S&P Global
Market Intelligence

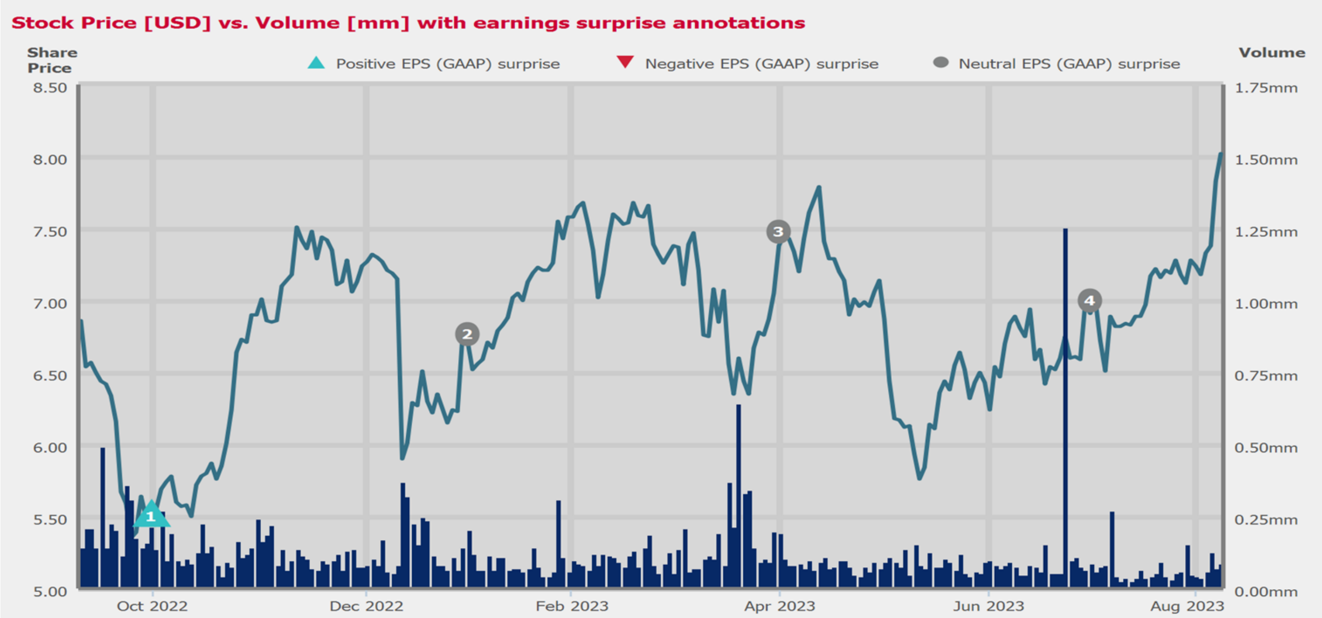
Universal Technical Institute, Inc.
NYSE:UTI
FQ3 2023 Earnings Call Transcripts

Tuesday, August 08, 2023 8:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2023-			-FQ4 2023-	-FY 2023-	-FY 2024-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS (GAAP)	(0.11)	(0.05)	NM	0.12	0.07	0.66
Revenue (mm)	148.63	153.29	▲3.14	169.53	601.99	698.43

Currency: USD
Consensus as of Aug-04-2023 4:34 PM GMT



- EPS (GAAP) -	CONSENSUS	ACTUAL	SURPRISE
FQ4 2022	0.02	0.03	▲50.00 %
FQ1 2023	(0.05)	0.02	NM
FQ2 2023	(0.03)	0.04	NM
FQ3 2023	(0.11)	(0.05)	NM

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Call Participants

EXECUTIVES

Jerome A. Grant
CEO & Director

Matthew Kempton
Vice President of Corporate Finance

Troy R. Anderson
Executive VP & CFO

ANALYSTS

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Presentation

Operator

Hello, and welcome to the Universal Technical Institute Third Quarter Fiscal 2023 Earnings Conference Call. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note, today's event is being recorded. I'd now like to turn the conference over to Matt Kempton, Vice President of Finance. Please go ahead, sir.

Matthew Kempton
Vice President of Corporate Finance

Hello, and welcome to Universal Technical Institute's Third Quarter 2023 Earnings Call. Joining me today are our CEO, Jerome Grant; and CFO, Troy Anderson. Following our prepared remarks, we will open the call for your questions.

