or as to the ability of particular investors to purchase the Note under applicable investment restrictions.

7. The Purchaser understands that it is the Issuer's intention that the Note be treated as debt of the Issuer for federal income tax purposes, and by entering into the Subordinated Note Note Purchase Agreement, agrees to so treat the Note and to take no action inconsistent therewith.

8. The Purchaser represents that not it is an employee benefit plan or other retirement arrangement subject Section 406 of ERISA or section 4975 of the Code or any federal, state, local, non-U.S. or other plan which is subject to substantially similar law.

9. The interpretation of the provisions hereof shall be governed and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

10. The Purchaser agrees and acknowledges that its representations and warranties given hereunder are being relied upon by the addressees in order for any resale of a Note to qualify for the exemption provided by Section 3(c)(7) under the Investment Company Act, and the exemption provided by Section 4(2) and Rule 144A under the Securities Act, and the Purchaser shall be deemed to have reaffirmed the representations and warranties contained in this Investment Letter upon any purchase of an increased principal amount in any Note pursuant to the Agreement, and shall promptly inform the Issuer if any of the representations, warranties or covenants set forth herein are not true as of such date. The Purchaser shall provide notice to any transferees of the transfer restrictions applicable to the Note.

Very truly yours,

[NAME OF PURCHASER]

By ____________________
Name ____________________
Title ____________________

EXHIBIT E

FORM OF MONTHLY REPORTS

PEAKS Trust 2009-1
Monthly Servicing Report

Report Date:	**[ ]**
Collection Period:	**[ ] [ ]**

I		**Series 2009-1 Asset and Liability Summary**			
A.		**Student Loan Sub-Account Portfolio and Fund Balance**	**[ ]**	**Change**	**[ ]**
	1	Principal Balance	$0.00	$ 0.00	$ 0.00
	2	Accrued Interest	$0.00	$ 0.00	$ 0.00
	3	Total Principal And Accrued Interest Balance	**$0.00**	**$ 0.00**	**$ 0.00**
	4	Fund Accounts Balance	**$0.00**	**$ 0.00**	**$ 0.00**
	5	**Total Student Loans And Fund Balance**	**$0.00**	**$ 0.00**	**$ 0.00**

B.		**Student Loan Sub-Account Portfolio and Fund Balance**	**[ ]**	**Change**	**[ ]**	
	1	Weighted Average Coupon **(WAC)**	0.00%	0.00%	0.00%	
	2	Weighted Average Remaining Maturity **(WARM) [includes in-school period]**	0	0	0	
	3	Number of Loans	0	0	0	
	4	Number of Borrowers	0	0	0	
					Trust Asset/ Liability Ratio	**0.00%**

D.		**Accounts Balance**	**[ ]**	**Change**	**[ ]**
	1	Reserve Account	$0.00	$ 0.00	$ 0.00
	2	**Total Associated Accounts Balance**	**$0.00**	**$ 0.00**	**$ 0.00**

PEAKS Trust 2009-1
Monthly Servicing Report

Report Date: [ ]
Collection Period: [ ]

II		**Series 2009-1 Trust Sub-Account Transactions and Accruals**	
A.		**Student Loan Cash Principal Activity**	[ ]
	1	Borrower Payments	$ 0.00
	2	Refunds	$ 0.00
	3	New Acquisitions	$ 0.00
	4	Hold	$ 0.00
	5	**Total Principal Collections**	**$ 0.00**
B.		**Student Loan Non-Cash Principal Activity**	
	1	Capitalized Interest	$ 0.00
	2	Hold	$ 0.00
	3	Charge-offs	$ 0.00
	4	Other Adjustments	$ 0.00
	5	**Total Non-Cash Principal Activity**	**$ 0.00**
C.		**Total Student Loan Principal Activity**	**$ 0.00**
D.		**Student Loan Cash Interest Activity**	[ ]
	1	Borrower Payments	$ 0.00
	2	Refunds	$ 0.00
	3	New Acquisitions	$ 0.00
	4	Hold	$ 0.00
	5	Other Adjustments	$ 0.00
	6	**Total Interest Collections**	**$ 0.00**
E.		**Student Loan Non-Cash Interest Activity**	
	1	Borrower Accruals	$ 0.00
	2	Capitalized Interest	$ 0.00
	3	Charge-offs	$ 0.00
	4	Other Adjustments	$ 0.00
	5	**Total Non-Cash Interest Activity**	**$ 0.00**
F.		**Total Student Loan Interest Activity**	**$ 0.00**

PEAKS Trust 2009-1
Monthly Servicing Report

Report Date: [ ]
Collection Period: [ ]

III.		**Series 2009-1 Collection Account Activity**	
A.		**Collection Fund**	**[ ]**
		Beginning Balance	$ 0.00
		Transfers to Other Funds	$ 0.00
	1a	Amount received in the collection account related to the collection period	$ 0.00
	1b	Earnings	$ 0.00
	1c	Recoveries	$ 0.00
	2	Payments under the Guaranty Agreements	$ 0.00
	3	Hold	$ 0.00
	4	Hold	$ 0.00
	5	Hold	$ 0.00
		Ending Balance	**$ 0.00**

			Estimated Due	Distribute from Collection	Transfer from Other Funds
B.		**Estimated Required Payments Under Waterfall**			
	1a	**Ordinary Administrative Expenses**	$ 0.00	$ 0.00	$ 0.00
	1b	**Hold**	$ 0.00	$ 0.00	$ 0.00
	2	**Hold**	$ 0.00	$ 0.00	$ 0.00
	3a	**2009-1 Senior Credit Interest**	$ 0.00	$ 0.00	$ 0.00
	3b		$ 0.00	[ ]	$ 0.00
	3c		$ 0.00	$ 0.00	$ 0.00
	4a	**2009-1 Credit Principal**	$ 0.00	$ 0.00	$ 0.00
	4b		$ 0.00	$ 0.00	$ 0.00
	4c		$ 0.00	$ 0.00	$ 0.00
	5	Hold	$ 0.00	$ 0.00	$ 0.00
	6	Hold	$ 0.00	$ 0.00	$ 0.00
	7	Hold	$ 0.00	$ 0.00	$ 0.00
	8	Hold	$ 0.00	$ 0.00	$ 0.00
	9	Hold	$ 0.00	$ 0.00	$ 0.00
	10	Hold	$ 0.00	$ 0.00	$ 0.00
	11	Hold	$ 0.00	$ 0.00	$ 0.00
	12	Hold	$ 0.00	$ 0.00	$ 0.00
	13	**Remainder to Issuer**	$ 0.00	$ 0.00	$ 0.00
		Total Interest Collections	$ 0.00	$ 0.00	$ 0.00

PEAKS Trust 2009-1
Monthly Servicing Report

Report Date:			**[ ]**
Collection Period:	**[ ]**		**[ ]**

IV. Collection Account Credit Waterfall for Payments

			Rate	Balance	Duration		Remaining Funds Balance	CAPI Account Balance Uses
A.		Total Available Funds **(Collection Account)**				**$0.00**	**$ 0.00**	
B	**First**	**Administrative Expenses**				**$0.00**	**$ 0.00**	**$ 0.00**
	Second	**Hold**				**$0.00**	$ 0.00	$ 0.00
C	**Third**	**Payment of Monthly Interest Amount on Senior Credit:**						
			0.00%	$ 0.00	0 days	**$0.00**	$ 0.00	$ 0.00
D	**Fourth**	**Payment of Principal Payment Amount on Senior Credit:**						
						$0.00	$ 0.00	$ 0.00
E	**Fifth**	Hold				**$0.00**	$ 0.00	$ 0.00
F	**Sixth**	Hold				$0.00	$ 0.00	$ 0.00
G	**Seventh**	Hold				$0.00	$ 0.00	$ 0.00
					[ ]			
H	**Eight**	Hold				$0.00	$ 0.00	$ 0.00
I	**Ninth**	Hold				$0.00	$ 0.00	$ 0.00
J	**Tenth**	Hold				$0.00	$ 0.00	$ 0.00
K	**Eleventh**	Hold				$0.00	$ 0.00	$ 0.00
L	**Twelfth**	Hold				$0.00	$ 0.00	$ 0.00
M	**Thirteenth**	Remainder to Issuer				$0.00	$ 0.00	$ 0.00

PEAKS Trust 2009-1
Monthly Servicing Report

Report Date: [ ]
Collection Period: [ ]

V.		**Series 2009-1 Asset Percentages**	
A.		**2009-1 Trust Asset/Liability Ratio**	[ ]
	1	Student Loan Portfolio Balance (plus accrued and unpaid interest)	$0.00
	2	Collection Account and Reserve Account Balances	$0.00
	3	2009-1 Senior Credit Outstanding (plus accrued and unpaid interest)	$0.00
	4	Acquisition Account Balance	$0.00
	4	**2009-1 Trust Asset/Liability Ratio**	**0.00%**

Series 2009-1 Guarantor Triggers

			Trigger	Actual	Compliance
B.		**Guarantor**			
	1	Debt:EBITDA (on-balance sheet)	>2.5:1.00	0.00:0.00	YES/NO
	2	Debt:EBITDA (on-balance sheet + off-balance sheet guarantees)	>3.5:1.01	0.00:0.00	YES/NO
	3	Cash/Cash Equivalents/Restricted Cash	<$100,000,000.00	$ 0.00	YES/NO
	4	Cash/Cash Equivalents/Restricted Cash/ST Investments/Unused Revolving Credit Commitment	<$200,000,000.00	$ 0.00	YES/NO
	5	Title IV Ineligible Schools	>25% of Guarantor Revenues	0.00%	YES/NO

PEAKS Trust 2009-1
Monthly Servicing Report

Report Date: [ ]
Collection Period: [ ] [ ]

VII. Series 2009-1 Notes — **Aggregated Acquisition Account Portfolio Status**

	Status	# of Loans	Amount ($) Includes Accrued Int.	Percentage (%)
	INTERIM:			
A	**In School**			
	Current	0	$ 0	0.00%
B	**In Grace**			
	Current	0	$ 0	0.00%
C	**TOTAL INTERIM**	0	$ 0	0.00%
D	**REPAYMENT:**			
	Active			
	Current	0	$ 0.00	0.00%
	1-29 Days Delinquent	0	$ 0.00	0.00%
	30-59 Days Delinquent	0	$ 0.00	0.00%
	60-89 Days Delinquent	0	$ 0.00	0.00%
	90-119 Days Delinquent	0	$ 0.00	0.00%
	> 120 Days Delinquent	0	$ 0.00	0.00%
E	**Deferment:**			
	Current	—	$ 0.00	—
F	**Forbearance:**			
	Current	0	$ 0.00	0.00%
G	**TOTAL REPAYMENT**	0	$ 0.00	0.00%
	Claims / Interim Charge-Offs	0	$ 0.00	0.00%
H	**TOTAL Charge-offs**	0	$ 0.00	0.00%
I	**TOTAL PORTFOLIO (a)**	0	$ 0.00	0.00%

PEAKS Trust 2009-1
School Trust Sub-Account Portfolio Trend Analysis Report
[ ]

IX SERIES 2009-1

		Collection Periods	[ ]	October-09	November-09	December-09	January-09	February-10	March-10	April-10	May-10	June-10	July-10
		Reporting Date	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
A	**1**	**Series 2009-1 Senior Credit**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
B	1	Acquisition Account Principal Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	2	Reserve Account Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	3	Total Principal and Accrued Interest Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	4	Number of Loans in Account	0	0	0	0	0	0	0	0	0	0	0
	5	Number of Borrowers in Account	0	0	0	0	0	0	0	0	0	0	0
C	1	Borrower Payments-Principal	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	2	Borrower Payments-Interest	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
D	1	Hold	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	2	Ordinary Administrative Expenses	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	3	Remainder to Issuer	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
E	1	Weighted Average Coupon (WAC)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	2	Weighted Average Remaining Maturity (WARM)	—	—	—	—	—	—	—	—	—	—	—
F	1	2009-1 Credit	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	2	Hold	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	3	Hold	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	4	Parity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	5	Prepayments	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	6	Defaults	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	7	Recoveries	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
	8	Prepayments	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	9	Defaults	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	10	Recoveries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

EXHIBIT F

FORM OF OFFICER'S CERTIFICATE OF THE SECURED PARTY
PURSUANT TO SECTION 2.11(n)

EXHIBIT 10.49

Execution Version

PEAKS TRUST 2009-1

$95,937,703
(maximum outstanding amount)
Student Loan Asset-Backed Variable Funding Subordinated Note

SUBORDINATED NOTE PURCHASE AGREEMENT

Dated January 20, 2010

TABLE OF CONTENTS

Student Loan Asset-Backed Variable Funding Subordinated Note

January 20, 2010

To: ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032

Ladies and Gentlemen:

PEAKS TRUST 2009-1, a Delaware statutory trust (the **"Issuer"**), agrees with ITT Educational Services, Inc., a Delaware corporation (the "**Note Purchaser**") as follows:

SECTION 1. AUTHORIZATION OF NOTE.

Pursuant to the Indenture and Credit Agreement dated as of January 20, 2010 among the Issuer, Deutsche Bank National Trust Company, as the lender trustee (the "**Lender Trustee**") and Deutsche Bank Trust Company Americas, as the indenture trustee and as collateral agent (the "**Secured Party**") (as amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "**Indenture and Credit Agreement**"), the Issuer has authorized the issuance and sale of a Student Loan Asset-Backed Variable Funding Subordinate Note (the **"Note"**) having a maximum principal amount of $95,937,703 (the "**Maximum Outstanding Amount**"). Pursuant to the Indenture and Credit Agreement, the Issuer will also provide for (i) the issuance of Student Loan Asset-Backed Senior Notes (the **"Senior Notes"**) and (ii) the terms of a loan (the "**Loan**" and together with the Senior Notes, the "**Senior Credit**" and the Senior Credit, together with the Note, the "**Credit**") to be made by a lender to the Issuer, as borrower. The Credit will be secured by the Trust Estate established pursuant to the Indenture and Credit Agreement. The Note will be in all respects junior in priority to the Senior Credit.

The Issuer will issue the Note in favor of the Note Purchaser and, in consideration thereof, the Note Purchaser will make advances from time to time (each, an "**Advance**") pursuant to the Note. Each such Advance will at all times be evidenced by the Note and will result in an increase in the Outstanding Amount of the Note by the amount of such Advance. The Outstanding Amount of the Note at any time shall not exceed the Maximum Outstanding Amount.

The Issuer has been established pursuant to a trust agreement dated as of December 23, 2009, as amended and restated on the date hereof (as further amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, the "**Trust Agreement**") between Access Group, Inc. as depositor (in such capacity, the "**Depositor**") and Deutsche Bank Trust Company Delaware, as owner trustee (the "**Owner Trustee**"), for the purpose of purchasing and holding private education loans (such student loans, the "**Eligible**

Loans") made to certain students enrolled in and certain graduates of, schools owned and operated by ITT Educational Services, Inc. (the "**Guarantor**"). The student loans will be initially serviced by Access Group, Inc. (in such capacity, the "**Servicer**") pursuant to the terms and provisions of an Agreement for Servicing Private Student Loans, dated as of the date hereof (the "**Servicing Agreement**"), among the Issuer, the Secured Party, the Guarantor and the Servicer. Access Group, Inc., as administrator (in such capacity, the "**Administrator**"), will perform certain administrative tasks on behalf of the Issuer pursuant to an Administration Agreement, dated as of the date hereof (as amended and supplemented from time to time, the "**Administration Agreement**"), among the Issuer, the Secured Party, the Guarantor and the Administrator.

The Guarantor has entered into a Guarantee Agreement (the "**Guarantee Agreement**") on the date hereof with the Secured Party pursuant to which the Guarantor has guaranteed certain payment obligations of the Issuer in respect of the Senior Credit.

Certain capitalized and other terms used in this Agreement are defined in Schedule B hereto. Terms used herein but not defined herein or in Schedule B hereto shall have the meanings ascribed to such terms in the Indenture and Credit Agreement. References to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

SECTION 2. SALE AND PURCHASE OF NOTE; ADVANCES.

Section 2.1. Sale and Purchase of Note. Subject to the terms and conditions of this Agreement and the Indenture and Credit Agreement, the Issuer shall, pursuant to the Indenture and Credit Agreement, issue and cause the Secured Party to authenticate and deliver the Note to the Note Purchaser on the Closing Date. In consideration of the foregoing, the Note Purchaser agrees to make the Advances on the Note on the conditions set forth herein and in the Indenture and Credit Agreement.

Section 2.2. Advances. Upon the Issuer's request, delivered in accordance with the provisions of Section 2.3, and the satisfaction of all conditions precedent thereto, subject to the terms and conditions of this Agreement and the Indenture and Credit Agreement, the Note Purchaser shall make Advances on the Note from time to time during the Transfer Period; provided that no Advance shall be required to be made by the Note Purchaser on a proposed Advance Date if (a) after giving effect to such Advance, the aggregate Outstanding Amount of the Note would exceed the Maximum Outstanding Amount; or (b) the Originating Lender does not make the related disbursement to the Note Purchaser's account in accordance with clause (B) of Section 4(c)(i) of the Loan Purchase Agreement.

Section 2.3. Advance Procedures. On each day Eligible Loans are disbursed by the Originating Lender pursuant to the Loan Purchase Agreement, the Note Purchaser shall make an Advance in an amount equal to 28% of the aggregate amount of disbursements on the Eligible Loans made on such day. Any such Advance will be deemed made by the Note Purchaser upon delivery of amounts by the Originating Lender to the Secured Party pursuant to clause (B) of Section 4(c)(i) of the Loan Purchase Agreement in the amount of the required Advance.

Section 2.4. Transfers of Note. The Note Purchaser acknowledges that (i) the Note or any Notes may only be transferred in accordance with the provisions of the Indenture and Credit Agreement and (ii) the Note Purchaser may not transfer the Note until the expiration of the Transfer Period.

SECTION 3. CLOSING.

The delivery of the Note to the Note Purchaser shall occur at the offices of Bingham McCutchen LLP, One Battery Park Plaza, New York, NY 10004, at 11:00 a.m., New York City time, at a closing (the **"Closing"**) on January 20, 2010 or on such other Business Day thereafter as may be reasonably agreed upon by the Issuer and the Note Purchaser. At the Closing, the Issuer will deliver the Note to the Note Purchaser in the form of a single Note dated the date of the Closing and registered in the name of the Note Purchaser, against execution and delivery by the Note Purchaser of this Agreement. If at the Closing the Issuer shall fail to tender the Note to the Note Purchaser as provided above in this Section 3, the Note Purchaser shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any rights the Note Purchaser may have by reason of such failure or such nonfulfillment.

SECTION 4. CONDITIONS TO CLOSING.

The Note Purchaser's entry into this Agreement at the Closing is subject to (i) the execution and delivery of the Senior Notes Note Purchase Agreement and the Loan Agreement with respect to Senior Credit with an aggregate Senior Credit Balance of $300,000,000, the purchase of and payment for the Senior Notes by their purchasers and the funding of the Loan to the Issuer by the Lender and (ii) the satisfaction or waiver of the conditions to closing set forth in Section 4 of the Senior Notes Note Purchase Agreement and the Loan Agreement; provided that in the event that any of such conditions to closing are waived, such waiver (as evidenced by the purchase of the Senior Notes and the making of the Loan, respectively) shall not materially adversely affect the Note Purchaser.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE ISSUER.

