



Enrollment Trends and Student Outcomes at Ashford University

Highlights

- On November 9, 2017, the Department of Veterans Affairs (VA) gave Ashford 60 days to obtain GI Bill approval from a state with jurisdiction.
- Education Department (ED) data show that Ashford University has targeted military students using their educational benefits.
- Although Ashford's revenue from military students increased through 2014, veteran enrollment subsequently declined. The proportion of veterans among all Ashford students, however, remained steady, underscoring its focus on recruiting them.
- Ashford experienced a significant decline in revenue from 2012 through 2016, which it attributes in part to higher costs associated with obtaining [accreditation in 2013](#).¹ Declining enrollment, however, also played a role.
- Ashford's overall retention, graduation, and student loan repayment rates are well below the national median, but no veteran-specific outcome data is available. Also, Ashford has entered into several settlements for misleading students.

Methodology

We analyzed publicly available data, conducted interviews, and made a public records request to construct a chronology of Ashford's fight to maintain its GI Bill eligibility.

To assess revenue trends, we used ED's analyses of for-profit school revenue from federal sources—student aid (Title IV) and military educational benefits from VA and the Defense Department (DOD)—for academic years 2011-12 and 2013-14. ED has not analyzed data for other years. Its analyses understate VA and DOD revenue because they do not include all existing educational benefit programs.

To analyze enrollment trends, we relied on VA's [GI Bill Comparison Tool](#), which captures data on veterans or eligible dependents using VA educational benefits but does not include servicemembers using DOD education benefits. Although the Comparison Tool also has expenditure data, they only cover one of the two GI Bill benefit programs included in the Education Department's analyses. Total enrollment data are 12-month unduplicated headcounts for undergraduate and graduate students from [IPEDS](#). Student outcome data are from the Education Department's [College Scorecard](#).

This fact sheet addresses the following four questions: (1) how much of the school's revenue comes from the GI Bill, (2) what are its veteran enrollment trends, (3) how have enrollment changes affected Ashford's revenue, and (4) what are the Education Department's outcome measures for Ashford. Ashford's ability to enroll servicemembers is contingent on retaining its GI Bill eligibility.²

Ashford's Struggle to Retain GI Bill Eligibility

Since 2016, Ashford has been waging a very [public battle](#) with state and federal agencies to retain its eligibility to enroll veterans and their dependents using the GI Bill.

In closing its Iowa campus and shifting its online operations to its California headquarters, Ashford triggered a GI Bill statutory requirement that reserves jurisdiction for approval to the state in which its operations are concentrated—California.

Instead, Ashford [sought and obtained](#) approval in Arizona, opening a small administrative services center. VA questioned Arizona's jurisdiction and on November 9, 2017, announced a 60-day [deadline](#) for Ashford to obtain approval from California—the state of jurisdiction—to enroll veterans. In November, it also reportedly [reminded](#) Arizona, as it had in August, that school approvals must comply with the terms of its contract with VA as well as statutory and regulatory standards and that lack of compliance could reflect negatively on the results of the state's annual contract evaluation by VA. On November 21, Ashford filed a [lawsuit](#) alleging that VA lacked the authority to overturn the Arizona SAA's approval of Ashford.

Ashford's Dependence on VA and DOD Revenue Increased

For-profit schools can receive no more than 90% of their revenue from Title IV. Although military educational benefits are also federal dollars, they are excluded from the student aid cap and are considered private dollars. This 90/10 loophole gives for-profit schools an incentive to target veterans because for every federal "military" dollar, institutions can receive \$9 dollars from students who depend on Title IV to pay for their education.

For-profit schools that received more than 90 percent of their revenue from federal benefits programs experienced a 60 percent increase in revenue from VA and DOD educational benefits from 2012 to 2014. Ashford's VA and DOD revenue increased by 21 percent during this time period—growing from \$68 million to \$82 million. Revenue growth from military students helped to offset the decline in Title IV revenue.

In 2016, the [Justice Department](#) notified Bridgepoint Education that it was opening an investigation into allegations that the company had misrepresented its compliance with the 90/10 rule by overstating non-federal revenue in order to keep federal revenue below the 90% cap.

