



Education Industry Association Coalition Membership Agreement

Affordable Tutoring Coalition

August- December 31, 2010

And Renewals January 1-December 2011

The **Education Industry Association** (EIA), through its Coalition Services Division has created a Coalition Management Structure designed to allow coalition members to better focus their activities and interests with government regulators at the federal-state-local levels, engage the media, and inform and motivate other key stakeholders to engage in activities that will serve common purposes of coalition members and the coalition's segment of the K-12 educational services industry.

To this end, the key objectives of the EIA Coalition Services Division are to:

- ***Provide cost effective shared administrative and management services;***
- ***Coordinate advocacy efforts of coalition members to encourage federal-state-local oversight agencies to adopt regulations and policies that maximize student outcomes and that promote full utilization of allocated resources;***
- ***Promote high standards of quality, accountability and ethics, and document best practices;***
- ***Maximize media coverage of the positive contributions of coalition members;***
- ***Provide a forum for coalition members to address shared concerns and issues within the K-12 industry segment represented by the coalition; and***
- ***Support the mission and sustainability of the Education Industry Association***

THIS AGREEMENT made this __ day of August, 2010 by and between the **EDUCATION INDUSTRY ASSOCIATION, INC.** (hereinafter referred to as "EIA") and _____ (hereinafter referred to as "Coalition Member").

WHEREAS: A group of Education Industry Association (EIA) members have formed a coalition (the "**Coalition**") under the formal governance of the EIA to cost effectively plan, organize and support a range of activities, public communication, governmental relations activities, and development of standards and best practices that will benefit the common interests of the Coalition's K-12 educational services segment.

WHEREAS: The Coalition will provide cohesive national leadership on behalf of coalition members to improve federal-state-local policies, legislation and regulations;

WHEREAS: The Coalition will advocate for high standards of program quality, ethics and accountability, and implement specific strategies to reinforce these standards;

WHEREAS: The Coalition will seek to remove barriers to implementation through positive and proactive engagement with officials at the federal-state-local levels of government whenever possible;

WHEREAS: Through greater public awareness, community-outreach, and stakeholder engagement, the Coalition will promote full and equitable access to coalition member services.;

WHEREAS: The Coalition Member desires to participate in the Coalition in accordance with the terms and provisions set forth in this Agreement.

NOW, THEREFORE, for and in good consideration of the promises and mutual benefits expressed herein, the EIA and the Coalition Member agree as follows:

A. Guiding Principles for Coalition Members:

1. Conduct all operations with the highest regard for ethical and professional business practices, publicly affirming their organization's compliance with the EIA Code of Ethics
2. Conduct Coalition activities fully consistent with the governance structure and under the oversight of the EIA Board of Directors;
3. Conduct Coalition activities fully consistent with all governing laws, including but not limited to Anti-Trust laws.
4. Contribute program data, research findings, policy statements and other pertinent information from member organization's operations, while observing internal proprietary concerns, to support the development of positive media coverage; advocacy efforts, and development of best practices;
5. Deliver the highest quality K-12 educational services and conduct programming that is fully accountable for achieving planned results.
6. Continue as a member in good standing with the EIA.
7. Maintain confidential, all discussions among Coalition members and the work papers of the Coalition.

B. Coalition Administration, Work plan and Fee Schedule:

1. Administration and Management

All Coalition-specific activities shall be conducted under and through the legal structure of the Education Industry Association, a 501 (c) (6) non profit professional membership association, with its activities subject to the oversight of the EIA Board of Directors and facilitated by its Executive Director or other staff of the EIA. The EIA shall retain all fiduciary responsibilities with regard to collecting and disbursing Coalition funds, maintaining internal financial controls; and compliance with all IRS accounting and reporting policies with respect to the advocacy activity of the Coalition.

With respect to Administration and Management, the EIA shall:

- Provide or procure required professional services, including, but not limited to retaining necessary contractors and consultants, to implement the Coalition's approved and funded Annual Work Plan as explained in Section B.2 and contained in **Exhibit A**, attached to and made part of this Agreement, as may be amended from time to time;
- Develop a Coalition Operating Budget and Fee Schedule, and determine any necessary adjustments to the Coalition Operating Budget, in consultation with Coalition members and with the approval of the Audit and Finance Committee of the EIA. The Coalition Operating Budget and Fee Schedule shall be contained in **Exhibit B**, attached to and made part of this Agreement, as may be amended from time to time;
- Sufficiently segregate funds within the Association's accounting system to allow accurate tracking of all Coalition income; expenses, and disbursements;
- Provide timely financial and program progress reports to the Coalition;
- Organize conference calls and meetings with members, as needed, to facilitate the exchange of information relative to the goals of the Coalition;
- In the first year of the Coalition, the EIA shall select a Coalition member organization in good standing to act as Coalition chair from among the members who have signed this Coalition Membership Agreement and are current in payment of all Coalition fees and EIA membership dues. The chair shall coordinate with EIA in

convening Coalition meetings and provide oversight of Coalition activities on behalf of the full membership. In subsequent years of the Coalition, the members shall select the Coalition chair that is mutually agreeable to EIA.