A replay of this call, its transcript and our investor presentation will be archived on the Investor Relations section of our website at investor.uti.eu, along with our earnings release issued earlier today and furnished to the SEC.

During this call, we may make comments that contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, which, by their nature, address matters that are in the future and are uncertain. These statements reflect management's current beliefs and expectations and are subject to a number of factors that may cause actual results to differ materially from those statements.

These factors include, but are not limited to, those discussed in our earnings release and SEC filings. These statements do not guarantee future performance, and therefore, undue reliance should not be placed upon them. We do not intend to update these forward-looking statements as a result of new information or future developments, except as required by law.

Please note, unless otherwise stated, all comparisons in this call will be against our results for the comparable period of fiscal 2022. The information presented today also includes non-GAAP financial measures. These should be viewed in addition to and not as a substitute for the company's reported results prepared in accordance with U.S. GAAP. All non-GAAP financial measures referenced in today's call are reconciled in our earnings press release to the most directly comparable GAAP measures. For more information regarding definitions of our non-GAAP measures, please see our earnings release and investor presentation.

With that, I will turn the call over to Jerome Grant, CEO of Universal Technical Institute, for his prepared remarks. Jerome?

Jerome A. Grant
CEO & Director

Thank you, Matt. Good afternoon, everyone, and thank you all for joining us today. I'd also like to thank our faculty, staff and students for their ongoing hard work and commitment.

During the third quarter, we continued to execute on our growth and diversification initiatives as we further optimize and scale our company infrastructure. Our results for the quarter exceeded expectations, as we delivered $153.3 million in revenue, $11.4 million in adjusted EBITDA and 5,300 total new student starts across both divisions. As a result of our strong performance in the quarter and year-to-date, we have raised and adjusted our financial guidance, which I'll cover in a few minutes.

Significantly, we achieved same-store start growth at our UTI campuses for the first time since the third quarter of 2022 after driving steady improvements in this metric over the past several quarters. We expect this to carry into the fourth quarter, and we're pleased with the progress on this front.

Our Q3 performance is a testament to the strength and dexterity of our operating model. I'd like to thank our Concorde and UTI divisional leadership teams, led by Jami Frazier and Tracy Lorenz, respectively, for driving our operational initiatives and enabling us to optimally prepare and position our students for fulfilling careers in the in-demand fields we serve.

I'd now like to provide some quick divisional updates for the third quarter, starting with Concorde. We've made great progress with our integration activities, which, to date, have focused on meeting critical public company requirements. Concorde starts have continued to perform well, with strong core program starts in the quarter and across both clinical and core programs in July.

To further benefit this performance, we began implementing targeted grant assistance initiatives for certain Concorde students. In contrast to the enhanced grants aimed towards relocating students in our UTI division, our Concorde measures have focused on local students with prior health care experience due to the local nature of Concorde's student body. Though macroeconomic pressures have historically had less impact on Concorde's current students and prospects, having this enhanced support for specific programs and campuses has helped our incoming health care students.

From program and growth perspective, Concorde is currently planning to launch six new programs, which could begin as soon as September, with the remainder launching in fiscal 2024. These rollouts include three new dental hygiene programs we previously mentioned, which remain on track to launch next year. The other three programs are smaller programs that we more recently identified as opportunities. They already have Department of Education approval and of relatively low investment and ramp-up requirements, thus, we made the decision to launch them at two campuses in the coming months.

The first of these programs, which consists of the diagnostic medical and cardiovascular sonography programs or DMS and CVS, respectively, could begin starting students in September.

Moving to the UTI division. We continued to execute on our two main 2023 growth drivers for this segment, new program launches and the scaling of our two newest campuses in Austin, Texas and Miramar, Florida.

Starting with UTI's program rollouts, we're now entering the launch phase for 14 new programs across nine UTI campuses planned for this fiscal year. These programs, which include wind and energy management, aviation, robotics and HVAC/R, primarily came to UTI by the way of MIAT acquisition as we continue to extract value from that investment.

In July, we launched the first tranche of programs at four campuses. Combined, these programs started their initial cohorts with approximately 70 students, which represents an encouraging start performance in these early days. Between August and September, UTI expects to launch the remaining planned new programs across six campuses. In fact, two campuses launched robotics programs just yesterday.