The Issuer represents and warrants to the Note Purchaser that:

Section 5.1. Organization; Power and Authority. The Issuer is a statutory trust duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign statutory trust and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Issuer has the power and authority to own the properties it purports to own, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement, the other Basic Documents to which it is a party and the Note and to perform the provisions hereof and thereof.

Section 5.2. Authorization, Etc. This Agreement, the other Basic Documents to which it is a party and the Note have been duly authorized by all necessary action on the part of the Issuer, and each of this Agreement and the other Basic Documents to which it is a party constitutes, and upon execution and delivery thereof, the Note will constitute, a legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law and including, without limitation, matters relating to jurisdiction and service of process).

Section 5.3. [Reserved].

Section 5.4. Subsidiaries. The Issuer has no Subsidiaries and, so long as the Note is outstanding, the Issuer shall not establish any Subsidiaries.

Section 5.5. Material Liabilities. The Issuer does not have any Material liabilities outside of those specifically permitted by the Indenture and Credit Agreement and the other Basic Documents.

Section 5.6. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Issuer of this Agreement, the other Basic Documents to which it is a party and the Note will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien (other than pursuant to the Basic Documents) in respect of any property of the Issuer under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, certificate of formation, trust agreement, or any other agreement or instrument to which the Issuer is bound or by which the Issuer or any of its properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to the Issuer or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to the Issuer.

Section 5.7. Governmental Authorizations, Etc. No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by the Issuer of this Agreement, the other Basic Documents to which it is a party or the Note.

Section 5.8. Litigation; Observance of Agreements, Statutes and Orders. (a) There are no actions, suits, investigations or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer or any property of the Issuer in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) The Issuer is not in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority and is not in violation of any applicable law, ordinance, rule or regulation (including without limitation Environmental Laws or the USA Patriot Act) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 5.9. Taxes. The Issuer has filed all tax returns, if any, that are required to have been filed in any jurisdiction, and has paid all taxes, if any, shown to be due and payable on such returns and all other taxes and assessments levied upon it or its properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Issuer has established adequate reserves in accordance with GAAP. The Issuer knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves, if any, on the books of the Issuer in respect of Federal, state or other taxes for all fiscal periods are adequate. The Issuer is currently a disregarded entity for purposes of the Code.

Section 5.10. Title to Property; Leases. The Issuer and the Lender Trustee have good and sufficient title to the Trust Estate free and clear of Liens that are prohibited by this Agreement and the Indenture and Credit Agreement. The Issuer currently has no leased property and, other than the Trust Estate established pursuant to the Indenture and Credit Agreement, contract rights under the Basic Documents and any capital contributed to the Issuer by the Depositor, the Issuer has no other property.

Section 5.11. Licenses, Permits, Etc. (a) The Issuer owns or possesses all licenses, permits, franchises, authorizations, patents, copyrights, proprietary software, service marks, trademarks and trade names, or rights thereto, if any, that individually or in the aggregate are Material, without known conflict with the rights of others.

(b) To the best knowledge of the Issuer, no product of the Issuer, if any, infringes in any material respect any license, permit, franchise, authorization, patent, copyright, proprietary software, service mark, trademark, trade name or other right owned by any other Person.

(c) To the best knowledge of the Issuer, there is no Material violation by any Person of any right of the Issuer with respect to any patent, copyright, proprietary software, service mark, trademark, trade name or other right owned or used by the Issuer.

Section 5.12. ERISA Plans The Issuer does not have any employees and does not maintain, nor has it ever maintained, any Plans.

Section 5.13. Private Offering by the Issuer. Neither the Issuer nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Note to the Note Purchaser to the registration requirements of Section 5 of the Securities Act or to the registration requirements of any securities or blue sky laws of any applicable jurisdiction.

Section 5.14. Use of Proceeds; Margin Regulations. The proceeds of the sale of the Note will be deposited by the Issuer into the Acquisition Account. Amounts on deposit in the Acquisition Account will be applied as set forth in the Basic Documents. No part of the proceeds from the sale of the Note hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Issuer in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute any of the value of the consolidated assets of the Issuer and the Issuer does not have any present intention that margin stock will constitute any of the value of such assets. As used in this Section, the terms **"margin stock"** and **"purpose of buying or carrying"** shall have the meanings assigned to them in said Regulation U.

Section 5.15. Security Interest in Trust Estate; Future Liens. (a) The security interest in the Trust Estate in favor of the Secured Party shall have priority over any other security interest in the Trust Estate. In the event that the transactions contemplated by the Loan Purchase Agreement are not construed to be sales of Financed Loans and Participation Interests to the Trust and the Lender Trustee, the security interest in the Financed Loans and Participation Interests purported to be sold thereunder in favor of the Trust and the Lender Trustee shall have priority over any other security interest in such Financed Loans and Participation Interests.

(b) Upon consummation of the transactions contemplated by the Basic Documents, the Credit constitutes the only outstanding indebtedness of the Issuer and, other than indebtedness incurred on the Subordinated Note as a result of Subordinated Note Advances, the Issuer shall not incur any indebtedness for borrowed money other than the indebtedness of the Senior Credit issued on the Closing Date. No event or condition exists that would constitute (or that with notice or the lapse of time, or both, would constitute) an Event of Default under the Indenture and Credit Agreement.

(c) Except as permitted by the Indenture and Credit Agreement, the Issuer has not agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien.

Section 5.16. Foreign Assets Control Regulations, Etc. (a) Neither the sale of the Note by the Issuer hereunder nor the use of the proceeds thereof will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

(b) The Issuer (i) is not a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order and (ii) does not engage in any dealings or transactions with any such Person. The Issuer is in compliance, in all material respects, with the USA Patriot Act.

(c) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, assuming in all cases that such Act applies to the Issuer.

Section 5.17. Status under Certain Statutes. The Issuer is not subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act of 1995, as amended, or the Federal Power Act, as amended.

Section 5.18. Environmental Matters. (a) The Issuer has no knowledge of any claim and has not received any notice of any claim, and no proceeding has been instituted raising any claim against the Issuer or any of its real properties now or formerly owned, leased or operated in the name of or under the control of the Issuer or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(b) The Issuer has no knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated in the name of or under the control of the Issuer or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect.

(c) The Issuer has not stored any Hazardous Materials on real properties now or formerly owned, leased or operated in the name of or under the control of the Issuer and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(d) All buildings on all real properties now owned, leased or operated in the name of or under the control of the Issuer are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

SECTION 6. REPRESENTATIONS OF THE NOTE PURCHASER.

Section 6.1. Purchase for Investment; Status of Note Purchaser. The Note Purchaser represents and warrants that it is purchasing the Note for its own account and not with a view to the distribution thereof, *provided* that the disposition of the Note Purchaser's property shall at all times be within the Note Purchaser's control. The Note Purchaser understands that the Note has not been registered under the Securities Act or any other applicable securities or "blue sky" laws of any state or other jurisdiction and may be resold only pursuant to an exemption from registration under the Securities Act and such other securities laws and in accordance with the provisions of the Indenture and Credit Agreement. The Note Purchaser represents and warrants that it is an Institutional Accredited Investor or a Qualified Institutional Buyer. On or prior to the Closing Date, the Note Purchaser agrees to deliver to the Issuer and the Secured Party the Investment Letter in the form set forth in Exhibit D-2 to the Indenture and Credit Agreement.

Section 6.2. ERISA. The Note Purchaser represents and warrants that either (i) it is not an employee benefit plan or other retirement arrangement subject to Section 406 of ERISA or Section 4975 of the Code or any federal, state, local, non-U.S. or other plan which is subject to substantially similar law ("**Similar Law**"), (collectively, a "**Plan**") or a Person acting on behalf of any such Plan or a Person using the assets of any such Plan or (ii) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code because it will satisfy the requirements for exemptive relief under Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60, PTCE 96-23 or the statutory exemption for nonfiduciary service providers under Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code or another applicable administrative or statutory exemption and in the case of a Plan subject to Similar Law, will not result in a non-exempt violation of such substantially similar law.

Section 6.3. Due Diligence, etc.. The Note Purchaser represents and warrants that it (a) is a sophisticated investor familiar with transactions similar to its investment in the Note, (b) understands that an investment in the Note involves certain risks, including the risk of loss of all or a substantial part of its investment under certain circumstances, (c) has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of its investment in the Note and (d) is able to bear the economic risk of its investment. The Note Purchaser represents and warrants that it has had access to such financial and other information concerning the transaction and the Issuer as it has deemed necessary or appropriate in order to make an informed investment decision with respect to its acquisition of the Note. The Note Purchaser represents and warrants that it is not relying on the Issuer or any of its Affiliates for information with respect to the Note or any security therefor. The Note Purchaser has sought such accounting and tax advice in connection with its investment in the Note as it has considered necessary. The Note Purchaser understands that none of the Issuer, the Secured Party, the Owner Trustee or the Administrator makes any representation or warranty as to the proper characterization of the Note for legal investment or other purposes, or as to the ability of particular investors to purchase the Note for legal investment or other purposes, or as to the ability of particular investors to purchase the Note under applicable investment restrictions.

Section 6.4. Tax Treatment. The Note Purchaser understands that it is the Issuer's intention that the Note be treated as debt for federal, state, and local income and franchise tax purposes, and by its acceptance of the Note, agrees to so treat the Note as a debt instrument and to take no action inconsistent therewith. The Note Purchaser agrees, so long as there is a single owner of the Issuer, to treat the Issuer as disregarded as an entity separate from the Depositor for the purpose of federal and state income tax, franchise tax and any other tax measured in whole or in part by income. If at any time the Depositor or any successor Certificateholder is not the sole equity owner, the Note Purchaser agrees to treat the Issuer as a partnership for the purpose of federal and state income tax, franchise tax and any other tax measured in whole or in part by income.

SECTION 7. INFORMATION AS TO ISSUER.

Section 7.1. Financial and Business Information. The Issuer shall deliver, or direct the Secured Party to deliver, to each holder of Notes:

(a) *Payment Date Certificate* — not later than the Business Day preceding each Payment Date (as defined in the Indenture and Credit Agreement), a Payment Date Certificate in the form attached as Exhibit C to the Indenture and Credit Agreement.

(b) *Monthly Report* — within 15 days after each Payment Date, a report in the form attached as Exhibit E to the Indenture and Credit Agreement.

(c) *Compliance Certificate* — not more than five Business Days after receipt by the Secured Party from the Issuer (which receipt by the Secured Party shall be within 120 days after the end of each fiscal year of the Issuer), the compliance certificate required by Section 4.14 of the Indenture and Credit Agreement, and the Issuer shall cause the Secured Party to agree to make such delivery to the holder of the Note.

(d) *Notice of Default or Event of Default* — promptly, and in any event within five days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given any notice or taken any action with respect to a claimed default, a written notice specifying the nature and period of existence thereof and what action the Issuer is taking or proposes to take with respect thereto;

(e) *ERISA Matters* — promptly, and in any event within five days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Issuer proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Issuer of a notice from a Multi-employer Plan that such action has been taken by the PBGC with respect to such Multi-employer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Issuer pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the

Issuer pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) *Notices from Governmental Authority* — promptly, and in any event within 30 days of receipt thereof, copies of any notice to the Issuer from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect;

(g) *Notices, Waivers, Amendments and Opinions under the Basic Documents* — promptly, any notices, other than routine periodic notices, investment instructions and information summarized in the monthly report provided pursuant to Section 7.1(b), given by the Issuer to or received from the Secured Party or the Administrator pursuant to the Indenture and Credit Agreement or any other Basic Document, any waivers provided with respect to the Basic Documents, copies of any amendments to the Basic Documents and copies of any opinions delivered in connection with such amendments; and

(h) *Requested Information* — with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of the Issuer or relating to the ability of the Issuer to perform its obligations hereunder, under the other Basic Documents to which it is a party and under the Note as from time to time may be reasonably requested by any such holder of the Note; provided, however, that the Issuer is not required to provide, or cause to be provided, information which is specific to the Student Loans that is not otherwise provided in the monthly report delivered pursuant to Section 7.1(b) above.

SECTION 8. TERMS OF THE NOTE.

The Note shall have the terms (including with respect to payment of principal and interest), rights and remedies as provided in the Indenture and Credit Agreement.

SECTION 9. AFFIRMATIVE COVENANTS.

The Issuer covenants that so long as the Note is outstanding:

Section 9.1. Compliance with Law. Without limiting Section 10.4, the Issuer will comply with all laws, ordinances or governmental rules or regulations to which it is subject, including, without limitation, ERISA, the USA Patriot Act and Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations, if any, necessary to the ownership of its properties or to the conduct of its businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.2. Insurance. The Issuer has no property other than as described in Section 5.10 of this Agreement and the Issuer does not presently carry or intend to carry any insurance.

Section 9.3. Maintenance of Properties. The Issuer will maintain and keep, or cause to be maintained and kept, properties, if any, in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, *provided* that this Section shall not prevent the Issuer from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Issuer has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 9.4. Payment of Taxes and Claims. The Issuer will file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on it or any of its properties, assets, income or franchises, to the extent the same have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Issuer, *provided* that the Issuer need not pay any such tax, assessment, charge, levy or claim if (i) the amount, applicability or validity thereof is contested by the Issuer on a timely basis in good faith and in appropriate proceedings, and the Issuer has established adequate reserves therefor in accordance with GAAP on the books of the Issuer or (ii) the nonpayment of all such taxes, assessments, charges, levies and claims in the aggregate could not reasonably be expected to have a Material Adverse Effect. The Issuer is currently a disregarded entity for purposes of the Code.

Section 9.5. Existence, Etc. The Issuer will at all times preserve and keep in full force and effect its existence as a Delaware statutory trust. The Issuer will at all times preserve and keep in full force and effect all rights and franchises of the Issuer unless, in the good faith judgment of the Issuer, the termination of or failure to preserve and keep in full force and effect such existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

Section 9.6. Books and Records. The Issuer will maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Issuer.

SECTION 10. NEGATIVE COVENANTS.

The Issuer covenants that so long as the Note is outstanding:

Section 10.1. Transactions with Affiliates. Except as provided in the Indenture and Credit Agreement and the other Basic Documents, the Issuer will not enter into directly or indirectly any transaction or group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate, except in the ordinary course and pursuant to the reasonable requirements of the Issuer's business and upon fair and reasonable terms no less favorable to the Issuer than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

Section 10.2. Merger, Consolidation, Etc. The Issuer will not consolidate with or merge with any other Person or convey, transfer or lease all or substantially all of its assets in a single transaction or series of transactions to any Person.

Section 10.3. Line of Business. The Issuer will not engage in any business if, as a result, the general nature of the business in which the Issuer would then be engaged would be substantially changed from the general nature of the business in which the Issuer is engaged on the date of this Agreement.

Section 10.4. Terrorism Sanctions Regulations. The Issuer will not (a) become a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) engage in any dealings or transactions with any such Person, provided that no Creditor is such a Person.

SECTION 11. RIGHTS OF CREDITORS.

The Note Purchaser acknowledges and agrees that (i) the Issuer's payment obligations in respect of the Note under this Agreement and the Indenture and Credit Agreement will be subordinate in all respects to the Issuer's payment obligations in respect of the Senior Credit and (ii) so long as the Senior Credit is the Priority Class Credit under the Indenture and Credit Agreement, the Registered Owner of the Note may not exercise any rights granted to the Priority Class Creditors under the Indenture and Credit Agreement.

SECTION 12. [RESERVED].

SECTION 13. PAYMENTS, REGISTRATION; TRANSFER, EXCHANGE; SUBSTITUTION OF NOTE.

Payment, registration, transfer, exchange and substitution of the Note shall be in accordance with the Indenture and Credit Agreement.

SECTION 14. [RESERVED].

SECTION 15. [RESERVED].

SECTION 16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties of the Issuer and the Note Purchaser contained herein shall survive the execution and delivery of this Agreement, the other Basic Documents to which it is a party and the Note, the purchase or transfer by the Note Purchaser of any Note and the payment of the Note, and may be relied upon by any subsequent holder of the Note, regardless of any investigation made at any time by or on behalf of the Note Purchaser or any other holder of the Note. All representations and warranties of the Issuer and the Note Purchaser contained in any certificate or other instrument delivered by or on behalf of the Issuer or the Note Purchaser pursuant to this Agreement shall be deemed representations and warranties of the Issuer or the Note Purchaser under this Agreement. Subject to the preceding sentence, this Agreement, the other Basic Documents and the Note embody the entire agreement and understanding between the Note Purchaser and the Issuer and supersede all prior agreements and understandings relating to the subject matter hereof.

SECTION 17. AMENDMENT AND WAIVER.

Section 17.1. Requirements. This Agreement may be amended, and the observance of any term may be waived (either retroactively or prospectively), with (and only with) the written consent of the Issuer and the Note Purchaser.

Section 17.2. Solicitation of Holders of Note. The Issuer will provide, or cause to be provided to, the holder of the Note (irrespective of the amount of the Note then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof, of the other Basic Documents or of the Note. The Issuer will deliver, or cause to be delivered and executed true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to the holder of the Note promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the holder of the Note.

Section 17.3. Binding Effect, etc. Any amendment or waiver consented to as provided in this Section 17 is binding upon the holder of the Note and upon each future holder of the Note and upon the Issuer without regard to whether the Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Issuer and the holder of the Note nor any delay in exercising any rights hereunder or under the Note shall operate as a waiver of any rights of the holder of the Note. As used herein, the term “this Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

SECTION 18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by telecopy if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), (b) by registered or certified mail with return receipt requested (postage prepaid), (c) by a recognized overnight delivery service (with charges prepaid) or (d) with respect to the reports set forth in Sections 7.1(a) and (b) by e-mail followed by a confirming copy by regular mail (postage prepaid). Any such notice must be sent:

(i) if to the Note Purchaser or its nominee, to the Note Purchaser or nominee at the address specified for such communications in Schedule A, or at such other address as the Note Purchaser or nominee shall have specified to the Issuer (with a copy to the Secured Party as provided below requesting that the Secured Party update such address of the Note Purchaser on the note register maintained by the Secured Party) in writing,

(ii) if to any other holder of the Note, to such holder at such address as such other holder shall have specified to the Issuer (with a copy to the Secured Party as provided below requesting that the Secured Party update such address of the holder on the note register maintained by the Secured Party) in writing, or

(iii) if to the Issuer, to the Issuer at the following address, or at such other address as the Issuer shall have specified to the holder of each Note in writing:

PEAKS Trust 2009-1
c/o Deutsche Bank Trust Company Delaware
1011 Centre Road, Suite 200
Wilmington, Delaware 19805
Attention: Elizabeth B. Ferry
Telephone: (302) 636-3392
Facsimile: (302) 636-3399

with a copy to the Secured Party

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
100 Plaza One
Jersey City, NJ 07311-3901
Attention: Susan Barstock
Telephone: (201) 593-8421
Facsimile: (212) 553-2458

and a copy to the Administrator:

Access Group, Inc.
P.O. Box 7430
5500 Brandywine Parkway
Wilmington, Delaware 19803
Attention: Vice President-Portfolio Management
Telephone: (302) 477-4071
Facsimile: (302) 477-4032

Notices under this Section 18 will be deemed given only when actually received. Notices under this Section 18 delivered via email will be deemed given upon actual receipt of the applicable email.