Ashford Veteran Enrollment Subsequently Declined

For several years, media have reported on declining for-profit school enrollment. From 2013 to 2016, Ashford veteran enrollment declined by 18%, more than the 16% overall drop in enrollment (see Table 1). However, the proportion of veterans

among all students was steady at just over 9%, underscoring the continued important role of veterans as a source of enrollment and revenue.

Table 1: Ashford’s Total Student and Veteran Enrollment

Total Student Enrollment		
2013-14	2015-16	Percentage decline
119,102	99,698	(16)
Veteran Enrollment		
2013	2016	Percentage decline
11,398	9,308	(18)

Source: Integrated Postsecondary Education Data System (IPEDS) and GI Bill Comparison Tool.

Note: The Comparison Tool only captures veterans or eligible dependents using the GI Bill.

Ashford Has Experienced a Significant Revenue Decline

From 2012 to 2016, Bridgepoint’s revenue [declined](#) from \$943 million to \$527 million and the company experienced net losses in 2015 and 2016.³ Bridgepoint attributed declining revenue and enrollment to increased regulatory scrutiny and changes made to [obtain accreditation](#), which resulted in higher expenses (smaller class sizes and additional full-time faculty) and reduced enrollment (expanded minimum age levels and 3-week trial enrollment).⁴ In fiscal year 2016, Ashford’s revenue from military educational benefits totaled more than \$72 million.⁵

As of the end of 2016, Bridgepoint reported that it had \$382 million in cash available for operating expenses and capital expenditures, which the company said should be sufficient “for at least the next 12 months.” In November 2017, Bridgepoint [reported](#) that:

“If Ashford University were to lose all access to military affiliated student funds, it would still be in compliance with the 90/10 Rule. At this time, we cannot predict the eventual outcome, and any potential delays, gaps or termination in military benefits could have a material adverse effect on current and future military student enrollment and the Company’s revenues, financial condition, cash flows and results of operations.”

Bridgepoint is attempting to grow enrollment through “[Educational Partnership](#)” programs, which allow businesses to

cover the cost of tuition for their employees.⁶ Although enrollment is currently small, the ability of a for-profit school to attract private payers is seen as a proxy for quality—the underlying rationale of the 90 percent cap on Title IV revenue.

Student Outcomes Are Poor at Ashford

Ashford’s student outcomes are poor compared to the national median (see Table 2). Its 16% graduation rate is less than half the national median. Regarding earnings, it is worth noting that 43% of former Ashford students, regardless of completion status, earn the same or less than those with only a high school diploma.

Table 2: Student Outcomes: Ashford and National Median

Outcome	Ashford	National median
Retention ^a	34%	68%
Graduation ^b	16%	42%
Have federal loans	68%	53%
Repayment ^c	23%	46%
Salaries ^d	\$40,900	\$34,100

Source: College Scorecard. All data refer to undergraduate students.

^aThe share of first-time, full-time undergraduates who returned to the institution after their freshman year.

^bThe graduation rate after 6 years for schools that mostly award 4-year degrees and after 4 years for all other schools. These rates are only for full-time students enrolled for the first time.

^cThe share of students who have repaid at least \$1 of the principal balance on their federal loans within 3 years of leaving school.

^dThe median earnings of former students, regardless of completion status, who received federal financial aid, 10 years after they started school.

In addition to poor outcomes, Ashford settled with the [Iowa Attorney General](#) (2014) and the Consumer Financial Protection [Bureau](#) (2016) over allegations that it misled students about accreditation and private student loans. On November 29, 2017, the Attorney General of California filed a [lawsuit](#) against Bridgepoint Education alleging “myriad misrepresentations” by recruiters seeking to enroll students, including veterans. Three other Attorneys General and the Securities and Exchange Commission also have [open investigations](#).⁷

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¹See p. 1392.

²Bridgepoint Education, the owner of Ashford, also operates University of the Rockies, which only offers graduate degree programs. It accounts for about [3%](#) of the company’s overall enrollment.

³Revenue data are on p. 45.

⁴See p. 47.

⁵VA’s GI Bill Comparison Tool and DOD’s TA Decide websites.

⁶See p. 27.

⁷See pp. 96-97.