We received the final FAA approval needed for the Avondale aviation program in early July. We expect to receive two other outstanding aviation program approvals in September. Other than the two final aviation approvals, we have worked through the industry-wide regulatory approval delays UTI experienced earlier this year, which compressed the program launch time lines and caused us to shift a few start dates to later in the quarter than originally planned.

Overall, demand for the new programs has remained strong as we further ramp our marketing efforts. Our preliminary fiscal 2023 guidance included modest benefits on student starts and revenue for the planned program launches, and we expect further benefits and higher growth expectations from these launches in fiscal 2024 and onward.

Turning to Austin and Miramar, UTI's two newest campuses, continue to scale nicely with over 800 students combined. These campuses were also designed with program expansion areas, and they will house some of our new programs, which began with the July launch of HVAC/R at Austin and aviation in Miramar is targeted for September. Our progress on both campuses remains on track to meet or exceed expectations, and we will maintain our work on scaling and identifying future expansion initiatives.

Broader UTI divisional enrollment patterns have been moving in the right direction and overall demand and entry volumes remain high. We're very pleased to report overall start growth for the UTI division of 5%. And with that, a few points of same-store growth during the quarter. This was largely driven by continued gains with local students and improved traction with relocating students to whom UTI provided targeted support package enhancements during the quarter. These efforts complement the initiatives the team has previously implemented to mitigate inflation-related pressure on relocating students across the UTI channel.

The UTI division will keep assisting these groups through dedicated support and financial aid teams, along with varying the mix of grant enhancements as needed. This comes in conjunction with working to further ramp the yield of our division's admissions and marketing investments to support high school and military channel recruitment, which are traditionally less affected by inflation.

Our work across both divisions reflects our core commitment to driving positive student outcomes. This commitment and the reputation we've built over nearly 60 years of operation has given us an industry leadership position that we're dedicated to maintaining.

As a recent example, our Concorde campuses in Orlando and San Antonio, along with our UTI campus in Exton, Pennsylvania, were all recently recognized as our latest ACCSC Schools of Excellence award winner. Our UTI campus in Long Beach, California was also recognized as an ACCSC School of Distinction. This award recognizes ACC-accredited schools for their commitment to the expectations and rigors of ACCSC accreditation as well as demonstrating exceptional student achievement.

We have a long history of receiving these designations across our campus footprint, and we're honored to receive these most recent recognitions. We will continue to uphold the quality of our instruction, industry partnerships and career preparation across health care, transportation and skilled trades.

As Troy will discuss in more detail later in the call, with our strong performance through the first 3 quarters and visibility we have into the fourth quarter, we've tightened our expected revenue guidance range and raised our adjusted EBITDA range for fiscal 2023. We now expect fiscal year 2023 revenue to range between $602 million and $605 million. As for adjusted EBITDA, we now expect the range to be $62 million to $64 million.

We are reiterating and tracking comfortably towards the middle of our expected fiscal year 2023 new student start range of between 22,000 and 23,500, and we remain confident in our previously stated fiscal 2024 projections of exceeding $700 million in annual revenue and approaching $100 million in adjusted EBITDA.

We'll provide formal guidance ranges for 2024 when we report our year-end results in just a few months. I'm proud of the strategic progress and execution we've maintained across both segments year-to-date.

I'd now like to turn the call over to Troy to discuss our results from the quarter in more detail. Troy?

Troy R. Anderson
Executive VP & CFO

Thank you, Jerome. Our third quarter performance exceeded our expectations on both the top and bottom lines. Note this is the second full quarter of contribution from Concorde, and the results were a key driver of the upside in the quarter.

As a reminder, our reported results include both consolidated and segment views as well as corporate unallocated costs. Please also note that unless stated otherwise, the year-over-year comparisons are on an as-reported basis as the prior period does not include Concorde.

To summarize our operational results for the quarter, we recorded 5,300 total new student starts, reflecting 5.3% year-over-year growth for UTI, or 3,333 total starts, and 1,967 Concorde starts.

For Concorde, starts were in line with our expectations, with core starts growing year-over-year in the quarter, driven primarily by the medical assisting program, while clinical starts were down primarily due to program start phasing versus the prior year quarter.