SECTION 19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating hereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by the Note Purchaser at the Closing (except the Note itself), and (c) financial statements, certificates and other information previously or hereafter furnished to the Note Purchaser, may be reproduced by the Note Purchaser by any photographic, photostatic, electronic, digital, or other similar process and the Note Purchaser may destroy any original document so reproduced. The Issuer agrees and stipulates that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the Note Purchaser in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Issuer or any other holder of the Note from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

SECTION 20. [RESERVED].

SECTION 21. [RESERVED].

SECTION 22. MISCELLANEOUS.

Section 22.1. Successors and Assigns. All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of the Note) whether so expressed or not. The Note Purchaser hereunder may, without the consent of the Issuer, assign its rights, title, interests and obligations in this Agreement with respect to the Note to any subsequent purchaser of the Note, and such subsequent purchaser shall thereafter have all of the rights, title, interests and obligations of the Note Purchaser with respect to the Note as if such subsequent purchaser was an original party to this Agreement and had purchased the Note directly from the Issuer; provided that the Note was transferred in accordance with this Agreement and the Indenture and Credit Agreement.

Section 22.2. Third Party Beneficiaries. Access Group, Inc., as Administrator, shall be express third-party beneficiaries of this Agreement entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

Section 22.3. Accounting Terms. All accounting terms used herein which are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

Section 22.4. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22.5. Construction, etc. Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

For the avoidance of doubt, all Schedules and Exhibits attached to this Agreement shall be a part hereof.

Section 22.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

Section 22.7. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 22.8. Jurisdiction and Process; Waiver of Jury Trial. (a) The Issuer irrevocably submits to the non-exclusive jurisdiction of any New York State or federal court sitting in the Borough of Manhattan, The City of New York, over any suit, action or proceeding arising out of or relating to this Agreement, the Indenture and Credit Agreement or the Note. To the fullest extent permitted by applicable law, the Issuer irrevocably waives and agrees not to assert, by way of motion, as a defense or otherwise, any claim that it is not subject to the jurisdiction of any such court, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

(b) The Issuer consents to process being served by or on behalf of the holder of the Note in any suit, action or proceeding of the nature referred to in Section 22.8(a) by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, return receipt requested, to it at its address specified in Section 18 or at such other address of which such holder shall then have been notified pursuant to said Section. The Issuer agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by applicable law, be taken and held to be valid personal service upon and personal delivery to it. Notices hereunder shall be conclusively presumed received as evidenced by a delivery receipt furnished by the United States Postal Service or any reputable commercial delivery service.

(c) Nothing in this Section 22.8 shall affect the right of the holder of the Note to serve process in any manner permitted by law, or limit any right that the holder of the Note may have to bring proceedings against the Issuer in the courts of any appropriate jurisdiction or to enforce in any lawful manner a judgment obtained in one jurisdiction in any other jurisdiction.

(d) The parties hereto hereby waive trial by jury in any action brought on or with respect to this Agreement, the Indenture and Credit Agreement, the Note or any other document executed in connection herewith or therewith.

Section 22.9. Limited Recourse Obligations. Notwithstanding any provision in any other Section of this Agreement to the contrary, the Note Purchaser hereby acknowledges and agrees that the Issuer's payment obligations under this Agreement shall be limited to the extent of funds available for payment of the foregoing amounts under the Indenture and Credit Agreement. Any amount which the Issuer does not pay hereunder pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in Section 101 of the United States Bankruptcy Code) against the Issuer until such time as funds do become so available to the Issuer to pay such amount and such amount is not paid promptly thereafter.

Section 22.10. No Proceedings. The Note Purchaser hereby agrees that it will not institute against, or join any other Person in instituting against, the Issuer any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state bankruptcy or similar law for one year and a day after the Final Maturity Date of the Note.

Section 22.11. Limitation of Liability of Deutsche Bank Trust Company Delaware. Notwithstanding anything contained herein to the contrary, (a) this Agreement has been executed by Deutsche Bank Trust Company Delaware, not in its individual or personal capacity but solely in its capacity as owner trustee for the Issuer in the exercise of the powers and authority conferred and vested in it as owner trustee under the Trust Agreement, subject to the protections, indemnities and limitations from liability afforded to the Owner Trustee thereunder; (b) the representations, warranties, covenants, undertakings, agreements and obligations by the Issuer are made and intended not as personal representations, warranties, covenants, undertakings, agreements and obligations by the Owner Trustee, but are made and intended for the purpose of only binding the Issuer; (c) nothing contained herein shall be construed as creating any liability on the Owner Trustee, individually or personally, to perform any expressed or implied covenant, duty or obligation of the Issuer of any kind whatsoever contained herein; and (d) under no circumstances shall the Owner Trustee be personally liable for the payment of any fees, costs, indebtedness or expenses of any kind whatsoever or be personally liable for the breach or failure of any obligation, representation, agreement, warranty or covenant whatsoever made or undertaken by the Issuer hereunder and (e) in no event shall Deutsche Bank Trust Company Delaware in its individual capacity or any beneficial owner of the Issuer have any liability for the representations, warranties, covenants, agreements or other obligations of the Issuer hereunder as to all of which recourse shall be had solely to the assets of the Issuer.

Section 22.12. Concerning the Administrator. It is expressly understood and agreed by the parties to this Agreement that (a) in the exercise of the powers and authority conferred and vested in it as Administrator under the Administration Agreement, and subject to the protections and limitations from liability afforded to the Administrator thereunder, Access Group, Inc. is acting solely in its capacity as Administrator on behalf of the Issuer and not in its individual or personal capacity; (b) the representations, warranties, certifications, covenants, undertakings, agreements and obligations by Access Group, Inc. herein and in the certificates delivered pursuant hereto are made and intended not as personal representations, warranties, covenants, undertakings, agreements and obligations by Access Group, Inc., but are made and intended for the purpose of only binding the Trust Estate and the Issuer; and (c) except as provided in the Administration Agreement, nothing contained herein shall be construed as creating any liability on Access Group, Inc., individually or personally, to perform any expressed or implied covenant, duty or obligation of any kind whatsoever contained herein.

* * * * *

If you are in agreement with the foregoing, please sign the form of agreement on a counterpart of this Agreement and return it to the Issuer, whereupon this Agreement shall become a binding agreement between you and the Issuer.

Very truly yours,

PEAKS TRUST 2009-1

By: DEUTSCHE BANK TRUST COMPANY DELAWARE, not in its individual capacity or personal capacity but solely in its capacity as Owner Trustee

By	/s/ Susan Barstock
Name	Susan Barstock
Title	Attorney in Fact

By	/s/ Mark DiGiacomo
Name	Mark DiGiacomo
Title	Attorney in Fact

This Agreement is hereby accepted and agreed to as of the date thereof.

ITT EDUCATIONAL SERVICES, INC.

By	/s/ Kevin M. Modany
Name	Kevin M. Modany
Title	Chairman and CEO

SCHEDULE A

PEAKS TRUST 2009-1
C/O DEUTSCHE BANK TRUST COMPANY DELAWARE
1011 CENTRE ROAD, SUITE 200
WILMINGTON, DELAWARE 19805

INFORMATION RELATING TO NOTE PURCHASER

NAME AND ADDRESS OF NOTE PURCHASER

ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032

(1) All payments by wire transfer of immediately available funds to:

ITT Educational Services, Inc.
Bank: JPMorgan
Acct#: 705001304003
Routing#: 074000010

with sufficient information to identify the source and application of such funds.

(2) All notices of payments and written confirmations of such wire transfers:

ITT Educational Services, Inc.
Attn: Controller
13000 North Meridian Street
Carmel, IN 46032

(3) E-mail address for delivery of reports pursuant to Section 7.1(a) and (b):

mhuber@ittesi.com
gwallis@ittesi.com

(4) All other communications:

ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032-1404

(5) Tax Identification Number: 36-2061311

SCHEDULE B

DEFINED TERMS

As used in the Note Purchase Agreement, the following terms have the respective meanings set forth below.

"**Advance**" means an increase in the aggregate Outstanding Amount of the Note in accordance with the provisions of Section 1.

"**Advance Date**" means the date on which an Advance occurs, which must be a Business Day.

"Affiliate" means, at any time, and with respect to any Person, any other Person that at such time directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, such first Person, and, with respect to the Issuer, shall include any Person beneficially owning or holding, directly or indirectly, 10% or more of any class of voting or equity interests of the Issuer or any corporation of which the Issuer beneficially owns or holds, in the aggregate, directly or indirectly, 10% or more of any class of voting or equity interests. As used in this definition, **"Control"** means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "Affiliate" is a reference to an Affiliate of the Issuer.

"Anti-Terrorism Order" means Executive Order No. 13,224 of September 24, 2001, Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism, 66 U.S. Fed. Reg. 49, 079 (2001), as amended.

"Capital Lease" means, at any time, a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

"Default" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Authority" means

(a) the government of

(i) the United States of America or any State or other political subdivision thereof, or

(ii) any other jurisdiction in which the Issuer conducts all or any part of its business, or which asserts jurisdiction over any properties of the Issuer, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

"Hazardous Material" means any and all pollutants, toxic or hazardous wastes or other substances that might pose a hazard to health and safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage or filtration of which is or shall be restricted, prohibited or penalized by any applicable law including, but not limited to, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum products, lead based paint, radon gas or similar restricted, prohibited or penalized substances.

"holder" means, with respect to any Note, the Person in whose name such Note is registered in the Credit Register.

"**Institutional Accredited Investor**" means any Person who is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act.

"Investment Company Act" means the Investment Company Act of 1940, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance, or any interest or title of any vendor, lessor, lender or other secured party to or of such Person under any conditional sale or other title retention agreement or Capital Lease, upon or with respect to any property or asset of such Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of the Issuer.

"Material Adverse Effect" means a Material adverse effect on (a) the business, operations, affairs, financial condition, assets or properties of the Issuer, or (b) the ability of the Issuer to perform its obligations under this Agreement, the Indenture and Credit Agreement and the Note, or (c) the validity or enforceability of this Agreement, the Indenture and Credit Agreement or the Note.

"Maximum Outstanding Amount" means $95,937,703.

"Multi-employer Plan" means any Plan that is a "multiemployer plan" (as such term is defined in section 4001(a)(3) of ERISA).

"NAIC" means the National Association of Insurance Commissioners or any successor thereto.

"Officer's Certificate" means a certificate of an officer of Access Group, Inc., the administrator of the Issuer, whose responsibilities extend to the subject matter of such certificate.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Person" means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority.

"Plan" means an "employee benefit plan" (as defined in section 3(3) of ERISA) subject to Title I of ERISA that is or, within the preceding five years, has been established or maintained, or to which contributions are or, within the preceding five years, have been made or required to be made, by the Issuer or with respect to which the Issuer may have any liability.

"**Program**" means the student loan program relating to schools owned and operated by the Guarantor pursuant to which the Financed Loans were originated.

"property" or **"properties"** means, unless otherwise specifically limited, real or personal property of any kind, tangible or intangible, choate or inchoate.

"Qualified Institutional Buyer" means any Person who is a "qualified institutional buyer" within the meaning of such term as set forth in Rule 144A(a)(1) under the Securities Act.

"Responsible Officer" means any officer of Access Group, Inc., the administrator of the Issuer, with responsibility for the administration of the relevant portion of this Agreement and the Indenture and Credit Agreement.

"SEC" shall mean the Securities and Exchange Commission of the United States, or any successor thereto.

"Securities" or **"Security"** shall have the meaning specified in Section 2(1) of the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

"Subsidiary" means, as to any Person, any other Person in which such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or Persons performing similar functions) of such second Person, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by such first Person or one or more of its Subsidiaries or such first Person and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of such Person or one or more of its Subsidiaries).

"SVO" means the Securities Valuation Office of the NAIC or any successor to such Office.

"USA Patriot Act" means United States Public Law 107-56, Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, as amended from time to time, and the rules and regulations promulgated thereunder from time to time in effect.

EXHIBIT 10.50

AGREEMENT FOR SERVICING PRIVATE STUDENT LOANS

By and Among

PEAKS TRUST 2009-1,

DEUTSCHE BANK TRUST COMPANY AMERICAS, as indenture trustee and collateral agent,

ITT EDUCATIONAL SERVICES, INC.,

and

FIRST ASSOCIATES LOAN SERVICING, LLC

DATED AS OF DECEMBER 10, 2011

TABLE OF CONTENTS

Agreement for Servicing Private Student Loans

This Agreement for Servicing Private Student Loans is made and entered into as of December 10, 2011, by and among First Associates Loan Servicing, LLC, a Delaware limited liability company (the "Servicer"), **PEAKS Trust 2009-1**, a Delaware statutory trust (the "Trust"), **ITT Educational Services, Inc.**, a Delaware corporation (the "Guarantor"), and **Deutsche Bank Trust Company Americas**, in its capacity as indenture trustee and collateral agent under the Indenture and Credit Agreement referred to herein (the "Secured Party").

RECITALS:

A. The Trust has been established pursuant to an Amended and Restated Trust Agreement dated as of January 20, 2010 (the "Trust Agreement") for the purpose of purchasing and holding beneficial ownership of student loans ("Student Loans") made by Liberty Bank, N.A. (the "Originating Lender") to students attending post-secondary educational institutions operated by the Guarantor (each, a "School").

B. The Trust, as beneficial owner of the Student Loans, is responsible for providing for the servicing and collection of the Student Loans.

C. The Trust, Deutsche Bank National Trust Company, as lender trustee, and the Secured Party have entered into an Amended and Restated Indenture and Credit Agreement, dated December 31, 2010 (the "Indenture"), which provides for the issuance by the Trust of its notes and for the Trust to obtain a loan, which notes and loan are secured by the Student Loans and certain of which are guaranteed by the Guarantor.

D. The Trust, the Secured Party, the Guarantor and Access Group, Inc. were parties to an Agreement for Servicing Private Student Loans dated as of January 20, 2010 which previously provided for the servicing of Student Loans and has been terminated as of the date hereof.

E At the direction of the Servicing and Collections Advisor and with the consent of the Voting Party (as such terms are defined in the Indenture), the Servicer has been selected as successor servicer for the Student Loans.

F. Subject to the terms and conditions set forth in this Agreement, the Servicer will provide servicing and collection services for Student Loans while they are held by the Trust, and thereafter while they are held by a purchaser from or assignee of the Trust and/or the Lender Trustee.

AGREEMENT:

In consideration of the foregoing premises and the mutual covenants contained herein, and of other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions

The following terms as used in this Agreement (including the preamble of this Agreement) shall have the following meanings unless the context clearly indicates otherwise:

(A) ***"Administration Agreement"*** means the Administration Agreement, dated as of January 20, 2010, among Access Group, Inc., the Trust, the Guarantor, the Owner Trustee, and the Secured Party, as supplemented and amended from time to time pursuant to the terms thereof.

(B) ***"Agreement"*** means this Agreement for Servicing Private Student Loans, including Schedules A through F hereto which are made a part hereof, as supplemented and amended from time to time in accordance with the provisions hereof.

(C) ***"Applicable Laws"*** means the State and Federal consumer lending and collection laws and other laws applicable to the Services, to the extent the same apply to the servicing and collection of loans made by a national bank to competent adult individuals (including such loans that have been transferred to another entity), including, without limitation, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Fair Debt Collection Practices Act, the Gramm-Leach-Bliley Act, the Truth-in-Lending Act, the Higher Education Opportunity Act, the Federal Trade Commission Act, the USA PATRIOT Act, and any regulations implementing such statutes (including, without limitation, the FTC Red Flag Rules).

(D) ***"Borrower"*** means an individual who borrows funds through a Student Loan.

(E) ***"Business Day"*** means a day of the year other than a Saturday, a Sunday or a day on which banks located in New York, New York are required or authorized by law to remain closed.

(F) ***"Customer Information"*** means nonpublic information relating to Borrowers or co-signers of Serviced Loans, including without limitation names, addresses, telephone numbers, e-mail addresses, credit information, account numbers, social security numbers, loan balances or other account information, and lists derived there from.

(G) ***"Deconversion Services"*** means those services to be provided by the Servicer pursuant to Schedule D hereto.

(H) ***"Defaulted Loan"*** means a Serviced Loan with respect to which (1) any required payment becomes more than 180 days delinquent (without regard to whether such payment is later made), or (2) the Servicer is notified that the Borrower is deceased.

(I) ***"Examiner"*** has the meaning assigned thereto in Section 2.06(A) hereof.

(J) ***"Forbearance Period"*** means a period permitted by the Program Guidelines during which a Borrower (in Repayment) is permitted to temporarily forego payments or make reduced payments on the Borrower's Student Loan.

(K) ***"Indenture"*** means the Amended and Restated Indenture and Credit Agreement, dated as of December 31, 2010, among the Trust, the Lender Trustee and the Secured Party, as supplemented and amended from time to time pursuant to the terms thereof.

(L) ***"Interim Period"*** means the period from the disbursement of a Serviced Loan to the commencement of Repayment.

(M) ***"Lender Trustee"*** means Deutsche Bank National Trust Company, in its capacity as trustee under the Lender Trustee Agreement, dated as of January 20, 2010, between the Trust and the Lender Trustee.

(N) ***"Note"*** means the authoritative electronic copy of an electronically signed application and loan agreement evidencing a Student Loan.

(O) ***"Originating Lender"*** means Liberty Bank N.A., a national banking association, which makes or has made the Student Loans.

(P) ***"Owner Trustee"*** means Deutsche Bank Trust Company Delaware, in its capacity as trustee under the Trust Agreement, and its successors and assigns in such capacity.

(Q) ***"Program"*** means the PEAKS private student loan program under which the Originating Lender makes or has made loans to students for costs of attendance at the Schools.

(R) ***"Program Guidelines"*** means the guidelines for origination, servicing and administration of the Student Loans attached hereto as Schedule E, as amended by agreement of the parties hereto.

(S) ***"Program Loan Origination Agreement"*** means the Private Education Loan Origination and Sale Agreement, dated as of January 20, 2010, by and among the Originating Lender, the Lender Trustee, the Guarantor, Access Group, Inc. (in its capacity as origination agent) and the Trust, as amended by the First Amendment thereto dated as of December 31, 2010 and the Second Amendment thereto dated as of February 8, 2011 and as supplemented by the Approval of Documents and Procedures pursuant thereto dated as of February 11, 2010 and as further supplemented and amended from time to time pursuant to the terms thereof.

(T) ***"Program Requirements"*** means the applicable provisions and requirements of the Note, the Program Guidelines and any Applicable Laws.

(U) ***"Repayment"*** or ***"Repayment Period"*** means the period of time during which a Borrower is required under his or her Note to make installment payments to repay the aggregate principal amount of, plus accrued interest on, the Borrower's Student Loan.

(V) ***"Repayment Schedule"*** means the schedule of loan payments established prior to the commencement of the Repayment Period with respect to a Student Loan, which schedule sets out the amount and timing of installments necessary to pay such Student Loan in full within the applicable Repayment Period.