2. Annual Work Plan :

The initial Annual Work Plan for the Coalition is contained in full in **Exhibit A**, attached to and made a part of this Agreement. On or before January 1 of each calendar year during the term of this Agreement, the EIA will, in collaboration with the Coalition Chair and with other Coalition member input, develop a revised Annual Work Plan designed to address the anticipated activities of the Coalition for the upcoming calendar year. The Annual Work Plan shall be in sufficient detail to allow for accurate development of a budget to accomplish the objectives of the plan.

After adoption, the Annual Work Plan shall not be materially changed without the approval of EIA and the Coalition chair, after obtaining other Coalition member input. The costs (both direct and indirect) of any Annual Work Plan changes will be computed by EIA and before the changes go into effect, appropriate adjustments will be made to the Coalition Operating Budget and to member Fee Schedules to accommodate the additional costs associated with the proposed changes. Following approval, **Exhibit A and B** shall be adjusted to reflect the changes and a new **Exhibit A and B** will be distributed to the Coalition membership and made a part of this Agreement.

3. Fee Schedule:

Coalition members agree that Coalition Services are supported separately from EIA Membership Dues and that the benefits of Coalition membership are in addition to those benefits provided to regular EIA members. The Coalition agrees to fully fund the Coalition Operating Budget as follows:

- a. The costs of the Annual Operating Budget costs shall be shared **pro-rata** by the Coalition Members via quarterly payments in advance as shown in **Exhibit B**.
- b. In the event that additional funding is required to carry out the priorities of the Coalition, and **Exhibits A and B** have been updated accordingly, Coalition Members will equally share additional funding within thirty (30) days after the adoption of an amended Annual Operating Budget.
- c. Should a Coalition Member cease to be a member of the Coalition, the withdrawing member's share of the costs shall be addressed as follows, as determined by the EIA in collaboration with the Coalition chair: 1) equally divided among the remaining Coalition Members; or 2) the Operating Budget (and corresponding activities in the Work Plan) will be adjusted to reflect the withdrawing member's share of the costs.

d.As new members join the Coalition after the start of year, they will pay a pro-rata fee towards the operating budget of the Coalition.

a. Coalition Member pro-rata to the Member's contribution of fees to the Coalition for the calendar year.

C. Commitment of Member to Fund

For the four months that remain in 2010, the Coalition Member shall pay the fixed fee of \$600.00 upon joining the Coalition.

For the new term that begins January 1, 2011, the Member shall renew at a rate based upon the Fee Schedule outlined in **Exhibit B** the Coalition Member agrees that its organization is in Tier _____, and shall: (i) pay its (pro-rata share of the Coalition Operating Budget in initial quarterly installments of _____, in advance; and (ii) timely pay any additional funding required to be contributed by this Agreement. Fees are due in advance each quarter during the term of this agreement and no later than _____.

D. Termination:

This Agreement may be terminated by either party for its convenience with 60 days written notice. Pro-rated reimbursement of Coalition fees will be made at the sole discretion of the EIA.

IN WITNESS WHEREOF, the parties have read, had the opportunity to discuss the terms and caused this Agreement to be executed and do each hereby warrant and represent that their respective signatory whose signature appears below has been and is on the date of this Agreement duly authorized by all necessary and appropriate corporate action to execute this Agreement.

EDUCATION INDUSTRY ASSOCIATION, INC.