Similar to the UTI division, Q4 is a seasonally higher start quarter for Concorde as there are larger clinical starts in both July and September versus only one larger clinical start in the other quarters. We currently expect 3,500 or more new student starts for Concorde in the fourth quarter, compared to the roughly 2,000 starts we saw in both the second and third quarters of this year. For fiscal 2023, on a pro forma basis, both core and clinical starts are projected to grow approximately 3% year-over-year.

UTI's division start performance was above our expectations, and we are proud of the team delivering the first quarter of same-store start growth since the third quarter of last year. The majority of UTI campuses showed same-store start growth in the quarter, and we expect further same-store improvements in overall double-digit UTI start growth in the fourth quarter.

We continue to see higher start performance among local UTI students, but we also saw improvements versus prior quarters among relocating students as a result of the grant programs and our overall focus on enhanced support and engagement with these students. The growth also reflects our success with starting more high school students in June, which we made good progress on last year and which contributed more significantly this year.

Moving to our financial performance. Third quarter revenue on a consolidated basis increased 51.8% to $153.3 million, driven by the $52.4 million contribution from Concorde. UTI revenue was $100.9 million, roughly flat year-over-year. UTI saw higher revenue per student in the quarter versus the prior year, which was offset by lower average undergraduate full-time students. Note that for both divisions, the third quarter is typically a lower revenue quarter from a seasonal perspective.

From a profitability standpoint, the consolidated net loss for the quarter was [$25] million, with diluted loss per share of $0.05 and adjusted net income was $2 million. Shares outstanding as of the end of the quarter were $34.1 million. Adjusted EBITDA was $11.4 million, including a $4 million contribution from Concorde.

We have outperformed our initial expectations on profitability each quarter this year, mainly due to Concorde revenue phasing and diligent expense management across both divisions and our corporate team. Profitability declines versus the prior year are a result of previous quarter same-store start declines in the UTI campuses that we are now seeing turn positive, UTI division growth investments in new campuses and programs and in admissions and marketing resources, all of which have begun yielding positive returns, and also Concorde integration costs and corporate costs as we scale the company in support of our growth and diversification strategy. Note that we also have a higher effective tax rate year-over-year as a result of the valuation allowance reversal last year and the impact of certain discrete items this year.

Total available cash liquidity at the end of the quarter was $110.5 million, and we have $8.2 million of remaining revolver capacity. Total debt was approximately $163 million, while net debt was approximately $52 million, for a net leverage ratio of less than 1. Our year-to-date operating cash flow was negative $4.7 million and adjusted free cash flow was negative $1.6 million. While operating cash flow is down year-over-year, primarily due to working capital timing, adjusted free cash flow was $1.4 million better than the prior year. The fourth quarter is a seasonally strong quarter for cash generation, which we expect again this year in support of achieving our adjusted free cash flow guidance.

Year-to-date, total capital expenditures were $48.8 million, a 30% decrease relative to the comparable period a year ago. This includes the $20 million purchase of the three primary buildings and associated land at the UTI Orlando, Florida campus in March. The other main drivers of CapEx year-to-date are the completion of the UTI Austin and Miramar campus build-outs and the ongoing UTI and Concorde program expansion efforts. CapEx for the fourth quarter will primarily be driven by the program expansions across both divisions. For the year, we expect total CapEx of $60 million or less.

Turning to our fiscal 2023 guidance. Based on the robust year-to-date performance and current visibility into the fourth quarter, we are revising our financial guidance ranges as follows. For revenue, we are tightening the range to $602 million to $605 million, which is above the midpoint of our $595 million to $610 million prior range.

For the divisions, we expect Concorde will be at or slightly above the high end of the previous expected revenue range of $170 million to $175 million, and we continue to expect low single-digit revenue growth for UTI. We are raising our adjusted EBITDA expectations from the prior range of $58 million to $62 million to a new range of $62 million to $64 million.

For adjusted net income, we are raising the prior range of $14 million to $18 million to a new range of $17 million to $20 million. And for adjusted free cash flow, we are raising the range to $44 million to $46 million versus the prior range of $40 million to $45 million. Alongside the updated financial expectations, we are reiterating our previously disclosed fiscal 2023 total new student start guidance with an expected range of between 22,000 and 23,500. As Jerome mentioned earlier, our total starts are currently tracking towards the middle of this range.