(W) ***"School"*** means an institution of higher education owned and operated by the Guarantor.

(X) ***"Secured Party"*** means Deutsche Bank Trust Company Americas, in its capacities as indenture trustee and collateral agent under the Indenture, and its successors and assigns in such capacities.

(Y) ***"Serviced Loan"*** means any of the Student Loans identified in Section 2.01 hereof, except for those Student Loans with respect to which this Agreement has been terminated as provided in Section 5.03.

(Z) ***"Servicer"*** means First Associates Loan Servicing, LLC, a Delaware limited liability company, and its successors and permitted assigns.

(AA) ***"Servicer Default"*** means the occurrence and continuance of any of the following events with respect to Serviced Loans:

(1) any failure by the Servicer to deliver to the Secured Party any payment required hereunder, which failure continues unremedied for three Business Days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Secured Party;

(2) any failure by the Servicer to observe or to perform in any material respect any covenant or agreement of the Servicer set forth in this Agreement, which failure shall continue unremedied for a period of 30 days after the earlier of (a) the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Voting Party or (b) the date on which an officer of the Servicer responsible for servicing operations becomes aware of the failure to observe or perform such covenant or agreement;

(3) (i) the filing of a decree or order by a court having jurisdiction in the premises with respect to the Servicer or any substantial part of its property (a) for relief in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, (b) appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Servicer or for any substantial part of its property, or (c) ordering the winding-up or liquidation of the Servicer's affairs,

and such decree or order shall remain undismissed, unstayed and in effect for a period of 60 consecutive days, or (ii) the commencement by the Servicer of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by the Servicer to the entry of an order for relief in an involuntary case under any such law, or (iii) the consent by the Servicer to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for the Servicer or for any substantial part of its property, or the making by the Servicer of any general assignment for the benefit of creditors, or (iv) the failure by the Servicer generally to pay its debts as such debts become due, or (v) the taking of action by the Servicer in furtherance of any of the foregoing.

(BB) ***"Services"*** means those services to be provided by the Servicer pursuant to Sections 2.02 and 5.03(A) hereof.

(CC) ***"Servicing and Collections Advisor"*** shall mean the party identified as such in, or such party's successor appointed pursuant to, the Indenture.

(DD) ***"Servicing Reports"*** means those reports to be provided to the Trust, the Secured Party and the Guarantor by the Servicer pursuant to Section 2.03 hereof.

(EE) ***"Student Loan"*** means a student loan made by the Originating Lender under the Program to finance or refinance a portion of a Borrower's costs of attending a School.

(FF) ***"Trust"*** means the PEAKS Trust 2009-1, a Delaware statutory trust established pursuant to the Trust Agreement.

(GG) ***"Trust Agreement"*** means the Amended and Restated Trust Agreement, dated as of January 20, 2010, between Access Group, Inc., as depositor, and the Owner Trustee, as supplemented and amended from time to time pursuant to the terms thereof.

(HH) ***"Voting Party"*** means (1) while the Indenture remains in effect, (a) the Guarantor, unless and until the Servicer receives notice from the Secured Party that the Guarantor is no longer the Voting Party under the Indenture, and (b) after receipt by the Servicer of the notice described in clause (a), the Secured Party, and (2) after the discharge of the Indenture, the Trust.

Section 1.02. Definitions of General Terms

Unless the context clearly indicates otherwise, or may otherwise require, in this Agreement the terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms refer to this Agreement as a whole and not to any particular article, section or subsection thereof.

Unless the context clearly indicates otherwise, or may otherwise require, in this Agreement (i) references to articles, sections and other subsections, whether by number, letter or otherwise, are to the respective or corresponding articles, sections or subsections of this Agreement as such articles, sections or subsections may be amended from time to time; (ii) references to chapters, subchapters and sections of any public law or statute of the United States are to the respective or corresponding chapters, subchapters and sections as they may be amended from time to time; and (iii) the word "heretofore" means before the date of execution of this Agreement, the word "now" means at the date of execution of this Agreement, and the word "hereafter" means after the date of execution of this Agreement.

ARTICLE II

PROVISION OF SERVICES

Section 2.01. **Loans Covered by this Agreement**

The Trust hereby agrees to deliver to the Servicer for servicing hereunder, and the Servicer agrees to provide the Services for, all Student Loans acquired or held by the Trust.

Section 2.02. **Services**

(A) The Servicer shall service, administer and make collections on the Serviced Loans in accordance with the terms hereof. The Servicer shall provide the services described in Schedule B hereto with respect to Serviced Loans.

(B) In performing the Services, the Servicer shall exercise commercially reasonable care and diligence and shall comply with the Program Requirements in all material respects.

(C) The parties expressly acknowledge that the Servicer shall have no obligation to give any notices to, comply with any requests or directions of, or otherwise be responsible for communicating or coordinating with any guarantor or surety of any Serviced Loans, except as the Servicer may specifically agree.

Section 2.03. **Servicing Reports**

(A) The Servicer shall provide via FTP and/or online self service to the Trust, the Secured Party and the Guarantor periodic Servicing Reports described in Schedule C hereto.

(B) The Servicer shall provide all Servicing Reports, at the Servicer's election, either (i) by delivery to the Trust, the Secured Party, and/or the Guarantor, as the case may be, as provided in Section 6.08 hereof or (ii) by making such Servicing Reports available to the Trust, the Secured Party and/or the Guarantor, as the case may be, in electronic format (including on a server to which the Trust, the Secured Party or the Guarantor, as the case may be, is granted access).

(C) The parties to this Agreement shall comply with all Applicable Laws, including (without limitation) those relating to privacy and information security, in connection with the provision, receipt, storage, and use of the Servicing Reports.

(D) The Servicer agrees to provide a Data Dump as defined in Schedule C as of the end of each month on the first Business Day of the following month, provided that the failure to provide the Data Dump (as defined in Schedule C) by the 15th day of the month following the month to which such Data Dump relates shall (subject to Section 5.04(A) hereof) be a material failure for purposes of Section 1.01(AA)(2) hereof.

Section 2.04. Manner of Performance of Services

The Servicer shall be entitled to determine the manner in which the Services are accomplished and shall have the right to effect such changes or modifications to its equipment, computer programs, reports, procedures and techniques as it deems necessary or advisable without the consent of the Trust, the Secured Party, or the Guarantor; provided, however, that such determination, changes or modifications shall not abrogate or in any way modify the Servicer's obligations under this Agreement (including with respect to the standard of care relating to the servicing of the Serviced Loans). The Servicer shall notify the Trust, the Secured Party and the Guarantor of any major systems modifications, such as replacing its hardware or software platforms.

Section 2.05. Safekeeping of Loan Documents

A copy of each Note and either originals, duplicate copies or other electronic documentation of all other material documents related to the Serviced Loans which are in the custody of the Servicer shall be maintained by the Servicer. The Servicer shall employ reasonable efforts, consistent with industry standards, to safeguard the Serviced Loan documentation from loss, damage or destruction due to fire, flood, theft, or other hazard. The Servicer shall execute backups of all of the electronic files relating to Serviced Loans to magnetic tape or other electronic media, and periodically rotate a copy of such electronic files to an off-site storage facility. Notwithstanding the foregoing, the Servicer may destroy physical loan documentation to the extent such destruction does not violate the Program Requirements, if adequate primary and back-up electronic records are maintained of such destroyed physical loan documentation to the extent required by the Program Requirements.

Section 2.06. Examination of Records

(A) The Trust, the Secured Party, the Guarantor, and their respective agents, auditors, and consultants (each of which is referred to herein as an "Examiner") will have the right, at any time and from time to time (subject to the limits set forth in Section 2.06(B) below), during normal business hours, with at least five Business Days' notice, to examine, audit, and copy any and all of the Servicer's records or accounts pertaining to any Serviced Loan, including loan documentation, and to interview or consult with the Servicer's officers and employees as it deems necessary to determine compliance with this Agreement. Any such examination or audit shall be at the expense of the party on whose behalf it is conducted.

(B) Except during the continuance of a Servicer Default, each of the Trust (and its agents, auditors and consultants), the Secured Party (and its agents, auditors and consultants), and the Guarantor (and its agents, auditors and consultants) shall be limited to a single such examination or audit in any calendar year.

(C) Prior to granting access as provided in Section 2.06(A), the Servicer may require that any Examiner sign an agreement containing the confidentiality provisions set forth in Section 6.02(E) hereof.

Section 2.07. **Appointment as Agent**

The Trust hereby appoints the Servicer as its agent (and, at such time if any, as the Secured Party becomes owner of a Serviced Loan, the Secured Party hereby appoints the Servicer as its agent) solely for endorsing and depositing negotiable instruments (checks, money orders, etc.) made payable to the Trust (or the Secured Party) but in the possession of the Servicer for the purpose of crediting Borrower accounts.

Section 2.08. **Reports and Audits Relating to the Servicer**

The Servicer shall provide to the Trust, the Secured Party and the Guarantor in the manner provided in Section 2.03(B):

By December 31 of each year, commencing 2012, a report prepared by independent certified public accountants selected by the Servicer, of a type II SSAE 16 audit.

Section 2.09. **Additional Information and Actions**

In addition to information otherwise required to be provided hereunder and actions otherwise required to be taken hereunder, from time to time upon request during the term of this Agreement, the Servicer shall submit such information and take such action as may be reasonably requested by the Trust, the Secured Party or the Guarantor to assure that the Serviced Loans are maintained in a proper and secure condition; provided, however, that if additional programming is required to provide such information, the party requesting such information shall pay for such programming at the rate set forth in Schedule A (unless such programming would otherwise be required to meet the standard of care set forth herein or for reports or processes integrated by the Servicer into its loan servicing generally), and as a condition to its obligation to provide such information, the Servicer shall be entitled to reasonable assurance of such payment (if applicable).

ARTICLE III

COMPENSATION

Section 3.01. **Amount of Compensation**

(A) The Trust shall pay or cause to be paid to the Servicer the fees and expenses specified in Schedule A hereto for the performance of the Services with respect to the Serviced Loans. The fees specified in Schedule A hereto shall remain fixed for the term of this Agreement, except as otherwise provided in subsection (B) below.

(B) If any of the Program Requirements are amended or otherwise changed (including any change in the interpretation or applicability of Applicable Laws) or if the Servicer agrees to perform additional services based upon the applicability or (in the case of laws that the Servicer has determined, based on the advice of counsel, are reasonably likely to be held to be applicable) potential applicability of other laws after the date of this Agreement so as to materially increase the costs or obligations of the Servicer in providing the Services hereunder, the Servicer shall be entitled to propose to the Trust, the Secured Party, and the Guarantor an amendment to this Agreement which would increase fees to offset the documented additional costs of complying with such amendment or change or performing such additional services, and if the parties are unable to agree upon such amendment within 60 days after the proposed amendment is sent to the Trust, the Secured Party, and the Guarantor, then the Servicer shall be entitled to terminate this Agreement upon 90 days' prior written notice to the Trust, the Secured Party, and the Guarantor.

(C) The Servicer's compensation for managing the collection of Defaulted Loans shall be the amount it retains from collections received with respect to the Defaulted Loans pursuant to Section 5.03(A).

Section 3.02. Statements

The Servicer shall send to the Trust and the Secured Party a billing statement for the fees, expenses, and other amounts due (including pursuant to Section 6.05 hereof) pursuant to this Agreement with respect to each month. The Servicer shall transmit each billing statement no later than ten Business Days before the 27th day of the following month; provided, however, that any delay in such mailing shall not relieve the Trust of its obligation to pay the fees due hereunder.

Section 3.03. Due Dates for Payments

(A) Except as provided in Section 3.03(B), the Trust shall pay the Servicer for Services rendered in each month on the 27th day of the following month (or, if such day is not a Business Day, on the next Business Day). If the Servicer has timely submitted its billing statement, then except as provided in Section 3.03(B), the Trust shall pay a late charge of 1.5% per month on any payment not received on such date until such amount is paid. The Servicer acknowledges that, for so long as the Indenture remains in effect and the applicable Serviced Loans remain subject thereto, such amounts shall be payable solely from amounts available therefor under the Indenture, including payments from the Guarantor required under the Guarantee Agreement (as defined in the Indenture).

(B) In the event of any good faith dispute by the Trust regarding any amount for the current billing period over $5,000 billed by the Servicer, the Trust may, by written notice to the Servicer detailing the grounds for the dispute, withhold payment of such disputed amount for a reasonable period pending resolution of the dispute, but shall pay the undisputed portion billed when and as due. Any amount in dispute that does not exceed $5,000 shall be paid as provided in Section 3.03(A). The parties will use best efforts to resolve any disputes within 90 days of the date payment would otherwise be due.

(C) Upon any termination of this Agreement, all fees, expenses, and other amounts owed to the Servicer hereunder shall become immediately due and payable.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. Representations and Warranties of the Servicer

The Servicer hereby represents and warrants that it is duly organized and validly existing as a limited liability company in good standing under the laws of the state of Delaware.

Section 4.02. Representations and Warranties of the Trust

The Trust hereby represents and warrants that it is duly organized and validly existing as a statutory trust in good standing under the laws of the state of Delaware.

Section 4.03. Representations and Warranties of Secured Party

The Secured Party hereby represents and warrants that it is duly organized and validly existing as a banking corporation in good standing under the laws of the state of New York, and is the duly qualified, appointed and acting trustee under the Indenture.

Section 4.04. Representations and Warranties of the Guarantor

The Guarantor hereby represents and warrants that it is duly organized and validly existing as a corporation in good standing under the laws of the state of Delaware.

Section 4.05. Mutual Representations and Warranties

Each party hereby represents and warrants to the others as follows:

(A) It has the corporate (or trust) power and authority to own its assets and carry on its business as contemplated by this Agreement, and to enter into, and perform in accordance with, the terms of this Agreement.

(B) It has, and its officers (or trustee) acting on its behalf have, the requisite corporate (or trust) authority to engage in the transactions contemplated by this Agreement, and the execution and delivery of this Agreement, the consummation of the transactions herein contemplated and compliance with the terms, conditions and provisions of this Agreement do not and will not violate, conflict with or result in a breach of any of the terms, conditions or provisions of applicable law, its organizational and governing documents or any agreement or instrument to which it is a party or by which it is bound, or constitute a default thereunder; and it is not a party to or bound to any agreement or instrument or subject to any corporate (or trust) restriction or judgment, order, writ, injunction, decree, law, rule or regulation which may materially and adversely affect its ability to perform its obligations under this Agreement.

(C) This Agreement constitutes a valid and binding obligation of such party, enforceable against it in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, receivership, reorganization and other similar laws relating to creditors' rights generally and to general principles of equity.

(D) It has obtained all consents, approvals, licenses, exemptions or authorizations of, or filings or registrations with, any government or governmental body which are required in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder, the failure to obtain which could materially and adversely affect its ability to perform its obligations under this Agreement.

(E) There is no pending action, suit, proceeding, inquiry or investigation with respect to which notice has been served upon it before any court, governmental or public entity or arbitrator against or affecting, directly or indirectly, it or any of its properties, which if adversely determined would have a material adverse effect on its ability to perform its obligations hereunder, and, to the best of its knowledge, no such action or proceeding has been threatened.

ARTICLE V

TERM AND TERMINATION

Section 5.01. Term of Agreement

Unless sooner terminated in accordance with the terms hereof, this Agreement shall remain in full force and effect with respect to all Serviced Loans from the date hereof until there are no Serviced Loans outstanding and the Trust has no further right or obligation to acquire beneficial ownership of Program Loans under the Program Loan Origination Agreement.

Section 5.02. Termination

(A) The Voting Party may terminate this Agreement, by written notice to the Servicer, (i) at any time after the occurrence and during the continuance of a Servicer Default or (ii) as provided in Section 5.04(A).

(B) The Servicer may terminate this Agreement as provided in Section 3.01(B) hereof.

(C) If (i) the Trust fails to pay or cause to be paid any fees or other amounts required under Article III as and when due, or (ii) the Trust or the Guarantor, as the case may be, fails to pay or cause to be paid any indemnity payment under Section 6.05(B) or (C) hereof when due, and such failure is not cured within 10 days after receipt by the Trust, the Secured Party, and the Guarantor of notice thereof, the Servicer may terminate this Agreement, by written notice to the Trust, the Secured Party, and the Guarantor.

(D) The Servicer may terminate this Agreement, on 180 days' notice to the Trust, the Secured Party, and the Guarantor, if the Servicer ceases its third party loan collection servicing activities on an organization-wide basis.

(E) The Voting Party may terminate this Agreement by 30 days' written notice to the Servicer, or the Servicer may terminate this Agreement by 30 days' written notice to the Trust, the Secured Party, and the Guarantor, upon the conditions specified in Schedule F.

Section 5.03. Termination with Respect to Specific Loans

(A) This Agreement shall cease to apply with respect to a Serviced Loan when such Serviced Loan is paid in full or becomes a Defaulted Loan; provided, that the Servicer shall assign to one or more collection agencies any such Defaulted Loan, shall continue to account for such Defaulted Loan, and shall transfer to the Secured Party an amount equal to 73.5% of the gross amount received (prior to reduction for collection agency fees) with respect to such Defaulted Loan (and shall retain the balance as its compensation for collection and management of collection of, and accounting for, Defaulted Loans).

(B) The Trust may elect that this Agreement cease to apply with respect to Defaulted Loans, upon 90 days written notice to the Servicer, at any time. In such event (and thereafter when Serviced Loans become Defaulted Loans), the Servicer shall provide to the Servicing and Collections Advisor, or such other Person as the Trust may direct, the electronic files maintained by the Servicer on its recovery system and the physical files relating to the Defaulted Loans, and to the extent the Servicer does not provide any documentation related to such Defaulted Loans, the Servicer shall continue to comply with Section 2.05 hereof with respect to such Defaulted Loan documentation.

Section 5.04. Impossibility of Performance; Disaster Recovery Plan

(A) If the Servicer is rendered unable, wholly or in part, by a force outside of its control (including but not limited to acts of God, strikes, lockouts, riots, acts of war or terrorism, epidemics, fire, communication line or power failure, earthquakes or other disasters) to carry out its obligations under this Agreement, the Servicer shall give to the Trust, the Secured Party, and the Guarantor prompt written notice to that effect. Thereupon, the affected obligations of the Servicer shall be suspended so long as the Servicer is unable to so perform any affected obligation; provided, however, the Voting Party may terminate this Agreement if such inability or suspension continues for more than one week and results in a failure by the Servicer to perform its basic functions under this Agreement.

(B) The Servicer will maintain a disaster recovery plan, which is designed to achieve, within commercially reasonable parameters, the continuous operation, and in the event of a material interruption, the recovery of all material business functions needed to meet the Servicer's obligations under this Agreement. The Servicer's disaster recovery plan will include, at a minimum, procedures for back-up and restoration of operating and administrative equipment and computer systems; procedures and third party agreements for replacement equipment (*e.g.*, computer systems) and procedures and third party agreements for off-site production facilities. The Servicer will provide the Trust, the Secured Party, and the Guarantor with a disaster recovery plan summary and test results of such plan no less frequently than on an annual basis and will make its disaster recovery plan available for the Trust's, the Secured Party's and the Guarantor's review at Servicer's site upon reasonable request, at no charge. If any event described in Section 5.04(A) occurs, the Servicer shall service the Serviced Loans in the same manner as it services other private student loans pursuant to the Servicer's business continuity and disaster recovery plan.

