American Public Education, Inc.
Summary: 2012 U.S. Senate Committee Findings + 2015 Update

Overview
• American Public Education, Inc. (APEI), a publicly traded company that operates under the American Military University brand, only offers online classes
• It was founded to instruct students affiliated with the military but in 2002 established American Public University, which serves civilians
• Offers 87 degree and 68 certificate programs
• Enrollment increased rapidly from 15,500 in 2006, to 77,700 in 2010, and 105,000 in 2011

Tuition
● Bachelor’s degree in Business Administration costs $30,350 vs. $28,936 at West Virginia University but an Associates degree is about twice as expensive as at a local community college
● Hadn’t increased tuition in 11 years
● The company “appears to be having success in expanding its long-time model of low-cost online programs for military students to a general student population.”

Federal Revenue
● 77.4% ($153 million) of its revenue was derived from federal student aid plus military and veteran education benefits in 2010
● Unlike many for-profits, the majority of its federal revenue comes from the latter (51.4%) rather than from federal student aid
● Even with revenues received from military students and veterans factored in, the company has well diversified sources of revenue, such as a partnership with Wal-Mart that helps pay employees’ tuition

Expenditure Priorities
• APEI spent $1,784 per student on instruction in 2009, compared to $832 on marketing and $1,619 on profit
• Allocated 26.8% of revenue to profit and 13.7% for recruiting and marketing in 2009
• Paid CEO $1.7 million in 2010—more than 3 times the salary of West Virginia University’s president

Recruiting Tactics
● Recruiters expected to pursue prospective students, maintain control of the conversation, ask leading questions, and focus on overcoming “fear and doubt” to gain enrollment
● Like many for-profit education companies, APEI has a binding arbitration clause in its enrollment agreement, so students are left with little ability to address any complaints in court
● Performs better than others in the industry as the number of recruiters is far lower than the total number of student and career services employees: 80 recruiters in 2010 versus 28 career services and 205 student services staff

Academic Quality and Student Outcomes
● Spent $1,784 per student annually on instruction in 2009 versus $2,296 at a comparable community college and $9,862 at a 4-year state school
● 80% of faculty are part-time, comparable to the 30 for-profit schools surveyed
● 35.1% withdrawal rate among Bachelor’s candidates and 46.4% among Associate candidates (lower than sector average of 54.3% but markedly higher than public institutions)
● Spike in defaults between 2008 and 2009 from 3.3% to 11.1%, about half the rate at other for-profits
● Partnered with a third-party to lower default rate by getting students temporary forbearances and deferments

2015 Update
● No updates to report