For the Concorde division, we expect starts at or slightly above the upper end of their 7,500 to 8,000 range. For the UTI division, we continue to anticipate starts to be at the low end of their 14,500 to 15,500 range, which represents approximately 8% year-over-year growth.

We encourage everyone to review our press release, financial supplement and investor presentation as these materials include the most current consolidated and segment details for our actual results, our strategic road map and our guidance, including our non-GAAP reconciliation tables.

In closing, I'm confident in our team's ability to finish the fiscal year on a positive note and to carry that momentum forward into 2024. I would like to express my continued appreciation for our students, team and partners for their support as we execute on our strategic goals.

I'll now turn the call back over to Jerome for closing remarks.

Jerome A. Grant
CEO & Director

Thank you, Troy. To reiterate, the third quarter results reflect sustained strong performance this year and give us confidence to raise our expectations for the year and to reiterate our projected view of 2024.

I'll quickly recap divisional areas of focus as we move further into the fourth quarter. Starting with Concorde, we will continue to execute on integration and stay on track with this process. In conjunction with these activities, we'll also work to launch six planned new programs over the coming months and into fiscal 2024, which could begin as early as September.

As for our UTI division, we will complete the 14 program rollouts in the fourth quarter on the heels of our first set of July launches, with the remaining programs set to launch across this month into next. We'll also work to further scale and drive enrollment growth at Austin and Miramar and to maintain same-store growth across this footprint.

Our ongoing execution puts us on solid footing as we move further into the fourth quarter and close out this fiscal year. And our work to reinforce our divisional operating model allows us to continue to crystallize the strategic road map for our combined company.

I'm proud of our progress to date, and we remain confident in our strategic trajectory through and beyond the end of this fiscal year.
I'd now like to turn the call over to the operator for Q&A. Operator?

Question and Answer

Operator

[Operator Instructions] And today's first question comes from Steven Frankel with Rosenblatt.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Congratulations on the improvement in starts at UTI. Just wondering, Jerome, if we get some insight into where do you think prospective students are relative to those inflationary headwinds that seem to be holding people back over the last couple of quarters? Do you think with lower gas prices, we've worked through some of that? Or is it the increased grants that's able to get people over that hump?

Operator

[Technical Difficulty]

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Did you hear my question? Or should I start over, Jerome?

Jerome A. Grant
CEO & Director

I heard your question. I'm sorry. I started talking and we had some technical difficulties. Thanks for coming. I think the answer is a little bit of both. We have seen some moderation in people's posture about relocating around the country. I think people have normalized around some prices that are starting to narrate.

But it is undeniable that the enhanced support programs that we put into place to help people relocate get them over the hump until they find jobs in market, which is a dedicated plan of ours for anyone who relocates to quickly get them jobs in field in market is also moving the needle.

So it's not a definitive one or the other. I think a little bit of both are here.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. And then any particular trend changes around what programs people are finding more attractive on the UTI side?

Jerome A. Grant
CEO & Director

No. I think we're very, very happy with the interest we're seeing in the 14 programs we're starting, specifically around -- I think there's a lot of excitement around both HVAC and aviation. Those are doing very, very well from a lead and excitement perspective. I think there's a pent-up need in the markets that we're starting to market in those areas.

But we're seeing -- across the board, I mean, one of the things about both UTI and Concorde is that we really only focus on high-end demand areas, right? And so we haven't seen any big changes across the landscape in terms of demand because the need is so strong in every one of those markets.

Steven Bruce Frankel
Rosenblatt Securities Inc., Research Division

Okay. And then on Concorde, the integration seems to be going well. Is [see] for the year where we see focus on margin grant in addition to keeping the flywheel of new admissions going well?

Jerome A. Grant
CEO & Director

Yes. I mean, a couple of things. Number one, we've got to give all the credit in the world to Jami and her team. Often when you're going through a large-scale integration like this, people lose sight of the moving forward and get mired down in some of the integration things. I think she's done a great job of navigating her team forward and thus, we're seeing the results and their starts and their persistence and revenue pursuit and all the rest of that. Employment rates are all in great shape. So great for keeping them on track.

