May 3, 2019

Dr. Craig Swenson
President and CEO
Ashford University
8620 Spectrum Center Blvd.
San Diego, CA 92123

Dear Dr. Swenson:

The Washington Student Achievement Council (WSAC) recently reviewed Ashford University’s application for renewal of authorization to advertise, recruit, and offer field placements for degree programs in Washington State. In reviewing the application, WSAC evaluated Ashford’s compliance with Washington’s Degree-Granting Institutions Act (Act), Chapter 28B.85 RCW and WAC 250-61, as well as Ashford’s status as an institution at risk of closure.

The Act states that an institution may be designated as “at risk of closure” on the basis of “an adverse action or other findings that indicate a heightened potential of closure or other negative impacts on students.” WAC 250-61-155. Ashford’s status as an “at risk” institution is relevant to WSAC’s review of the application for renewal of authorization, as the Degree-Granting Institutions Act is intended to protect students from unfair business practices, including abrupt closures.

WSAC designated Ashford as an “at risk” institution on November 21, 2017, based on uncertainty regarding Ashford’s ongoing eligibility to participate in the U.S. Department of Veterans Affairs GI Bill program and substantial declines in the institution’s assets and enrollment. Attachment A. A corporate disclosure filed by Bridgepoint Education on November 15, 2017 noted that a loss of access to funds provided under the GI Bill could have a “material adverse effect” on Ashford’s financial condition and the institution’s ability to continue operations. Attachment B.

Ashford’s ongoing eligibility to participate in the GI Bill program remains unresolved. Based on the Form 10-K filed by Bridgepoint Education on March 12, 2019, resolution of this issue is complicated by litigation with the Iowa Department of Education, litigation with the U.S. Department of Veterans’ Affairs, and actions by the State Approving Agencies in Iowa, Arizona, and California. Additionally, California’s State Approving Agency has determined that it cannot review Ashford’s application for approval, despite the institution’s physical location in California, due to “pending lawsuits alleging Ashford used erroneous, deceptive, or misleading
advertising practices relating to the enrollment of veterans.” Attachment C. One such lawsuit was filed by the California Attorney General’s office, which is investigating claims that Ashford misled students, falsely advertised its programs, and provided inaccurate representations to investors.

Ashford’s designation as an “at risk” institution was also based on pronounced declines in the institution’s assets and enrollment over the previous twelve month period. Since then, Ashford has failed to mitigate or reverse this trend. Based on Bridgepoint’s SEC filings, the institution has seen a 15.4% decrease in enrollment and a 42% decrease in assets over the past two years. These numbers represent a troublesome long-term pattern; over the past eight years, Ashford has suffered a 56% decrease in enrollment and a 64% decrease in assets. These precipitous declines seriously jeopardize the institution’s long-term solvency and stability.

In addition to the aforementioned concerns, Ashford is involved in substantial litigation, including claims of unfair business practices filed by the California Attorney General’s office, shareholder derivative claims filed by at least four separate plaintiffs, a class action claim alleging false and materially misleading statements, an additional class action claim alleging noncompliance with consumer telephone protection laws, and at least one claim by a former student asserting material misrepresentations. Additionally, Ashford is under investigation by the Attorney General of the State of Massachusetts for purported noncompliance with consumer protection laws and by the U.S. Department of Justice for potential misstatements relating to Title IV revenue received by the institution.

In summary, the factors leading to Ashford’s designation as an “at risk” institution – uncertainty regarding its eligibility to participate in the U.S. Department of Veterans Affairs’ GI Bill program and persistent, significant reductions in student enrollment and institutional assets – continue to exist today. Additionally, the institution is defending itself against myriad legal claims of fraudulent and unethical behavior. These factors support a determination that Ashford remains an institution at risk of closure under Washington’s Degree-Granting Institutions Act.

In addition to these concerns, Ashford’s recent response to questions from WSAC regarding pending claims against the institution is substantially inconsistent with information contained in the Form 10-K filed on March 12, 2019, and fails to reference the majority of claims against Ashford contained in the 10-K. Attachment D. This failure to provide complete and transparent information required by WSAC also represents a violation of the Act and is deeply concerning.

Finally, a review of data maintained by the U.S. Department of Education indicates that Ashford fails to provide the support and resources necessary to ensure its students have a reasonable opportunity to earn a degree. According to the National Center for Education Statistics, of those students who began full-time studies at Ashford in 2011-12 with the intention to earn a bachelor’s degree, only one percent earned a degree within four years and only seven percent earned a degree within six years. The failure to graduate ninety-nine percent of full-time,
degree-seeking students within four years is appalling and represents a substandard practice under any measure.

The purpose of the Degree-Granting Institutions Act is to “ensure fair business practices and adequate quality among degree-granting institutions operating in the state of Washington and to protect citizens against substandard, fraudulent, and deceptive practices.” WAC 250-60-010. The Washington Student Achievement Council has determined that a grant of renewal of authorization to Ashford University is inconsistent with the purpose of the Act and inconsistent with the interests of Washington State students. Ashford’s application for authorization to advertise, recruit, and offer field placements for degree programs in Washington State is hereby denied.

Ashford University is not permitted to engage in any actions that constitute “operating” in Washington State, as defined in WAC 250-61-050(17), including engaging in targeted advertising, promoting, publicizing, soliciting, or recruiting for the institution. Students enrolled in field placements for the current term may complete their field placement experience, but no future field placements may be offered.

If you have any questions about this information, please do not hesitate to contact me at your convenience.

Sincerely,

Sam Loftin, J.D.
Director of Consumer Protection

cc: Michael Meotti, Executive Director, Washington Student Achievement Council
    Don Bennett, Deputy Director, Washington Student Achievement Council
    Courtney Lugo-Von Eps, Manager of Regulatory Operations, Zovio, Inc.
    Western Association of Schools and Colleges, Accrediting Commission for Senior Colleges and Universities