Section 5.05. Deconversion Services

(A) Upon the expiration or termination of this Agreement, the Servicer shall provide the Deconversion Services.

(B) The Deconversion Services shall be provided at the Servicer's sole cost and expense, unless this Agreement is terminated by the Servicer as provided in Section 5.02(B) or (C) hereof, or by the Voting Party as provided in Section 5.02(E) hereof. In any of the cases set forth in the preceding sentence, the Deconversion Services shall be at the Trust's cost as provided in Schedule A. The Servicer shall have no obligation to provide the Deconversion Services in such case unless it shall have reasonable assurance that it will be paid for such Deconversion Services in accordance with the terms hereof.

Section 5.06. Forwarding of Payments

After termination of this Agreement pursuant to Section 5.02 or termination with respect to Defaulted Loans pursuant to Section 5.03 (B), the Servicer shall forward to the Secured Party payments received with respect to Student Loans that were formerly Serviced Loans, promptly upon Servicer's determination that the payments relate to such Student Loans.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Limited Agency Powers

The Servicer is an independent contractor and is not, and will not hold itself out to be, the agent of the Trust, the Lender Trustee, the Secured Party, or the Guarantor except with respect to the limited agency powers specifically provided herein.

Section 6.02. Confidentiality; Trade Secrets and Proprietary Information

(A) This Agreement is considered confidential information of each party and shall not be copied or disclosed by any party to anyone other than employees, officers, directors, counsel, accountants and agents whose responsibilities require such disclosure, to affiliates and potential purchasers of such party, to any governmental agency having supervision over such party, to the Owner Trustee, and investors in the notes issued under the Indenture or as otherwise required by law, without the express written consent of the other parties.

(B) Except as provided in this Section 6.02(B), the Servicer (i) will use the Customer Information solely for the purpose of performing its duties and exercising its rights under this Agreement, (ii) will not use the Customer Information for any other purpose, and (iii) will not disclose or communicate the Customer Information, directly or indirectly, to any third party except as may be necessary or appropriate for the performance of its duties and the exercise of its rights hereunder. The Servicer further agrees that, except as described in this Section 6.02(B), the Customer Information will be disclosed only to such of its employees, agents and contractors who need access to the Customer Information for the purposes described above. The foregoing shall not restrict the Servicer's use of Customer Information in connection with, or relating to (1) persons who have become "consumers" (within the meaning of the Gramm-Leach-Bliley Act) of the Servicer or (2) data gathering and analysis done by the Servicer regarding loan repayment that does not contain individual borrowers' nonpublic personal information.

(C) The Servicer shall implement and maintain information security measures to protect against unauthorized access to or use of Customer Information, and meet the objectives of the Interagency Guidelines Establishing Standards for Safeguarding Customer Information, Final Rule (12 C.F.R. Part 30, Appendix B), and the Federal Trade Commission's Standards for Safeguarding Customer Information (16 C.F.R. part 314), including without limitation: (i) access controls on information systems; (ii) access restrictions at physical locations containing Customer Information; (iii) encryption of electronic Customer Information communicated via CommonLine℠, secure connections for website access, and with respect to other transmissions by the Servicer of Customer Information compliance with the Servicer's safeguards program as communicated to the Trust, the Secured Party, and the Guarantor from time to time; (iv) monitoring systems and procedures to detect attempts to access servers on which Customer Information resides; (v) measures to protect against destruction, loss or damage of Customer Information due to potential environmental hazards such as fire and water damage or technological failures; (vi) testing of key controls, systems and procedures; and (vii) monitoring the information security policies of any of its subcontractors that are provided with Customer Information.

(D) The Trust, the Secured Party, and the Guarantor hereby acknowledge that all materials, procedures, written instruments, files and records (except specific Borrower files and records) developed by the Servicer in connection with the Services and the performance of its other obligations hereunder are and shall be treated as proprietary in nature. Neither the Trust, the Secured Party, nor the Guarantor shall have or acquire any proprietary or any other right whatsoever in any such materials, procedures, written instruments, files, or records developed by the Servicer.

(E) Subject to any disclosure obligation imposed by law or regulation, any examinations or audits of the Servicer conducted under Section 2.06, any financial statements or other information of the Servicer provided under Sections 2.08 or 2.09, any business continuity and disaster recovery plan of the Servicer, any other information disclosed by or on behalf of the Servicer in connection herewith or therewith, and any copies of documents made or other documents generated in connection herewith or therewith, shall be treated as confidential by the Trust, the Secured Party, the Guarantor, and each Examiner and used only for the purpose of managing and administering the Serviced Loans and determining compliance by the Servicer hereunder. No documents or information provided in connection therewith shall be delivered by the Trust, the Secured Party, the Guarantor, or the Examiner to any third party other than the Trust's, the Secured Party's or the Guarantor's accountants, attorneys, or other professional advisors (in each case, which has agreed in writing for the Servicer's benefit to be bound by confidentiality provisions set forth in this Section 6.02) or governmental agencies having jurisdiction over the Trust or the Secured Party. The Trust, the Secured Party, the Guarantor and each Examiner will adopt procedures and safeguards to protect against unauthorized disclosure of such documents or information, and shall, at a minimum, exercise the same standard of care to protect the Servicer's confidential or proprietary documents and information from unauthorized disclosures as is used to protect its own confidential or proprietary documents and information from unauthorized disclosure.

Section 6.03. **Amendments; Entire Agreement; Prior Agreements**

(A) This Agreement may not be amended or modified in any respect except by an instrument in writing signed by each party to be affected thereby and communicated in accordance with Section 6.08 hereof regarding notices and as otherwise provided in this Agreement.

(B) This Agreement shall be the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior written or oral agreements, representations, statements, negotiations, and undertakings among any of the Servicer, the Trust, the Secured Party and the Guarantor with respect to the Services. In the event of an inconsistency between the provisions of the Schedules attached hereto and the provisions of Articles I through VI of this Agreement, the Schedules shall prevail.

Section 6.04. **Assignment and Subcontracting**

(A) Except as provided in subsection (B), (C), (D) and (E) below, this Agreement may be assigned by any party only with the consent of the other parties.

(B) The Servicer may assign its rights to receive payments under this Agreement and/or may subcontract its obligations hereunder without the consent of the Trust, the Secured Party, or the Guarantor; provided, however, that (except as provided in subsection (C) below) unless the Trust, the Secured Party, and the Guarantor have otherwise agreed, the Servicer (i) shall not subcontract its obligations in their entirety, (ii) shall not subcontract its management and oversight of servicing operations, and (iii) shall remain responsible for the performance of all of the Services with respect to the related Serviced Loans in accordance with the standards set forth herein.

(C) The Servicer may, without the consent of the Trust, the Secured Party, or the Guarantor, assign its rights under this Agreement to an affiliated entity; provided, however, that unless the Trust, the Secured Party, and the Guarantor have otherwise agreed, Access Group, Inc. shall remain responsible for the performance of its duties hereunder.

(D) Subject to the restrictions in the Indenture and the Trust Agreement, the Trust may assign its rights hereunder to an assignee of Serviced Loans that assumes the related obligations of the Trust hereunder.

(E) The Servicer acknowledges that the Trust will assign its rights hereunder to the Secured Party, as collateral security to secure the payment of the Trust's notes issued under the Indenture. The Secured Party agrees that it shall, upon foreclosure upon any such collateral security, assume (or cause any assignee of the Serviced Loans or the rights of the Trust hereunder to assume) the related obligations of the Trust hereunder.

(F) All covenants and agreements herein contained shall extend to and be obligatory upon all assigns and successors of the respective parties hereto.

Section 6.05. Indemnity

(A) Servicer Indemnification. The Servicer agrees to indemnify and hold the Trust, the Secured Party, and the Guarantor and their respective directors, officers, employees and agents harmless of, from and against any and all loss, liability, cost, damage or expense, including reasonable attorneys' fees and disbursements (collectively, "Damages"), resulting from any misrepresentation, any breach of warranty, or non-fulfillment of any agreement or covenant on the part of the Servicer under this Agreement.

The Servicer assumes no responsibility or liability for the failure of:

(1) any originator or servicer (in either case, other than the Servicer) to exercise reasonable care or due diligence in making or servicing a Serviced Loan prior to the Servicer assuming responsibility for providing Services with respect to such Serviced Loan;

(2) any Borrower or co-signer to repay a Serviced Loan; provided, however, that with respect to any former Serviced Loan that has been deconverted in connection with the termination of this Agreement pursuant to Section 5.02, the Servicer's indemnification obligation shall apply to the amount of any loss of the legal right to collect, or reductions in any amounts payable on or with respect to, such former Serviced Loan that result, directly or indirectly, from the Servicer's failure to provide any Data Dump, as provided in Section 2.03(D) hereof, or the Deconversion Services, as provided in Section 5.05 hereof, to the extent such loss or reductions result from the application of Applicable Law to such former Serviced Loan, as serviced by a successor servicer;

(3) the terms and conditions of any Serviced Loan or the Program Guidelines to comply with applicable law; or

(4) any Truth-in-Lending disclosure to comply with the Federal Truth-in-Lending Act or Regulation Z unless the Originating Lender has provided, and the Servicer fails to comply with, express instructions concerning completion of the notice.

(B) Trust Indemnification. The Trust agrees to indemnify and hold the Servicer and its directors, officers, employees and agents harmless of, from and against any and all loss, liability, cost, damage or expense, including reasonable attorneys' fees and disbursements (collectively, "Costs and Damages"), resulting from:

(1) Any failure of the Trust to pay the fees and expenses provided for under Article III hereof;

(2) Any breach by the Trust or the Secured Party of their respective obligations hereunder;

(3) Any violation of the Fair Debt Collection Practices Act or other borrower or consumer protection laws based in whole or in part on collection activities conducted by any insurer or guarantor (which terms do not include the Guarantor) of a Serviced Loan or Defaulted Loan (including the Servicer's failure to comply with instructions provided to any such other party by or on behalf of a Borrower); or

(4) The Servicer's performance of the Services hereunder (including, without limitation, any Costs and Damages arising from the Servicer being made a defendant in or being required to appear in any legal action or other proceeding relating to the Serviced Loans or Defaulted Loans), except to the extent arising from the Servicer's (i) negligence, (ii) willful misconduct, or (iii) breach of the terms of this Agreement (including its obligation to comply with the Program Requirements).

(C) Guarantor Indemnification. The Guarantor agrees to indemnify and hold the Servicer and its directors, officers, employees and agents harmless of, from and against any Costs and Damages, resulting from:

(1) Any breach by the Guarantor of its obligations hereunder; or

(2) Any violation of the Fair Debt Collection Practices Act or other borrower or consumer protection laws based in whole or in part on collection activities conducted by the Guarantor or any School, or their respective agents (including the Servicer's failure to comply with instructions provided to any such other party by or on behalf of a Borrower that have not been provided to the Servicer by or on behalf of such Borrower).

(D) Indemnification Conditioned. Notwithstanding the foregoing in this Section 6.05, the obligation of any party to indemnify and hold harmless any other party as an indemnified party is expressly conditioned on such indemnified party fully satisfying all of the following conditions: (i) providing the indemnifying party with prompt, written notice of any such Damages, or any claim that could result in any such Damages (provided that failure to provide notice will not relieve an indemnifying party of its obligations under this Section 6.05 except to the extent the indemnifying party is prejudiced by such failure) and (ii) cooperating fully with the indemnifying party and its legal representatives in the investigation and defense of any and all such claims. The indemnified party shall have the right to employ separate counsel at its own expense to participate in the defense of any action with respect to which such party is indemnified. The indemnifying party shall not compromise any claim subject to indemnification if such compromise requires anything other than the payment of money, without the prior written consent of the indemnified party.

(E) Liability Limited. Notwithstanding the foregoing in this Section 6.05:

(1) In no event shall any party be liable for any special, consequential, exemplary or punitive damages with respect to any matter whatsoever arising out of this Agreement; provided that the foregoing shall not relieve any party of its obligation to indemnify another party against any such damages awarded to a third party.

(2) It is expressly understood and agreed by the parties to this Agreement that (a) this Agreement is executed and delivered by Deutsche Bank Trust Company Delaware not in its individual or personal capacity but solely in its capacity as trustee under the Trust Agreement on behalf of the Trust, in the exercise of the powers and authority conferred and vested in it as trustee under the Trust Agreement, subject to the protections, indemnities and limitations from liability afforded to the Owner Trustee thereunder; (b) the representations, warranties, covenants, undertakings, agreements and obligations by the Trust are made and intended not as personal representations, warranties, covenants, undertakings, agreements and obligations by the administrator of the Trust under the Administration Agreement, or the Owner Trustee, but are made and intended for the purpose of only binding the Trust; (c) nothing contained herein shall be construed as creating any liability on such administrator or the Owner Trustee, individually or personally, to perform any expressed or implied covenant, duty or obligation of the Trust of any kind whatsoever contained herein; and (d) under no circumstances shall such administrator or the Owner Trustee be personally liable for the payment of any fees, costs, indebtedness or expenses of any kind whatsoever or be personally liable for the breach or failure of any obligation, representation, agreement, warranty or covenant whatsoever made or undertaken by the Trust hereunder.

Section 6.06. Insurance

The Servicer will, at all times during the term of this Agreement and at its own expense, cause to be carried and maintain in full force and effect insurance in such amounts and with such terms as follow:

(i) comprehensive general liability with limits not less than $1 million per occurrence and $2 million annual aggregate ($3 million annual aggregate commencing May 1, 2012), with coverages to include contractual liability, personal injury and advertising injury;

(ii) statutorily required worker's compensation;

(iii) employer's liability of $1 million per employee/occurrence;

(iv) crime liability of $500,000 per occurrence ($2 million commencing May 1, 2012);

(v) umbrella liability with limits not less than $3 million per occurrence and aggregate ($10 million commencing May 1, 2012);

The Servicer will provide certificates of insurance to the Trust, the Secured Party and the Guarantor evidencing compliance with the above requirements at the time of execution of this Agreement and, upon request, on an annual basis thereafter as the policies renew or expire.

Section 6.07. Governing Law

This Agreement shall be interpreted under and governed by the laws of the State of Delaware, without regard to conflict-of-laws rules.

Section 6.08. Notices

Notices, requests or demands which may or are required to be given by any party hereunder shall be in writing or by e-mail and shall be deemed to have been properly given upon actual receipt or (i) seventy-two (72) hours after being sent by certified mail, return receipt requested, (ii) forty-eight (48) hours after being sent by national overnight courier, or (iii) upon receipt by the sender of electronic or oral confirmation of receipt of an e-mail message by the intended recipient.

All such notices and other items required to be delivered hereunder shall be addressed as follows:

If intended for the Trust or the Owner Trustee:

c/o Deutsche Bank Trust Company Delaware
1011 Centre Road, Suite 200
Wilmington, Delaware 19805
Attention: Elizabeth B. Ferry
Telephone: (302) 636-3392
Facsimile: (302) 636-3399
Email: elizabeth.b.ferry@db.com

With a copy to:

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
100 Plaza One
Jersey City, New Jersey 07311
Attention: Susan Barstock
Telephone: (201) 593-8421
Facsimile: (212) 553-2458
Email: susan.barstock@db.com

And a copy to:
Access Group, Inc.
Attention: Vice President Portfolio Management
5500 Brandywine Parkway

Wilmington, Delaware 19803
Telephone: (302) 477-4071
Facsimile (302) 477-4032
Email: pquigley@accessgroup.org

If intended for the Secured Party:

Deutsche Bank Trust Company Americas
c/o Deutsche Bank National Trust Company
100 Plaza One
Jersey City, New Jersey 07311
Attention: Susan Barstock
Telephone: (201) 593-8421
Facsimile: (212) 553-2458
Email: susan.barstock@db.com

If intended for the Servicer:

First Associates Loan Servicing, LLC
15090 Avenue of Science
San Diego, CA 92128
Attention: Laurence Chiavaro
Executive Vice President
Telephone: (858) 451-2444
Facsimile: (858_ 451-0022
Email: lchiavaro@1stassociates.com

If intended for the Guarantor:

ITT Educational Services, Inc.
Attention: Chief Financial Officer
13000 N. Meridian Street
Carmel, Indiana 46032
Telephone: (317) 706-9200
Facsimile: (317) 706-9254
Email: dfitzpatrick@ittesi.com

Any party may change the address to which communications to it are to be sent by notice to the other parties given as aforesaid.

Section 6.09. Severability

Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or lack of authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 6.10. Survival

All covenants, agreements, representations, warranties and indemnities contained in this Agreement shall survive the termination of this Agreement as covenants, agreements, representations, warranties and indemnities for any occurrence or failure occurring during the term of this Agreement.

Section 6.11. Waiver of Rights

No failure by any party to exercise, or any delay in exercising, and no course of dealing with respect to any right of such party or any obligation of any other party under this Agreement shall operate as a waiver thereof, unless, and only to the extent, agreed to in writing by such party. Any single or partial exercise by any party of its rights shall not preclude such party from any other or further exercise of such right or the exercise of any other right. Any single or partial waiver by any party of any obligation of any other party under this Agreement shall constitute a waiver of such obligation only as specified in such waiver and shall not constitute a waiver of any other obligation.

Section 6.12. Cumulative Remedies

No remedy by the terms of this Agreement conferred upon or reserved to the Servicer, the Trust, the Secured Party, or the Guarantor is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Agreement or existing at law or in equity or by statute on or after the date of this Agreement including, without limitation, the right to such equitable relief by way of injunction, to prevent the breach or threatened breach of any of the provisions of this Agreement or to enforce the performance hereof.

Section 6.13. Certain References Ineffective After Transfer or Discharge

(A) References to Trust Agreement. References herein to the Trust Agreement shall be of no further force and effect to the extent that the Trust is no longer the owner of Serviced Loans. In such event, this Agreement shall be construed without regard to those references.

(B) References to Indenture and Secured Party. References herein to the Indenture, the Secured Party, and the Guarantor shall be of no further force and effect to the extent the Trust's obligations under the Indenture shall have been discharged as provided in the Indenture. In such event, this Agreement shall be construed without regard to those references.

Section 6.14. Headings

The Article and Section headings contained in this Agreement are for convenience only and shall not be deemed part of this Agreement.

Section 6.15. Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be deemed to constitute but one and the same instrument.

Section 6.16. Certain Activities in U.S. Only

The Servicer will perform all Services hereunder that involve communications with a Borrower or a School from locations in, and by employees or agents located in, the United States, except in the case of Services with respect to a Borrower whose residence is located outside the United States.

Section 6.17. Bankruptcy Non-Petition

Neither the Servicer, the Secured Party, nor the Guarantor will at any time institute against the Trust any bankruptcy proceeding under any United States federal or State bankruptcy or similar law in connection with any obligations of the Trust under this Agreement; provided, that nothing in this Section shall preclude any party hereto from taking any action in any case or proceeding voluntarily filed or commenced by the Trust or in any involuntary proceeding filed or commenced against the Trust by any other person.