We're now sort of moving from the phase of what we said were the initial phase of the integration, which was taking a private company and bringing it up to public company standards, SOX requirements, controls, organizational structure around the supporting elements. And as we turn our attention to more of the operational aspects of it, that's where we would see synergy and margin expansion start to appear as we move into 2021.

Operator

The next question comes from Raj Sharma with B. Riley.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Congratulations on consistent good results, second quarter, two quarters in a row. Could you comment on the starts and the breakdown at UTI among high schoolers and young adults? And if certain programs had better starts than others? And geographically, are you seeing any sort of differences?

Troy R. Anderson
Executive VP & CFO

Raj, this is Troy, and thanks for the question and for joining the call. The -- in our financial supplement, we have a table in there on the new student starts by channel. That's total starts, all in, including existing campus and the new campuses, but you could see high school has been really actually shown pretty good growth for several quarters now. A little bit flat last quarter, but pretty strong. This quarter, 16%.

Same-store was also strong. High school actually had a really good quarter. I mentioned the June efforts to have more high school students start in June, which we put a lot of energy behind last year. And we continued those efforts this year and saw even better progress on that.

We've also seen good traction. Again, local and relo. As Jerome was just commenting on in the prior question, we saw improvements in both of those. So I think, overall, we saw just a really solid quarter step change improvement. If you look at the trends overall, I mean, UTI has been, after a down quarter in Q4 of '22, was marginal growth in 4% and 5% this quarter. And we're calling for double-digit growth next quarter.

So we're on an accelerating trend. Certainly, the new program launches we'll be helping that. And one program that didn't get mentioned before, but I think there's mentioning something is also a strong program for us. We're really maxing out a welding and that does tend to be a more local program. So as we continue to drive a better traction in local markets around our communities, welding and HVAC, Jerome mentioned, those are the kind of programs that really do attract off the local community.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

And then on the starts, I know you're launching more programs in Q3, Q4 at UTI. But the start guidance, there is not much of a change. Is that correct? Are these program launches included? Or how much of an impact do you think you can get and starts from the new program launches in Q3 and Q4?

Troy R. Anderson
Executive VP & CFO

Yes. The new program launches were in our plans from the very beginning. They were our initial guidance. We've mentioned some of the approval delays that we did have to shift some start dates out later in the year, which is part of the reason why we guided UTI down to the lower end of the range, not all of it, but the relo pressure contributing there as well.

So expectation-wise, we're in line with what we expected that we announced last quarter. And everything is tracking well. If anything, Concorde is coming in a bit better at the high end or slightly above the high end of their range. But overall, we feel really good about our total range of 22,000 to 23,500 and are tracking very solidly to the middle of that range.

Rajiv Sharma
B. Riley Securities, Inc., Research Division

Got it. That's very helpful. And then just lastly, just wanted to see what the -- are you seeing a change in the interest in the program sort of pick up across the different campuses? Unemployment is still low. You're certainly exhibiting more confidence in your starts. Any sort of change in numbers and interest in share rates in the financial aid that's handed out?

Jerome A. Grant
CEO & Director

That's great. I think -- if you go quarter-to-quarter, I think the biggest stories around what's gaining confidence and comfortably standing into the middle of the range that we gave is, number one, we're making progress with the relocating students. Both their sentiments about overcoming the adversity of inflation on their own and the enhanced brand packages that we're giving it.

That tends to favor auto, diesel, motorcycle, marine and aviation as from a program standpoint because those tend to be the programs that travel the most as opposed to HVAC, welding. That health care programs are all very, very, very local.

And so the movement we've seen both in student attitudes and reactions to the support packages that we put into place gives us a great deal of confidence in moving in that direction.

As far as show rates, I think one of the things we've done is a great job of reorienting our financial aid packages to move quicker, and then also to focus immediate attention on local students who can engage right away without thinking about relocating or thinking about 3, 4, 5 weeks from now.

And so our start cadence is actually moving up in terms of the number of students who are starting quicker, which is helping our start rates as well. So if I were really pointing at a couple of those sort of macro phenomenon for third quarter that were -- remember, we've only got about 6 weeks left here now in the fourth quarter.

So we've got really good sight into the last couple of big starts that we've got as we move through the fourth quarter is what we're seeing is improvement in the throughput in our packaging and financial aid process and our employment process, by the way, for also our local and relocating students. And we're seeing that the combination of enhanced grant packages and student attitudes are helping our relocation students. So those are probably the biggest drivers.