STEVEN PINES, EXECUTIVE DIRECTOR

DATE: _____

And
[Coalition Member]

Name - Title

DATE: _____

Return the signed Coalition Membership Agreement to:

Mr. Steve Pines, Executive Director
Education Industry Association
5909 Barbados Place, Suite 202
Rockville, Maryland 20852

Please send your payment to:

Rashida Calvin
Tate Tryon, Inc.
805 15th St, NW
Suite 900
Washington, DC 20005

Exhibit A- 2010 Annual Work Plan for Affordable Tutoring Coalition

The Education Industry Association will:

1. Organize the AT Coalition of the EIA to include representatives of the consumer tutoring industry reflecting its diversity by Member size and geography.
2. Engage the professional services of a government relations firm that is skilled in tax and retirement plan advocacy with both the House and Senate (Van Scoyoc, Associates). VSA will provide the Coalition with technical legislative advice and drafting, issue paper creation, lobbying services and strategic direction, grassroots coordination, coalition management (including email and conference call updates), and general Washington political insight. As part of these services, VSA will provide basic public relations advice and together with EIA, will act as the spokesman for the Coalition. In this regard, VSA will take a proactive approach to the tax trade press.
3. Pursue the enactment of S.744 in the Senate and HR. 4391 in the House as soon as possible
4. Engage, as needed, additional media/communications consultants (Drake Communications), to provide guidance on matters pertaining to the education trade media and general press.
5. Support the advocacy strategy of the Coalition by collecting data from the industry as needed.
6. Participate in legislative strategy development and implementation, including direct involvement in meetings with Members of Congress and/or staff.
7. Maintain day to day Coalition administrative and communications functions including financial and progress record-keeping.
8. Upon enactment of S.744 and HR 4391 (into law, develop implementation plan for informing industry and consumers, respectively).

Exhibit B—2010 Budget for the Affordable Tutoring Coalition

The following budget is designed to support the work plan referenced in **Exhibit A**. Any changes to that plan may require subsequent modifications to the approved budget in accordance with the Agreement.

| Jan - Dec. 2010 Budget | |
|---|------------------|
| EIA Cost to Execute AT Coalition Operating Plan | |
| 6005 — Ex Dir Allocation (10%) | 25,000.00 |
| 6400---Miscellaneous | 500.00 |
| 6452 — Printing expense | 500.00 |
| 6460.6 — Prof Fes. Advocacy | 108,000.00 |
| 6460.7 — Prof Fees - Public Relations | 4,800.00 |
| 6680 — Travel | 500.00 |
| 6690 — Entertainment | 500.00 |
| Sub-Total EIA Direct Costs | 139,000 |
| EIA Overhead Allocation (15%) | 20,970 |
| Total Coalition Fees Required | \$159,970 |

The major expense is the \$108,000, 12-month Agreement with Van Scoyoc Associates for the lobbying effort exclusively in support of the AT Coalition. The initial term of the VSA Agreement spans six months (through June 30, 2010), with the likely extension for another six months to fully carry-out the Scope of Work in **Exhibit A**. By month 5, the AT Coalition will make the decision to extend the VSA Agreement ,

Ten (10%) percent of EIA Executive Director's total EIA Compensation Costs has been allocated to the AT Coalition, a relatively conservative allocation given the far-ranging impacts of the FSA initiative for EIA members.

The public relations expense supports minimal media effort from Drake Communications during this phase of the Coalition's workload and will focus on the general media and education trade press outreach that is not covered by VSA.

The 15% allocation for overhead expenses is consistently applied to all major initiatives of the EIA and includes financial management, central office administrative services, rent, telephone/internet, insurance, supplies, and Board oversight expenses,

Minimal costs are included for Coalition meetings, production and dissemination of materials and Hill events to build support for the passage of FSA legislation.

Fee Schedule for ATC Members

The following fee schedule distributes the expenses of the Budget in a manner that considers the relative size (revenue) of Coalition members, the likely number of members in a tier and the number of months that each will pay fees. The three Tier 5 companies (Sylvan, Huntington, and Kumon), as the Founding Members of the Coalition, will contribute the largest share for the full 12 months to fund the Coalition. Additional Coalition revenue will be derived from smaller independently-owned companies using the schedule below.

Note: For Members who join in the remaining months of 2010, the fixed fee shall be \$600.00. The schedule below shall be use for 12-month renews starting January 1, 2011.

| <u>Tier</u> | <u>Forecasted 2011 Revenue Range</u> | <u>Monthly Coalition Fee</u> | <u>Annual Fee</u> |
|-------------|--------------------------------------|------------------------------|-------------------|
| 1 | Less than \$250,000 | \$150 | \$1,800 |
| 2 | \$250K-\$750,000 | \$250 | \$3,000 |
| 3 | \$750K-\$1,000,000 | \$500 | \$6,000 |
| 4 | \$1MM-\$3,000,000 | \$1,000 | \$12,000 |
| 5 | More than \$3MM | \$3,000 | \$36,000 |