IN WITNESS WHEREOF, the Servicer, the Trust, the Secured Party and the Guarantor have executed this Agreement as of the date and year first above written.

FIRST ASSOCIATES LOAN SERVICING, LLC

By: /s/ Laurence Chiavan
Laurence Chiavan, Executive Vice President

PEAKS TRUST 2009-1

By: Deutsche Bank Trust Company Delaware, not in its individual capacity, but solely as trustee under the Trust Agreement

By: /s/ Susan Barstock
Susan Barstock
Attorney-in-fact

And: /s/ Ellen Jean-Baptiste
Ellen Jean-Baptiste
Attorney-in-fact

DEUTSCHE BANK TRUST COMPANY AMERICAS, as indenture trustee under the Indenture

By: Deutsche Bank National Trust Company

By: /s/ Susan Barstock
Susan Barstock
Vice President

And: /s/ Ellen Jean-Baptiste
Ellen Jean-Baptiste
Associate

ITT EDUCATIONAL SERVICES, INC.

By: /s/ Kevin M. Modany
12/2/11
Kevin M. Modany, Chairman and CEO

[Signature Page to Agreement for Servicing Private Student Loans]

SCHEDULE A

FEE SCHEDULE

Basic Servicing Fee: 1.025% per annum, based on the aggregate principal balance, as of the last day of the month, of (1) the Serviced Loans (which shall not include Defaulted Loans); and (2) the Student Loans (or portions thereof) in which the Trust owns a 100% participation interest as provided in the Program Loan Origination Agreement. The Basic Servicing Fee shall be computed on the basis of a 360-day year for the actual number of days elapsed.

Deconversion fees shall be $25 per Borrower; provided that if the Agreement is terminated by the Voting Party pursuant to Section 5.02(E) hereof, the Trust will, in lieu of deconversion fees, pay the Servicer's actual costs and expenses (as described in reasonable detail on submitted invoices) in connection with deconversion, up to a maximum amount of $500,000.

Additional activities, including development of additional reports, may be provided and billed as agreed upon between the parties. Programming will be billed at $125 per hour.

SCHEDULE B

SERVICES

The Servicer shall provide the following Services:

1. Receive and load electronic loan data onto the Servicer's servicing system. Create and maintain electronic files and records pertaining to the Serviced Loans.
2. Update enrollment data, including by periodic monitoring of, and receipt of data from, the clearinghouse; convert Serviced Loans to Repayment in accordance with Program Guidelines.
3. After the Interim Period for a Serviced Loan ends, (i) establish a Repayment Schedule for such Serviced Loan consistent with the Note terms, and (ii) (subject to Section 6.05(A)(4) hereof) send to the Borrower a Truth-in-Lending repayment disclosure (to the extent required by the Truth-in-Lending Act).
4. Calculate and apply origination fee (if any) and interest rate as in effect at any given time, capitalize interest on a monthly basis when applicable, and recalculate monthly payment amounts on a quarterly basis during the Repayment Period, all pursuant to the Program Guidelines.
5. Grant Forbearance Periods to Borrowers consistent with the Program Guidelines.
6. During Repayment, provide monthly billing statements to Borrowers for principal and interest due.
7. Respond to inquiries and communications from Borrowers, Schools, the Trust, the Secured Party, the Lender Trustee and the Guarantor, and communicate with Borrowers, Schools, the Trust, the Secured Party, the Lender Trustee, the Guarantor and others to the extent necessary to appropriately provide Services. Provide telephone and internet customer service options for Borrowers.
8. Process Borrower payments on Serviced Loans promptly, and set up automatic bank account debit loan payments upon Borrower request.
9. Remit payments received (net of any reversals) on Serviced Loans to the Secured Party (or the assignee of the Serviced Loan) within three Business Days after receipt or such longer period as may be permitted by the Secured Party (or the assignee of the Serviced Loan).
10. Prepare and send Internal Revenue Service Forms 1098 to Borrowers for which tax documentation is provided in connection with their Serviced Loans.
11. Perform collection calls and send delinquency notifications to delinquent Borrowers in accordance with the Program Guidelines.
12. Provide skip tracing activities in accordance with the Program Guidelines.

13. Report repayment performance to credit reporting agencies in accordance with the Program Guidelines.

14. Send annual privacy policy notices on behalf of the Trust.

15. Other services specified to be performed by the Servicer (but not the Origination Agent) in the Program Guidelines.

SCHEDULE C

REPORTS

Item	Report Name	Report Description	Dissemination Method	Frequency
1	Principal Reconcile - Lender Summary (Accrual Summary Report)	The Principal Reconcile reports are used to reconcile the beginning and ending portfolio current principal balances (as reported by the loan records) to the monetary activity (as reported by the loan history records).	Online Self Service	Monthly
2	Interest Reconcile - Lender Summary (Accrual Summary Report)	The Interest Reconcile reports are used to reconcile the beginning and ending portfolio current Borrower interest balances (as reported by the loan records) to the monetary activity (as reported by the loan history records).	FTP and/or Online Self Service	Monthly
3	Fees Reconcile - Lender Summary (Accrual Summary Report)	The Fees Reconcile report is used to reconcile the beginning and ending portfolio current fees balances (as reported by the loan records) to the monetary activity (as reported by the loan history records).	Online Self Service	Monthly
4	Disbursement Cancellation Report	The Disbursement Cancellations Report is a detailed list of the disbursements that were cancelled during the selected time period.	FTP	Monthly
5	Servicing Extract ("Data Dump")	This report is a data snapshot of all Borrower Program Loans loans for Originating Lender Borrowers serviced by the Origination Processor; includes data pertaining to loan principal, interest accrual, payments (dates, amount, schedule, etc.).	Online Self Service and FTP	Monthly
6	Collections Detail Loan Report	This report lists loans in a delinquent status grouped by the different delinquency buckets (30 days, 60 days, 90 days, etc.).	Online Self Service	Monthly
7	Daily Activity File	A daily activity file at the transactional loan level that includes payments, disbursements, write-offs, capitalizations, interest accruals, and any other monetary activity that affects the balance of the loan	FTP	Daily
8	Weekly Balance File	A weekly balance loan level file that includes the outstanding principal / refund, interest, and fee(s) balance at the end of each week.	FTP	Weekly

SCHEDULE D

DECONVERSION SERVICES

Upon the occurrence of any event triggering Deconversion Services under the terms of the Agreement, the Servicer shall provide reasonable cooperation and assistance in transferring, to the entity designated by the Trust, those records and documents maintained by the Servicer in connection with the provision of Services with respect to the Serviced Loans being deconverted (or reports with respect thereto); provided that the Servicer shall not be obligated to forward any record or document in which it asserts proprietary rights or which relates to loans other than the Serviced Loans being deconverted. All records and documents shall be transferred in such medium as may be required under any applicable Program Requirements and not inconsistent with the Servicer's private student loan servicing guidelines and all reports shall be in such detail as may be required under any applicable Program Requirements and not inconsistent with the Servicer's private student loan servicing guidelines.

The Servicer shall use commercially reasonable efforts to provide records that are transferable in an electronic form maintained by the Servicer within 90 days after the triggering date and to provide paper records within a reasonable time (not to exceed 180 days) after the triggering date.

SCHEDULE E

PROGRAM GUIDELINES

Program Guidelines

PEAKS Private Student Loan Program

December 10, 2011

"Pre TILA Transition Date"

Table of Contents

1) **General Provisions**

a) Purpose

A PEAKS Private Student Loan is a Loan designed to meet the higher education financing needs of U.S. citizens or eligible noncitizens enrolled in associate, undergraduate or graduate programs of study, who are attending a school ("ITT ESI School") owned and operated by ITT Educational Services, Inc. ("School").

Unless otherwise noted, Access Group will be responsible for executing the loan origination (Origination Agent) functions contained in these Program Guidelines. The Access Group will be entitled to assume the accuracy of all information provided by the applicant, the Clearinghouse, the credit bureau and the School (including representatives of an ITT ESI School). Unless otherwise noted, and on and after the effective date of the Agreement for Servicing Private Student Loans as executed by First Associates Loan Servicing, LLC and others, First Associates (Servicer) will be responsible for the loan servicing functions contained in these Program Guidelines. First Associates will be entitled to assume the accuracy of all information provided to it by Access Group, the Program Applicant, the Clearinghouse, the credit bureau and the School.

These Guidelines do not include procedural changes for compliance with Title X regulation which is required by February 14, 2010. It is acknowledged by all parties that application processing, note form and disclosure will be affected by the implementation of the new regulation.

b) Applicability of Program Guidelines

These Program Guidelines apply to Loans made under the PEAKS Private Student Loan Program applied for prior to 2/12/2010.

c) Forms

In the Private Education Loan Origination and Sale Agreement, the Originating Lender has approved the forms attached here to as exhibits 7-12. The Origination Agent may use other or additional forms as necessary or appropriate in connection with its collection, review and disposition of application data, and may make revisions to the attached forms that do not affect compliance with consumer protection law.

2) **Definitions (Defined Terms)**

See Addendum B for a list of defined terms. Capitalized terms not defined in these Program Guidelines will have the meanings assigned in other applicable documents, such as the Private Education Loan Origination and Sale Agreement (the "Origination Agreement") or the Application and Loan Agreement. Any conflict between these terms will be governed by the respective Agreement.

3) **Borrower and School Eligibility Requirements**

a) PEAKS Private Student Loan Borrower Eligibility

In order to borrow a Loan, a Borrower must be eligible under the following Program underwriting guidelines established by the Originating Lender:

i) ITT ESI Schools will certify in the Loan Certification process that the School has received an Institutional Student Information Report from the U.S. Department of Education for each Borrower.

ii) Borrower must be enrolled or accepted for enrollment at least half-time (based on ITT ESI School criteria) at, or have graduated from, an ITT ESI School, as certified by the ITT ESI School. If the Borrower is accepted for enrollment, the applicable academic period must begin no later than 120 days after the Application date, based upon the school certification. If the Borrower has graduated, the graduation date must be no earlier than 120 days prior to the Application date. Former ITT ESI School students who did not graduate (e.g., dropped out of school) are not eligible for the PEAKS Loan. The applicable ITT ESI School will be responsible for determining this eligibility and will confirm through the loan certification process.

iii) Borrower must have completed by the Application date a minimum of 20 quarter credit hours (or the equivalent) of credit for college level courses. ITT ESI Schools will be responsible for determining this eligibility and will confirm through the Loan certification process.

iv) Borrower must be at least the following age, based on the Borrower's current address as set forth in the Loan Application:

(1) Alabama	19
(2) Nebraska	19
(3) Puerto Rico	21
(4) All Other U.S. Locations	18

v) Borrower must electronically execute the Application and Loan Agreement for the Program.

vi) Borrower must have a U.S. address and possess a U.S. Social Security number.

vii) Borrowers must successfully meet OFAC (Office of Foreign Asset Control) screening requirements. Access Group will perform the name verification check that is outlined in the OFAC procedure in Addendum C.

viii) Borrower must meet the Borrower credit criteria (detailed in section 6 of this document) of the Program.

b) PEAKS Private Student Loan School Eligibility

All Title IV eligible ITT ESI Schools located in the United States and its territories are eligible to participate in the PEAKS Private Student Loan Program.

4) Loan Period

Individual Borrowers may request funds for prior and current Loan Periods at the same time. In these situations a single Application and, if approved, a single Loan will be made. In the event that the proceeds of a Loan will be utilized to refinance amounts due with respect to a prior academic year or portion thereof and a current or upcoming academic year or portion thereof, the "Enrollment Period" field on the Loan Application and the "Loan Period" field on the School Certification should be completed with the current or upcoming academic year or portion thereof.

5) Application Overview

This section contains an overview of the loan process. Further detail is found in subsequent sections of this document. Any changes to the following forms, or the method or timing of their completion, must be approved by the Originating Lender prior to implementation:

- Application

- Loan Agreement
- School Certification
- Truth In Lending Disclosure Statements
- Adverse Action Letters

The Application process will be hosted by the Access Group Loan Servicing Website.

Borrowers will submit completed applications to the Originating Lender using the Access Group website and will sign the Application and Loan Agreement electronically. A paper application process is not contemplated. All documentation that is sent to Program Applicants after receipt of the Application and Loan Agreement will be sent by Access Group to the Program Applicants by mail or electronically to the extent permitted by law.

Access Group on behalf of the Originating Lender will attempt to obtain a credit report for all Program applicants and underwrite the loan application. The credit report, or the notification from the credit bureau that a credit report does not exist, will be maintained in the Application file.

The Borrower will be notified of credit approval within 30 days based on the Borrower Credit Criteria outlined below, or an adverse action notice will be sent within 30 days, as required by applicable law.

Applicant will receive communications regarding any incomplete application status. Within 30 days of the Application date a letter will be sent to the Borrower notifying the Borrower of the incomplete status and indicating that the Loan will be declined for incomplete information if the required information is not provided within 120 days of the date Access Group completed the credit review process.

A FICO credit score for each applicant will be requested; the credit score will be maintained as part of the application file and used to assign each application a pricing tier.

The Originating Lender will disburse loan proceeds in accordance with the Origination Agreement and will provide interim Truth In Lending Disclosure statements to each borrower at the time of the first disbursement. The interim Truth in Lending Disclosure statement required fields will be calculated using methods approved by the Originating Lender. The Originating Lender's Privacy policy, attached as Addendum E, will be mailed to borrower with the interim Truth In Lending Disclosure statement.

Once disbursed, the loan will be transferred to a loan servicing system and borrower documentation will be maintained as provided in these guidelines.

6) Borrower Credit Criteria

Applicants must either

a) Meet the following credit criteria, based upon information contained in the credit report:

   i. No filed bankruptcy, discharged bankruptcy or foreclosure within 24 months before the Loan Application date, and

   ii. No judgments, charge-offs, collections, liens, or repossessions in an aggregate amount of more than $2,500.00 excluding medical related accounts, within 24 months before the Loan Application date, and

   iii. No record of a student loan default, unless the default has been paid in full.

or

b) Have been extended credit through the School "Temporary Credit" Program and have not had a filed or discharged bankruptcy within the 24 months preceding the Loan Application date, based upon information contained in the credit report.

i. School will provide a file identifying all Temporary Credit recipients.

ii. Access Group will use this information to review all applications that would otherwise be denied for any denial reason, except for bankruptcy, outlined by section a) above within 5 Business Days.

or

c) Have no credit history with the credit bureau.

An approved credit decision expires if the Loan is not first funded within 120 days from the date the credit decision was made. If the Loan isn't funded within 120 days, Access Group will send an adverse action notification to the borrower. If the applicant desires to complete the loan, a new Application must be created.

7) Credit Decision Appeals

- The applicant may appeal a denied credit decision through written correspondence, according to the Reconsideration Policy and Procedures attached as Addendum D.

8) Terms and Conditions of Loans

Table of PEAKS Private Student Loan Borrower Pricing Tiers

Pricing for each loan is based on the Borrower's FICO score*:

Tier	AGI Tier Code	FICO Score	Interest Rate Margin	Origination Fee
1	600	790+	+ 1.5%	0%
2	601	720-789	+2.5%	2%
3	602	680-719	+5%	3%
4	603	650-679	+7%	5%
5	604	600-649	+8%	7%
6	605	No credit score	+ 9%	8%
7	606	599 and below	+ 11.5%	10%

* Eligible Borrowers with an Experian/Fair Isaac Score Code of 9002 or 9003 will be priced as if part of tier 6 ("no credit score")

Interest Rate – Refer to Section 13.

Origination Fee – An Origination Fee will be added to a Loan at disbursement. This fee will be non-refundable except in cases of certain loan cancellation or refunds as described in Section 12. The applicable Origination Fee will be calculated on the Disbursed Amount and capitalized.

9) Loan Limits

Borrower Loan Limits

i) The minimum amount for each Loan is one thousand dollars ($1,000.00).

ii) The maximum annual Loan amount is equal to the cost of attendance less financial aid for the applicable Loan Period(s) as certified by each ITT ESI School.

iii) No aggregate or annual maximum limits will be enforced by the Access Group.

iv) Aggregate limits are set by degree level and are enforced by each ITT ESI School.

(1) Associate degree programs: $35,000

(2) Bachelors degree programs: $60,000

(3) Graduate degree programs: $25,000

(4) Maximum undergraduate (associate and bachelor degree programs combined) : $60,000

(5) Maximum total of all programs : $85,000

The Origination Fee is not included in determination of the minimum and maximum loan limits.

10) School Certification

The PEAKS Loan requires School Certification. This School Certification must be provided by financial aid personnel at the applicable ITT ESI School or the School, using the Access Group web certification tool.

11) Funds Disbursement

Access Group will direct the Originating Lender to send Disbursement amounts to the School or for the account of the School via direct electronic funds transfer as provided in the Origination Agreement.

School will credit student accounts for the Disbursed Amount (which excludes the Origination Fee).

Disbursements will be scheduled in accordance with each ITT ESI School certification. Each Loan can have a maximum of four (4) disbursements. The ITT ESI School will choose the dates and disbursement amounts that best fit its needs and complies with applicable state law, as long as the first disbursement will occur at least nine (9) days after the School has certified the Loan.

If a disbursement is requested for a day on which Access Group or the Originating Lender is closed, the next available disbursement date will be used.

Access Group will determine which loans will be postponed in the event daily Disbursement volume exceeds the daily Reserve Fund balance as required by the Origination Agreement. A postponed loan Disbursement priority will be set by the date of the certification by the ITT ESI School (First In First Out priority). Any individual Disbursement that is postponed must be postponed in its entirety, and will not be partially disbursed.

Truth in Lending disclosures will be produced and sent at the time of the first disbursement.

12) Return of Loan Proceeds

The “Gross Refund Amount” of a Loan as used in these Guidelines means the portion of the Disbursed Amount on a Loan that is being credited to the Borrower’s Loan account in accordance with this Section. This section only applies to refunds and cancellations received from the ITT ESI School or the School. If funds are received from the Borrower directly, those funds will be processed as a pre-payment on the Borrower's Loan and Origination Fees and accrued interest will not be refunded or waived.

If a cancellation or refund on a Loan is to be made after the Loan has been sold to the Trust by the Originating Lender:

- The School will remit 72% of the Gross Refund Amount to First Associates, and will communicate to First Associates what the Gross Refund Amount with respect to that Loan is;
- First Associates will credit the Borrower's Loan account with 100% of the Gross Refund Amount;
- First Associates will remit the 72% of the Gross Refund Amount that it received from the School to the Trust; and
- The Trust will credit the subordinated note held by the School with an amount equal to 28% of the Gross Refund Amount.

If a cancellation or refund on a Loan is to be made before the Loan is sold by the Originating Lender to the Trust, or after the Loan has been sold to the Access Group:

- The School will remit 72% of the Gross Refund Amount to First Associates, and will communicate to First Associates what the Gross Refund Amount with respect to that Loan is;
- First Associates will credit the Borrower's Loan account with 100% of the Gross Refund Amount;
- First Associates will request an amount equal to 28% of the Gross Refund Amount from the Trust;
- The Trust will remit an amount equal to 28% of the Gross Refund Amount to First Associates on behalf of the School, and will credit the subordinated note held by the School with an amount equal to 28% of the Gross Refund Amount; and
- First Associates will remit 100% of the Gross Refund Amount to the Originating Lender, unless the loan has been sold to Access Group in which case Access Group will retain 100% of the Gross Refund Amount to Access Group.