Troy R. Anderson
Executive VP & CFO

Yes. Raj, I would add one other thing. The -- across our campus footprint, the legacy campus footprint, same-store, I mentioned that the majority of the campus has showed growth. And I want to be clear that same-store same program. So we are separating out the new program impacts when we're quoting that statistics. So we just -- we saw good performance across the majority of our footprint and definite improvements from Q2 to Q3.

Operator

[Operator Instructions] And the next question comes from Eric Martinuzzi with Lake Street.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Yes. Upward revision, definitely good to see there on the adjusted EBITDA. Just curious, I mean, the revenue is relatively in line with what you were expecting 90 days ago. I realized you've tightened the range a little bit.

But what's behind the better adjusted EBITDA that new midpoint? Is that -- was just kind of conservatism on maybe some of the costs that you were looking as you entered the year or just a layer deeper on the upward revision to the adjusted EBITDA?

Troy R. Anderson
Executive VP & CFO

Yes, sure. Thanks, Eric. The -- on the revenue side, just to dispose of that quickly. We did shift that midpoint up -- so that new range is tighter and in the upper portion of the original range. The -- on the profitability side, both adjusted EBITDA, adjusted net income, which flowed into the adjusted free cash flow, we do have some better expense performance.

If you remember, our original adjusted EBITDA guidance, at the beginning of the year, I said about half of it would be in the fourth quarter. And we would be down the first three quarters. And in fact, we've been flat through the first three quarters and have delivered roughly 3/4 of that. 70% of that adjusted EBITDA number.

So the phasing has played out differently the way we expected. Again, we had a phasing revenue recognition change on Concorde that redistributed revenue over the year didn't change the total view, but redistributed over the year, how that will be recognized, which flow through into profitability.

And then just very diligent expense management as we've been rolling out these programs launching the new campuses, making sure we're not getting too far ahead of the spend needed to bring in those initial cohorts and to support the students we have and just continuing to drive efficiency across our larger campus footprint.

Eric Martinuzzi
Lake Street Capital Markets, LLC, Research Division

Okay. And then the end-user demand, I imagine employers are still aggressively hiring your graduates here. Any new employer partner initiatives that you're seeing, either on the UTI side or the Concorde side, that tees up for FY '24?

Troy R. Anderson
Executive VP & CFO

I don't know that there's -- I mean we're constantly building more relationships, and we have a dedicated team. We have local campus teams and we have a national team who are building relationships constantly.

And a local relationship may be established, but then there's a larger play there, either a regional or a national play, and we expand upon that. Of course, with our new program launches, we are building new relationships in aviation and HVAC and wind, all of those areas, robotics. So that's an opportunity to build more relationships.

We're speaking to some of the major airlines. Now that we have a national footprint, we'll have 5 programs on the aviation side across the country. So that will give us a nice footprint to partner with some of the larger airlines.

So there's just constant activity there. We continue to build that book. And with that, our tuition reimbursement programs and incentive programs for our students and also looking at other potential MSAT or partnering programs from a curriculum perspective.

Jerome A. Grant
CEO & Director

Yes. I think, Eric, one quick point on that, which is rather than forging exclusive agreements with any specific large-scale employer in any given market, what we've been focusing on is giving our students the largest opportunity to gain the best ROI from the education that they get from UTI.

And an example of that was just 3 or 4 short years ago, our trip agreements, which is actually the formalized way an employer would engage with us. Our trip agreements were somewhere in the neighborhood of 3,500 employers around the country. Now we have 6,000.

And the point is that what we've been pushing on in every local market is getting organized, codified offers in front of our students to make sure that they can make the best decisions about both the work environment, the career trajectory and the salaries and benefits that they're getting. And we're really proud of having that strong connection point between every local market and our students.

Operator

And this concludes the question-and-answer session. I would like to turn the floor to Jerome Grant for any closing comments.

Jerome A. Grant
CEO & Director

Thank you, operator, and thank you, everyone, for joining us today. That will conclude our call. We look forward to answering any of your questions over the next couple of days in our private sessions, and we'll talk to you again in 3 months. Have a great day.

Operator
Thank you. And as mentioned, the conference has now concluded. Thank you for attending today's presentation, and you may now disconnect your lines.