In all events, if Access Group receives a check or electronic funds transfer from the School and/or an account of the School related to a cancellation or refund of a Loan:

- If the cancellation or refund proceeds are received within 60 days of the Disbursement date:
    - If the Gross Refund Amount equals the Disbursed Amount, then related fees and interest will be waived by the Originating Lender and credited in full to the Borrower's account; and
    - If the Gross Refund Amount is less than the Disbursed Amount, then the related fees and interest will be waived by the Originating Lender and credited on a pro-rata basis to the Borrower's account.
- If the cancellation or refund proceeds are received later than the 60th day after the Disbursement date, then no fees or interest will be waived or credited to the Borrower's account.

In all events, Access Group will communicate all cancellation information to the appropriate parties including the Administrator. The Originating Lender will calculate the adjustments to the fee remittance required by the Origination Agreement. Premiums and Fees on any canceled or refunded Loan will be refunded as provided in the Origination Agreement.

13) Interest Rate

a) Accrual – Interest will accrue at the Variable Rate (as defined below) on the principal amount of each Loan outstanding.

b) Interest will be calculated on a daily simple interest basis, according to the outstanding principal balance each day of the term of the Loan. The daily interest rate will be equal to the annual interest rate in effect on that day, divided by 365.25 days and will not vary for leap years.

c) Variable Rate – The Variable Rate will be equal to the "Index" (defined below), rounded up to the nearest one-eighth of one percent (0.125%) plus a Margin assigned to the Loan based on the borrower's FICO credit score as described in Section 8 up to a maximum of 25%.

d) The Variable Rate may change, effective on the first day of any month, if the Index changes. The "Index" for any month is the U.S. Prime Rate, as published by *The Wall Street Journal* on the seventeenth (17th) day of the immediately preceding month, or if *The Wall Street Journal* is not published on the seventeenth (17th) day of the immediately preceding month, then the next day on which it is published. If *The Wall Street Journal* is no longer published, the loan holder will find an alternate source for the Index. If the Index is no longer available, the loan holder will choose a comparable Index.

e) Changes in the Variable Rate will be communicated to the Borrower consistent with federal and state regulatory requirements.

f) The Servicemembers Civil Relief Act (The Act) requires consumer lenders to reduce the interest rate to 6% on any Loan to a Borrower who is called to Active Duty if the Loan was disbursed prior to the Borrower being called to Active Duty. In order for the Borrower to be eligible, the Servicer must receive proof of military mobilization or a call to active duty (i.e.: a copy of his/her military orders) with a beginning date after the date of the first Disbursement of the Loan. If no end date to the Active Duty is provided in the documentation, the military website will be queried on a quarterly basis to determine if the Borrower is still on Active Duty. The reduced interest rate will end when the Borrower is no longer on Active Duty.

LOAN SERVICING

14) Loan File Documentation

The following documents will comprise the Loan File. These may be electronic or imaged paper documents.

a) The fully-completed Application and Loan Agreement, dated and electronically signed by the borrower.

b) The consumer reporting agency record on the borrower, if any, obtained in the loan application process and any updated consumer reporting agency records.

c) Evidence of communicating application underwriting decision to applicant.

d) If applicable, documentary evidence that an exception was made in accordance with these Program Guidelines.

e) ITT ESI School Certification (which is also used for verification of enrollment).

f) Evidence of disbursement activity.

g) The Regulation Z disclosure statement (both interim and repayment).

h) The Loan history, maintained by the Servicer in its normal course of business, of payments made on the Loan.

i) The documentary evidence of the Servicer's efforts to affect a cure of any delinquency or default and to collect the Loan.

j) Material customer correspondence.

k) First Associates and Access Group will each maintain the loan file documentation according to its record retention schedule.

15) Capitalization of Interest

Accrued and unpaid interest will be added to the principal balance (capitalized) on the first day of each month during the Interim Period and during any period of Forbearance, excluding Administrative Forbearance and during the Modified Graduated Repayment Schedule (MGRS).

Any remaining accrued unpaid interest will be capitalized at the end of the Interim or Forbearance period, excluding Administrative Forbearance, and also at the end of each step of MGRS as described in Section 16 (h) (i)-(iv).

16) Repayment Terms

From a processing perspective, Interim Period is the in-school period plus the grace period.

(a) The Interim Period begins on the date of the first disbursement of the Borrower's first PEAKS Private Student Loan, continues while the Borrower is continuously enrolled at an ITT ESI School on at least a half-time basis, based on the ITT ESI School criteria ("In School Status"), and ends on the earliest of:

i) the date that is six months (grace period) after the borrower graduates, unless the borrower enrolls in another program at an ITT ESI School at least half-time; or

ii) the date that is three months (grace period) after the borrower ceases to be enrolled at least half-time for any reason other than graduation unless the borrower enrolls in another program at an ITT ESI School at least half-time; or

iii) the date that is 48 months after the first disbursement of the Borrower's **first** PEAKS Private Student Loan.

Any payments received from the Borrower during the Interim Period will be applied first to the accrued interest and then principal.

(b) Entry into Repayment

If a Borrower has not yet exhausted the Interim Period for one or more PEAKS Private Student Loans and subsequently re-enrolls in an ITT ESI School on at least a half-time basis, whether or not the Borrower obtains another PEAKS Loan, the Borrower will return to an in-school status and all of the Borrower's Loans will enter Repayment together at the earliest of the Interim Period end dates outlined in section 16(a).

i) In order to continue in an In-School status, the enrollment of the Borrower on at least a half-time basis must be confirmed by the Servicer through the Clearinghouse or the Borrower must provide evidence of enrollment during the academic period in the form of a letter or other documentation from an appropriate official of the ITT ESI School.

ii) Once a Borrower has exhausted the Interim Period, the following conditions apply:

- PEAKS borrowers who transfer to *another ITT ESI School* within 48 months from the date of the first disbursement of their first PEAKS Loan will be eligible for an in-school forbearance on all of their PEAKS Private Student Loans as described in Section 18.c.
- PEAKS borrowers who transfer to *an institution other than an ITT ESI School* are not eligible for an in-school forbearance on their PEAKS Private Student Loans. Their Loans must remain in Repayment Status.

First Associates is responsible for monitoring the Clearinghouse and updating all Borrower enrollment status information to ensure it correctly applies all Interim Periods and In School Forbearance periods. Such monitoring will be conducted on at least a monthly basis and updates applied as applicable.

The following additional repayment terms apply to the PEAKS Loan.

(a) Once the loan enters into Repayment Status, the repayment term is up to 10 years (120 months) which will be extended by any periods of Forbearance.

(b) The combined monthly payment on all of a Borrower's PEAKS Loans will be at least $50 each month or the unpaid balance, whichever is less.

(c) Payments must be made in U.S. dollars drawn on a U.S. bank.

(d) No penalty for prepayment

(e) The Servicer may collect a late charge of $10.00, for any part of any installment payment, other than late charges assessed on a prior monthly payment, which is not paid in full within fifteen days after the payment due date.

(f) Any amount paid in excess of the monthly payment amount will be applied to future payments unless the Borrower specifically requests the excess amount be applied to the principal balance. The due date will be automatically advanced. If the amount paid in excess is not a multiple of the monthly payment, the next monthly payment will remain due at a lesser amount, reduced by the excess amount paid, on the following month's due date. Borrower requests to have excess payments applied to the principal balance will be granted by the Servicer.

(g) Standard Repayment

"Easy Pay Equal" Repayment plan – the standard repayment plan, requires monthly payments of both principal and interest. This amount is recalculated quarterly to determine whether the payment amount should increase or decrease based on interest rate changes, lump sum payments, periods of Forbearance, capitalization of interest, etc. to ensure the Loan is repaid within the remaining Repayment period. If the monthly installment payment amount is recalculated and the recalculated payment amount would differ by 2.0% or less from the monthly installment payment last in effect, the repayment amount will remain unchanged.

(h) The other repayment schedule, available upon the approval of the servicer on behalf of the loan holder, is:

Modified Graduated Repayment Schedule - With this repayment plan, the Borrower will:

i. Pay 50% of the standard monthly payment for the first six months.

ii. Pay 75% of the standard monthly payment for the second six months.

iii. Pay interest only for the second year.

iv. After two years, return to making standard monthly payments.

v. Unpaid accrued interest will be capitalized monthly.

PLEASE NOTE: MGRS is only offered once over the life of the loan and is a collections tool used during the delinquency phase. It is not a standard re-payment plan.

(i) Auto-debit payments (ACH) and interest rate discount – Borrowers who authorize First Associates to automatically withdraw their monthly loan payments from their checking or savings account automatically qualify for an interest rate discount of 0.25% on all of their PEAKS Loans.

This interest rate reduction will permanently terminate the first time a payment is returned or declined for any reason (unless the reason is due to an error outside the control or responsibility of the Borrower).

After the first return or decline of an automated payment, the Borrower can continue to make payments using the auto-debit electronic transfer method until they provide the Servicer with instructions to cancel the service or until a second incidence of a return or decline of an automated payment occurs for any reason (unless the reason is due to an error outside the control or responsibility of the Borrower), at which time the auto-debit electronic transfer method is terminated for the Borrower's account. If the Borrower subsequently makes twelve (12) consecutive monthly payments on time and in full, the Borrower may then request the Servicer to resume automatic debit payments.

If the Borrower enters any type of Forbearance, the auto-debit payment plan and the associated interest rate reduction are simultaneously suspended until the Borrower re-establishes automatic payments, at which point the interest rate reduction resumes.

Borrowers who enter a Modified Graduated Repayment Schedule repayment plan are allowed to continue using the auto-debit payment method and do not forfeit the associated interest rate discount as long as no payment is returned or declined.

To activate this interest rate reduction the first time or following any suspension during a forbearance period, the Borrower must contact First Associates and submit the required request form.

Each Borrower will be sent information about this feature at least 30 days prior to the end of the Borrower's Interim Period.

17) Account Billing

Borrowers in Repayment will be billed on a monthly basis. The billing statements will be sent at least 15 days before the due date. Payments will be processed and posted to the Borrower's account effective the date the payment was received. Payments will be applied so that accrued and unpaid interest and any other fees or charges (e.g., collections charges) are satisfied before outstanding principal is reduced.

18) Available Forbearances

The following Forbearances are available at the discretion of the Servicer on behalf of the loan holder. Any months that a Loan is in a period of Forbearance will correspondingly extend the Repayment Period.

(a) Economic Hardship Forbearance – This Forbearance may be granted in increments of up to three months, for periods that collectively do not exceed twelve months over the life of the loan. This Forbearance may be used retroactively to cover periods of delinquency. The Borrower must request an Economic Hardship Forbearance. The request may be made either over the phone or by using the applicable Forbearance request form. Documentation of income or expenses is not required.

(b) Administrative Forbearance – This Forbearance may be granted to cover borrower periods of delinquency arising from interruptions in payment notification, billing, or other delays not caused by the Borrower.

(c) In School Forbearance – This Forbearance will be granted in increments of up to one year (12 months), for periods that do not extend beyond four years (48 months) from the date of the first disbursement of the Borrower's first PEAKS Loan. The Borrower must be enrolled on at least a half-time basis (as defined by the School) at an ITT ESI School. To qualify for such Forbearance, the Servicer may rely on Clearinghouse data without request from the Borrower, or the Borrower must provide evidence of enrollment during each academic period in the form of a letter or other documentation from an appropriate official of such institution.

(d) U.S. Military Mobilization Forbearance – This Forbearance will be granted on Loans for Borrowers who are U.S. military personnel and who are activated or reassigned to Active Duty for a period of more than 30 days as a result of a military mobilization. Borrowers can use up to 12 months of U.S. Military Mobilization Administrative Forbearance on all private loans. The request may be made either over the phone or in writing. In order to be eligible, the Servicer must receive proof of military mobilization or a call to Active Duty (i.e.: a copy of the Borrower's military orders).

(e) Discretionary Administrative Forbearance- This forbearance may be granted in increments up to three months, for periods that collectively do not exceed twelve months over the life of the loan. This forbearance may be used to retroactively cover periods of delinquency that arise from borrowers who are in an in school status but have exhausted their 3 month grace period. The Servicer may proactively apply this forbearance.

19) Making Demographic Changes

Customer demographic changes should be made to the appropriate operating systems in a timely manner. Demographic change requests may be oral, written, via returned mail, or other official sources. Permitted changes include Borrower addresses, phone numbers, references, and other pertinent information that would allow the customer record to remain accurate. First Associates reserves the right to request supporting documentation from the Borrower for any demographic change.

20) Reporting Loans to Consumer Credit Reporting Agencies

a) The Servicer will report the status of all Loans (other than Defaulted Loans) on a monthly basis to three of the national consumer credit reporting agencies. Loans that are "current" and those that are 59 days or less past due as of the end of a calendar month will be reported as "current." Loans that are 60 days or more past due as of the end of a calendar month and have not defaulted will be reported based on the appropriate delinquency status.

Once a loan has defaulted, that event will be reported and no further reporting will occur because the reporting of recoveries on defaulted accounts will be reported by the collection agency performing recovery activities for that Loan.

Loans in Forbearance status will be reported as such.

b) The Servicer will comply with the regulatory requirements that govern consumer credit agency reporting. The Servicer will attempt to resolve any credit reporting disputes raised by the Borrower.

21) Financial Activity Reporting

The Servicer will provide the monthly reports identified in the Servicing Agreement and the Administration Agreement.

22) Collection and Default Activities and Due Diligence

The Servicer is responsible for complying with all applicable federal and state laws while enforcing default and collection procedures.

a) Delinquent means the failure by a Borrower to pay when due a non-accelerated scheduled periodic payment due under the terms of the Loan. Delinquent does not mean the violation by a Borrower of any other term or condition of the Loan. A Loan is deemed to be delinquent (or in delinquency) as of the close of business on the installment due date for which a scheduled periodic payment has not been made in full or within 10% of the amount due, but not more than $5.00 less than the amount due. The first day of delinquency is the day following the payment due date. A Loan will continue to age or remain delinquent from that point until payment in full is made or other payment arrangements are enacted. Once a Loan becomes delinquent, the delinquency may also be referred to as "days past due."

b) Default means:

i) For any Loan owned by the Originating Lender or any institution subject to regulations promulgated by the Federal Financial Institutions Examination Council or its member regulatory agencies: a Loan that is one hundred twenty (120) days delinquent. A Loan is deemed to be 120 days delinquent and is declared to be in default when the Borrower fails to make the scheduled periodic payments in full when due or has failed to comply with other approved written payment agreements and the Loan ages to 120 days past due, or because of the Borrower's death.

ii) When ownership is by other than an entity described in (i) above: a Loan that is one hundred eighty (180) days delinquent. A Loan is deemed to be 180 days delinquent and is declared to be in default when the Borrower fails to make the scheduled periodic payments in full when due or has failed to comply with other approved written payment agreements and the Loan ages to 180 days past due, or because of the Borrower's death.

c) Due Diligence is the group of activities that are performed during attempts to collect the Loan from the Borrower.

d) Skip Trace is the group of activities that are performed to locate a Borrower the Servicer is unable to contact using the Borrower information contained in the current loan record, such as when the address is determined to be invalid (address skips) or the telephone number is determined to be invalid (telephone skips).

i) Activities in the attempt to locate the Borrower will be documented in the account history and any documentation related to the efforts will become a part of the Loan File.

ii) The purpose of skip tracing is to obtain the necessary contact information to resume normal Due Diligence processes. Skip Trace activities will be considered complete when the Servicer has obtained a valid address (address skip) or telephone number (telephone skip) or has performed each of these activities:

(1) Attempted to contact the Borrower to obtain a new address or telephone number for the Borrower.

(2) Attempted to contact all references listed on the Loan application to obtain a new address or telephone number for the Borrower.

(3) Contacted the ITT ESI School for updated borrower contact information, if the ITT ESI School permits its release.

iii) When Skip Trace activities are complete and the process has not resulted in a new address or telephone number, no further Due Diligence activities can be performed by Servicer.

e) Due Diligence Schedule of Letters and Notices

i) When Default occurs at 120 days, the Servicer will send increasingly forceful collection letters and/or electronic communications no less frequently than the 10th, 20th, 40th, 70th, and 90th days of delinquency to the Borrower. When Default occurs at 180 days, the Servicer will send increasingly forceful collection letters no less frequently than the 10th, 20th, 40th, 70th, 90th, 120th, and 150th days of delinquency to the Borrower. The collection letters must be sent out on a timely basis, with a tolerance for error of plus or minus 5 business days.

ii) The letter and/or electronic communication sent on the 90th day of delinquency for 120-day Defaults or on the 150th day for 180-day Defaults will be a final Demand Letter which demands the full amount past due.

iii) At the 120th day of delinquency for 120-day Defaults or at the 180th day for 180-day Defaults, the Servicer will send a Notice of Default, which informs the Borrower that the Loan is in default and may be turned over to a collection agency. The Notice of Default must be sent out on a timely basis, with a tolerance for error of plus or minus 5 business days.

iv) Servicer may employ postal email and/or electronic communications for all letters and notices.

f) Due Diligence Schedule of Telephone and Letter / E-mail Contact

For purposes of this section the following definitions apply:

"Contact" is defined as a phone conversation directly between the Borrower and a representative from the Servicer or an agency representing the Servicer.

"Attempt" is defined as an approach to try and secure communication with the Borrower. This can be through the telephone, electronic message or physical letter.

During contact with the Borrower, the representative should identify the Loan(s) being discussed and determine the reason for delinquency. The representative should then work with the Borrower to identify the best option available to assist the Borrower

Due Diligence Schedule

Servicer will perform the following actions, unless performance of them would be a violation of any applicable federal or state laws or regulations arising from the assertion of rights by the Borrower.

Diligence Bucket	***Actions****
1 to 14 days delinquent	Past-Due Notice
15 to 29 days delinquent	One Contact with borrower or attempts made on at least three separate days
30 to 60 days delinquent	Two Contacts with borrower or attempts made on at least four separate days
61 to 90 days delinquent	Two Contacts with borrower or attempts made on at least four separate days
91 to 120 days delinquent	Two Contacts with borrower or attempts made on at least four separate days
When applicable: 121 to 150 days delinquent	Two Contacts with borrower or attempts made on at least four separate days
When applicable: 151 to 180 days delinquent	Two Contacts with borrower or attempts made on at least four separate days

* The collection telephone calls, letters and/or electronic communications must be conducted on a timely basis, with a tolerance for error of plus or minus 5 business days. Attempts may be made using telephone, email, or letters. During each Diligence Bucket (beginning with the 30 to 60 days delinquent bucket), at least one attempt must be by telephone and at least one attempt by email or letter.

g) Initiation of Skip Trace Activities

The Servicer will perform both address skips and telephone skips. It will initiate skip trace activities when it learns that the mail to the Borrower has been returned as undeliverable or when it learns a telephone number is invalid, and that discovery occurs on or before the 90th day of delinquency for 120-day Defaults and on or before the 150th day of delinquency for 180-day Defaults.

h) Recovery Activities on Defaults

The following recovery activities apply if the Servicer has been contracted by the Loan holder to perform such activities.

i) Once a Loan defaults, it is no longer a serviced Loan under the terms of the servicing agreement and the payment of servicing fees on that Loan ceases. To provide for ongoing recovery efforts on defaulted Loans, Servicer will maintain the system of record for tracking the then-current unpaid defaulted Loan balance.

ii) Servicer will assign all defaulted Loans to one or more recovery collection agencies.

iii) Servicer may employ Deutsche Bank or its affiliates to perform collection activities provided Servicer believes the proposed fees are both cost-effective and reasonable in comparison with other potential sources.

iv) Any amounts received from collection agencies will be transferred to the loan holder or Secured Party, if applicable, in an amount calculated in accordance with the Servicing Agreement.

v) Servicer will track collection agency performance and will initially assign and subsequently re-assign defaulted Loan collection agency placements based on collection agency performance when alternative collection agencies are available.

vi) Servicer will make all decisions as to whether to accept or reject partial payments in settlement of the full defaulted Loan balance.

23) Bankruptcy

a) The Servicer will send copies of all documents relating to any bankruptcy proceeding to the owner of the Loan within 15 business days of receipt, and the Servicer will cease all collection activity. Bankruptcy proceeding may include petitions in bankruptcy court and/or correspondence concerning bankruptcy from the Borrower or an attorney representing the Borrower.

b) If the Servicer receives notice that a Borrower files for a Chapter 13 bankruptcy, the Servicer will file a Proof of Claim with the bankruptcy court and cease contact with the Borrower. Once a plan of reorganization is approved, the Servicer will resume activities in accordance with the plan.

c) If the Servicer receives notice that a Borrower files for a Chapter 7 bankruptcy, the Servicer will file a Proof of Claim with the bankruptcy court only if required by the bankruptcy court.

24) Death

a) The Servicer will send copies of all documents relating to any Borrower death to the owner of the Loan within 15 business days of receipt.

b) The Origination Agent will cancel any future disbursements that are dated after receipt of the death certificate.

c) Acceptable documentation of a death is a certified copy or a photocopy of the Death Certificate.

If the Servicer suspects the documentation related to any Borrower death is fraudulent, the Servicer may continue to perform collection/due diligence activities while completing its research and making its determination.

25) Allowable Write-Offs and Refunds

a) Any remaining loan balance of $5.00 or less will automatically be written off during the nightly update to the servicing system.

b) Any remaining loan balance of more than $5.00 but $10.00 or less will be written off 30 days after the balance is reduced to that amount.

c) The Servicer may use its discretion to write-off amounts greater than $10.00 but less than or equal to $100.00. The write-off involves a manual entry.

d) Not including default claim balances, amounts above $100.00 will be referred to the Owner for review and approval/denial. If approved, the write-off will involve a manual entry.

e) Refund amounts less than or equal to $1.00 are written-off within 30 days. Amounts greater than $1.00 are refunded within 45 days.

f) If the borrower has other open program loans serviced by First Associates, providing the borrower did not request otherwise, refund amounts due a borrower equal to $25.00 or less will be applied to the borrower's other open program loans.

1.
Addendum A

CUSTOMER IDENTIFICATION PROGRAM

Access Group, Inc.

For Compliance with Section 326 of the USA PATRIOT Act
Revised April 27, 2009

Table of Contents

Purpose

The purpose of this document is to describe the student loan processing procedures Access Group, Inc. has in place to comply with the Customer Identity Verification Requirements under Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act. Regulations issued by the Department of the Treasury on April 30, 2003 require banks to develop a Customer Identification Program (CIP) that implements reasonable procedures relative to the core concepts of Section 326: (1) collection of identifying information about customers opening an account, (2) verifying that the customers are who they say they are, (3) maintaining records of the information used to verify their identity, and (4) determining whether the customer appears on any list of suspected terrorists or terrorist organizations. Customer Identification Programs must be in place for banks by October 2003.

This Customer Identification Program has been created because: (a) Section 326 of the USA PATRIOT Act currently applies to Access Group; (b) the Department of the Treasury has indicated that separate regulations regarding Section 326 are forthcoming with respect to non-bank financial institutions and are expected to closely track the bank regulations; and (c) The Originating Lender has requested that, as origination agent for them, we share with them our Customer Identification Program.

Access Group and the Federal Family Education Loan Program (FFELP) have controls in place that mitigate the risk of providing student loans to persons for terrorist purposes. These controls have been examined in light of the CIP requirements and are described within this document. Loan processing procedures reflect the steps taken to verify identity, including what information needs to be collected and reviewed, time frames for the review and positive identification of customers, and escalation procedures for problems and discrepancies found. In consultation with the Compliance Department, the Operations processing areas will train employees on any changes that occur because of the requirements imposed by the USA PATRIOT Act as well as other statutes and regulations governing student loan processing.

Access Group has a Director of Compliance whose responsibility it is to document the CIP and monitor the company's compliance with the CIP requirements, and to include the requirements of the Act in the company's internal compliance audit function.

Identity Verification Procedures

§103.121(b)(2) –

The CIP must contain risk-based procedures for verifying the identity of each customer to the extent reasonable and practicable. The procedures must be based upon *relevant risks* such as the types of accounts being opened, the various methods of opening accounts, and the types of identifying information available, as well as the company's size and the type of customer base.

How Access Group meets the compliance requirement

Access Group believes that most of the FFELP and Private loans offered to borrowers pose little risk of fraudulent use for the following reasons:

- Except as noted below, the school certifies the student's eligibility for a loan and his/her enrollment status, giving us a reasonable belief that it knows the true identity of the customer.
- In most cases, loan funds are delivered directly to the school's financial aid department via check or electronic funds transfer.
- Stafford loans are made payable to the student or co-payable to the student and the school. PLUS loan funds disbursed by individual check must be made co-payable to the borrower and the school.
- The school applies the loan funds to unpaid educational expenses actually incurred by the student.

- Because loan funds are only disbursed for school related expenses, a potential identity thief would have to enroll in school, certify the loan, and create the appearance of attending classes in order to obtain loan proceeds.
- For Stafford and PLUS Loans, the Title IV loan refund process provides a final safeguard against the misuse of student loan funds. For students who withdraw from school within a short time of enrollment, the school must calculate and return to the lender a refund of loan funds based on a percentage of the term enrolled. In most cases, depending on when the student withdraws from school, refunds are sent from the school directly to the originator of the loan rather than to the student. So, even a student with the intent to receive the money personally by withdrawing immediately from school is typically not able to do so.
- For Access Group PLUS and private loans that require a cosigner, sponsor, or endorser, funds are delivered to the school on behalf of the student, thereby mitigating the risk that the funds could be used for terrorist purposes by the loan cosigner or sponsor.
- Access Group PLUS and private loans require a credit bureau report that is used to determine the borrower's credit eligibility and the pricing of the private loans. The credit bureau report is considered an additional source of identity verification. For some of the loans, however, borrowers who have not established a credit history can still qualify for loan funds, and in the case of the student recipient of sponsor loan funds, no credit check is done on the student. In these cases, we rely on the school certification process in order to verify the borrower's identity and on the funds disbursement process to ensure that the loan funds are delivered to the school.
- The Access Group REL and DEL loans present a greater risk for the misuse of funds because the funds are delivered directly to the student, the school is not required to certify a borrower's eligibility, and REL and DEL borrowers do not need to be previous Access Group borrowers. To help mitigate this risk, Access Group has implemented additional identity verification requirements.
- For BEL loans, borrowers receive the funds directly and they do not need to be previous Access Group borrowers. In these instances Access Group relies on the school certification process and the credit approval process in order to verify the borrower's identity. Statistically, there are an insignificant number of BEL loans with no credit history.
- For federal Consolidation Loans, the risk is even lower since this loan is actually a refinancing of other eligible federal loans and the borrower is the recipient of a new payment schedule, not loan proceeds.
- The Treasury regulations allow an exception to the identification requirements for existing customers (returning borrowers) who have loans with Access Group prior to October 1, 2003. Access Group, however, applies the identification requirements to all customers in order to even further mitigate the risk.
- Access Group routinely purchases private loans from Lenders through a contractual arrangement. Identity verification for these loans is not necessary at the time of purchase; Access Group has already performed identity verification for these loans on behalf of The Originating Lender during the origination process.
- Students studying abroad at an eligible foreign school in a program of study that is approved by the home institution must have their enrollment verified by the school before loan proceeds are disbursed. In some cases, the student may request to have the funds disbursed directly to him or her, however, the school must certify the student's enrollment. The foreign school is notified that the funds were sent directly to the borrower.

Customer Information Required

§103.121(b)(2)(i) –

The *minimum information* that a bank must obtain from each customer prior to opening an account is as follows: (1) name; (2) street address (residential and mailing addresses); (3) date of birth; (4) an identification number.

How Access Group meets the compliance requirement

- The borrower's name, date of birth, permanent address, and Social Security Number is collected on all loan application forms. Additionally, a mailing address is requested for REL, DEL, and BEL applicants. For federal Stafford and PLUS loan borrowers, the mandated Master Promissory Note (MPN) collects this data and the mandated federal Consolidation Loan application/promissory note is the data collection instrument for the Consolidation Loan. Instructions on the form ask specifically for a permanent home street address and indicate that a temporary street address is not acceptable. The same information is required of Access Group private loan borrowers, cosigners and sponsors on the private loan application and promissory note.
- For collecting the identification number, Access Group requires citizens to provide their Social Security Number on the loan application forms. Eligible non-citizens seeking federal aid provide their alien registration number during the FAFSA application process. For Access Group private loan borrowers who are international students, a copy of the passport showing country of origin is required. Cosigners and sponsors must be citizens in order to qualify for private loan funds.

Verification Through Documents

§103.121(b)(2)(ii)(A) –

The CIP must include procedures describing when the bank will verify identity through documents and setting forth the documents that are to be used for this purpose.

How Access Group meets the compliance requirement

As stated above, Access Group requires a copy of the passport showing country of origin for all international loan applicants.

Additionally, if discrepancies are noted in the primary identifying fields (Name, address, etc.) between the loan application and the credit bureau report, Access Group may require the applicant to submit documentary evidence to resolve the discrepancy.

Non-Documentary Verification

§103.121(b)(2)(ii)(B) –

The CIP must include procedures describing what non-documentary methods are being used to verify identity and when these methods will be used.

How Access Group meets the compliance requirement

- Access Group considers the required certification of the borrower's eligibility by the school to be non-documentary verification of the borrower's identity by a trusted third party. The school certifies all private loans, with the exception of the REL and DEL, and all federal loans.
- An address comparison is performed for all REL and DEL applicants. If the address provided on the loan application does not match the address on the credit bureau report, then additional steps are taken to verify the mailing address. If the mailing address cannot be verified through non-documentary means (such as directory assistance or www.usps.com), the applicant is contacted and asked to provide acceptable documentation of proof of residence.
- If significant discrepancies are discovered in the borrower's name, address, or Social Security Number during the credit quality control process, Access Group will compare and verify information.

- As part of the normal processing procedures, we reconcile loan disbursement information with each school for each borrower. This is one way of ensuring that loan funds are being used for educational purposes.
- The U.S. Department of Education data match process against the Social Security Administration (SSA) and the Immigration and Naturalization Service (INS) databases verifies the identity of each Stafford and PLUS Loan borrower.
- Loan funds are released after the school has certified the borrower's eligibility and has resolved discrepancies with the SSA and INS matches.
- Schools also need to match enrollment records of foreign students, regardless of financial aid applications, against the INS database at the time the student enrolls.

Lack of Verification

§103.121(b)(2)(iii) –

The CIP must include procedures for responding to circumstances in which the bank cannot form a reasonable belief that it knows the true identity of a customer.

How Access Group meets the compliance requirement

If the borrower, cosigner, sponsor, or endorser (whenever applicable), does not submit the requested documents for identity verification, we will decline making the loan and notate the reason on the system as "failure to submit proof of identity."

Record Keeping Requirements

§103.121(b)(3)(i) and (ii)

The CIP must include procedures for making and maintaining a record of all information obtained under the procedures implementing the minimum identity verification requirements of the CIP. Records must be kept for five years after the date the account is closed or becomes dormant.

How Access Group meets the compliance requirement

- Access Group retains all borrower origination and disbursement records for all borrowers. The documentation used to verify borrower identity is scanned and imaged. Additionally, a note is placed on the borrower's account using a memo feature to indicate the type of documentation collected.
- If there is a discrepancy in any of the identification materials submitted by a loan applicant, the processing area will require new documentation be submitted, and retain in the memo feature a description of the steps taken to resolve it.

Comparison with Government Lists

§103.121(b)(4) –

The CIP must include procedures for determining whether the applicant is on any list of known or suspected terrorists or terrorist organizations issued by any federal government agency and designated as such by Treasury in consultation with federal functional regulators.

How Access Group meets the compliance requirement

- Access Group currently compares international loan applicants who pass the established credit criteria to the Treasury's *Specially Designated Nationals and Blocked Persons* (SDN) list.
- Access Group performs a name-based OFAC check on every federal loan applicant and on all private loan applicants who pass the established credit criteria.

Customer Notice

§103.121(b)(5) –

The CIP must include procedures for providing customers with adequate notice that the bank is requesting information to verify their identity. The notice must generally describe the verification requirements and be given in a manner reasonably designed to ensure the customer views or receives the notice before opening an account.

How Access Group meets the compliance requirement

- The "Instruction and Notices" page included with each FFELP Stafford and PLUS MPN contains sufficient notice that information is collected for identity verification and anti-fraud purposes.

  "The principal purposes for collecting the information on this form, including your SSN, are to verify your identity, to determine your eligibility to receive a loan or a benefit on a loan (such as a deferment, Forbearance, discharge or forgiveness) under the FFELP, to permit the servicing of your loan(s), and, if it becomes necessary, to locate you and to collect on your loan(s), if your loan(s) become delinquent or in default. We also use your SSN as an account identifier and to permit you to access your account information electronically."

- The Application and Loan Agreement for private loans contains the following notice:

  IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Addendum B

Dictionary of Defined Terms

Term	Definition
Account	Refers to each Loan approved per application.
Active Duty	As defined in the Servicemembers Civil Relief Act.
Application	The electronic process or document used to collect data from the Applicant (i.e., name, address, Social Security number, date of birth, school information, etc.) to initiate a request for a Loan.
Borrower	The person who applies for and receives the benefit of the education loan.
Clearinghouse	The National Student Clearinghouse, a non-profit organization headquartered in Herndon, Virginia, or its successors.
Collection	The actions taken by a Lender or Servicer to collect payments due from the Borrower.
Disbursements	The transfer of Loan funds from the Originating Lender via Electronic Funds Transfer (EFT) for the benefit of the borrower.
Full Payment	A payment that is within 10% of the amount due but not more than $5.00 less than the amount due.
Loan	A consummated Application and Loan Agreement that is evidenced by a disbursement and has been signed by the Borrower.
Loan Agreement	The document that is incorporated by reference into the Application that has been signed by the Borrower containing the terms of the Loan.
Loan Period	The academic year or portion thereof for which the applicant is enrolled and is seeking a loan.
Servicer	First Associates.

Addendum C

OFAC Procedure

<u>OFAC Hit</u>

Steps: 1. When an application is initiated, the applicant's name is automatically checked against the OFAC database for a match. When there is no match, the application continues processing in a normal fashion.

2. If name is a match, the information required by the Customer Information Program (found in Addendum A) is collected by Origination Agent.

3. Following completion of Step 2, the application is forwarded to the Servicer's Originations and Disbursement Manager.

a. The Originations and Disbursement Manager will re-verify the match and if applicable, contact OFAC's "hotline" at 1-800-540-6322 for verification.

b. If OFAC confirms a true hit, there are additional reporting requirements that are required to be in compliance.

c. If OFAC confirms a true hit, the Originations and Disbursement Manager will also contact Liberty Bank.

Addendum D

Reconsideration Procedure

Access Group's Reconsideration Policy and Procedures

My loan request was denied. Will Access Group take a second look at my request?

YES! Our policy is to allow a one-time reconsideration of your loan application on behalf of Liberty Bank, N.A. All reconsiderations must be concluded within 60 days of your initial denial. In requesting reconsideration, you are authorizing us to obtain a copy of your credit bureau report, which we will do within 60 days. In order to facilitate a thorough and timely review, all requests for reconsideration must be submitted in writing.

Your correspondence should specifically address the items listed in the enclosed denial letter and be accompanied by appropriate documentation (please list your Social Security number in your letter or fax).

All reconsideration requests should be mailed to:

Access Group, Inc.
Credit Reconsideration Dept.
P.O. Box 7410
Wilmington, DE 19803-0410

Or, you may fax your correspondence to:

Access Group, Inc.
Credit Reconsideration Dept.
(302) 477-4296

What information was used in initially denying my loan request?

We have relied upon the information contained in your credit report. Your credit report contains detailed information on your past credit history and performance. Access Group, on behalf of Liberty Bank, N.A., evaluates the information found in your credit report.

What information will be used in reconsidering this initial decision?

We will reconsider your loan application based solely on errors in your credit report, which are called to our attention or negative items you are able to correct. For this reason, we strongly urge you to get a copy of your credit report, free of charge, from the credit agency listed on the enclosed denial letter. In your correspondence with us, please list the errors you find on the report. Only errors evidenced by a corrected credit report, obtained by the Access Group directly from the credit agency, will be considered.

What procedures do I follow to have my application reconsidered?

1. Carefully read the enclosed denial letter.
2. Order a copy of your credit report by calling the consumer credit reporting agency listed in your letter.
3. Check your credit report for accuracy and report any errors by calling the consumer credit reporting agency directly and by contacting each reporting creditor who is a source of an error. In some cases, credit reports reflect issues with creditors or have reporting errors about which you may be unaware. To help ensure a timely response, we suggest that you send correspondence to the consumer credit reporting agency via registered mail.

Addendum E

Originating Lender's Privacy Policy

LIBERTY BANK, N.A.

Liberty Bank, N.A.
25201 Chagrin Blvd., Suite 120
Beachwood, OH 44122-5600

Securing Your Financial Privacy

PRIVACY DISCLOSURE

Liberty Bank, N.A. is committed to the strong tradition of safeguarding our customers' private financial information. Liberty Bank, N.A. collects, retains, and uses information about individual customers only when we believe it would be useful (and allowed by law) in administering our business and to provide products, services and other opportunities to customers. This information is obtained from application information, transaction information, and consumer report information. Liberty Bank, N.A. makes disclosures to third parties only as permitted by law. This privacy policy expresses Liberty Bank N.A.'s commitment to our customers.

INFORMATION WE COLLECT ABOUT YOU

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms,
- Information about your transactions with us, our affiliates, or others,
- Information we receive from a consumer-reporting agency

NO DISCLOSURES OUTSIDE OF EXCEPTIONS

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

CONFIDENTIALITY AND SECURITY

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products or services to you.

We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

ADDITIONAL INFORMATION

If you have any questions or concerns about the protection of your personal financial information, please feel free to contact us at (216)359-5500.

ISP Form – 06/2009

Program Guidelines

PEAKS Private Student Loan Program

Effective as of December 10, 2011

"Post TILA Transition Date"