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University of Arizona Global Campus (formerly Ashford University) Loses Access to GI Bill Funds

VA must ensure veterans' hard-earned GI Bill funds remain protected after California court judgment that students were deceived and misled, with \$22.37 million fine

Washington, D.C., April 1, 2022 -- The University of Arizona Global Campus (UAGC), formerly known as Ashford University, has – at least temporarily – lost its approval to receive tuition payments like the GI Bill from the Department of Veterans Affairs (VA), after VA's state approving agency in California withdrew VA approval after the school gave up its license to operate in the state of California.

VA's notice stated the school could request approval for GI Bill from VA's Arizona state approving agency, where the school reportedly has a license to operate, but that the GI Bill approval process is time-consuming, as the school has a large number of programs; the documentation would have to be assembled, submitted, and reviewed by the Arizona state approving agency and VA staff prior to the resumption of benefits.

In a [letter](#) sent today, Veterans Education Success called on VA to refuse any other state's application to resume VA benefits for UAGC in light of the recent California Superior Court [judgment](#) that the company that operates all of UAGC's services is guilty of violating consumer protection laws and was fined \$22.37 million. VA has separate legal authority to terminate the school's eligibility for GI Bill under 38 U.S.C. § 3696, a law that requires VA to withdraw GI Bill approval from schools that engage in deceptive or misleading recruiting practices.

*"Veterans rely on VA's stamp of approval when choosing a school for their GI Bill benefits," explained **Jennifer Esparza, Legal Affairs Director at Veterans Education Success**. "The veterans we serve are understandably angry when they learn that a school that scammed them is a school VA knew was engaged in substantial misrepresentations but nevertheless continued to be approved."*

*"As a former Ashford student veteran, I deeply understand the hope this news will bring to the veterans we serve," **Esparza** added. "We urge VA to put veterans first by embracing the law that protects veterans from deceptive recruiting."*

A unanimous Congress strengthened 38 U.S.C. § 3696 in the "[Protect the GI Bill Act](#)" – a law that Veterans Education Success proposed and championed, contained within the larger [Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020](#), signed into law on Jan. 5, 2021 – following decades of failure by VA to follow 38 U.S.C. § 3696 and stop deceptive college recruiting of veterans, documented by:

- A Yale Law School [report](#) in 2016;
- A Veterans Education Success [report](#) in 2019;
- Letters from veterans organizations in [2016](#) and [2019](#); and
- A VA Inspector General [report](#) in 2018, warning that VA will waste \$2.3 billion over five

years in “improper [GI Bill] payments to ineligible colleges,” primarily colleges that engage in substantial misrepresentations.

“We thank the bipartisan leadership of the Congressional Veterans Affairs Committees for working together to strengthen this law to protect veterans and their hard-earned GI Bill benefits – and we call on VA to embrace this new law,” said **Will Hubbard, Vice President of Veterans & Military Policy**.

Impact on Student Veterans

Approximately 5,100 students are currently enrolled at UAGC using VA benefits. Under a unanimously-passed [law](#) that Veterans Education Success proposed and championed, these students will be entitled to have their full GI Bill benefits restored. (This extends a 2017 [law](#) that allowed full GI Bill restoration only for students from a specific time frame when ITT Tech and Corinthian Colleges closed).

There is concern, however, that VA is not correctly implementing GI Bill restoration. The current language on VBA’s [website](#) implies students must transfer to a new school before they are allowed to apply for restoration of benefits – which is not required under the statute. New [legislation](#) by Rep. Vern Buchanan will fix this problem by requiring the VBA to work with students to explain the school credit transfer process and provide them with a certificate of eligibility. It would help remove unnecessary layers of bureaucracy during a trying process and give student veterans clear and timely information about their options.

“We call on Congress to quickly enact Rep. Buchanan’s legislation to ensure veterans receive their full restoration of GI Bill benefits as originally intended,” said **Will Hubbard, Vice President for Veterans & Military Policy**.

VA paid more than \$31 million in GI Bill funds to UAGC in fiscal year 2020, according to VA’s GI Bill Comparison Tool.

Background Information

Court Trial

After an 18-day trial with 23 live witnesses, 17 witnesses via deposition, and more than 1,514 exhibits, the San Diego Superior Court issued a 47-page [decision](#) on March 3, 2022, against Zovio (the company that contracts with the University of Arizona to run UAGC) and Ashford University for violating the California Unfair Competition Law and the California False Advertising Law. The Court found:

- Students were misled about their ability to obtain careers that require licensure after graduating from Ashford, such as teaching, nursing, and social work. For instance, students were falsely promised that their degree would allow them to become teachers, but, in fact, Ashford degrees do not qualify its graduates to obtain the necessary license for most teaching positions. (Order pp. 17-20)
- Students were lied to about the cost of its degrees and the true amount of financial aid available to pay for the tuition, and it downplayed the amount of debt students would be taking out. (Order pp. 20-24)

- Students were deceived about the true pace and time commitment of Ashford's degrees compared to other colleges. Admissions staff routinely described the programs as "accelerated," which the school admitted was inaccurate. (Order pp. 24-25)
- Students were lied to about their ability to transfer credits into and out of Ashford and "knew it was misleading to promise or imply credit would transfer." For example, the court found that "admissions counselors routinely made inaccurate promises that students' prior credits or life experience would transfer before the student received an accurate evaluation from the school." (Order pp. 25-26)

The company's own internal audits had found thousands of deceptions with no measures in place to stop such deceptions. The court found that the school "did not take serious action to prevent or remedy the extensive deception their compliance program identified" (Order p. 37) and created a high pressure admissions department whose north star was enrollment numbers." (Order p. 10) The school expected its admissions counselors (the same employees now working for UAGC) "to call hundreds of leads a day," and "closing the sale was prioritized above providing students with accurate information." (Order p. 10-11) The testimony at trial made clear that "the pressure to meet their enrollment numbers, the instructions of their managers, and guidance from high performers on their teams all led [employees] to deceive students to overcome objections and promote enrollment." (Order p. 12).

The court estimated that the school made one million misleading phone calls. The company [delayed](#) its required filings with the Securities and Exchange Commission and [delayed](#) its quarterly earnings call. Such delays are typically viewed as indications of financial risk. California state officials have expressed concern that UAGC may not be able to pay the court fine of \$22.37 million.

UAGC currently enrolls approximately [28,000 students](#).

Student Veteran Complaints

Veterans Education Success has received more than 129 complaints about Ashford University and UAGC. In Veterans Education Success' published [analysis](#) from February 2020, the most frequent complaint was about the accreditation and the transferability of credits. Other frequent topics included the quality of education, unexpected or unmanageable student loans, recruiting and marketing concerns, program costs, the availability of job opportunities after graduating, and a lack of student support.

Two student veterans provided testimony at Department of Education negotiated rulemaking sessions earlier this year:

- "The bottom line is that Ashford made promises to get me to enroll at the school that did not turn out to be true. I would never have gone to Ashford if I had known that my GI Bill was not going to cover all my tuition, and that Ashford is unfriendly and unhelpful to military veterans." - [Jenica King](#)
- "Although the school told me they would provide all necessary resources for my dissertation, they have fallen short in every possible way. My school has not provided feedback on my writing, and instead, told me to hire a professional editor to review my work. Besides having access to the school library, I am practically left on my own to work on my dissertation. I was also promised a military discount which I never saw. The

school kept adding charges to my account and no one would give me an explanation because there is a constant turnover in staff at the school. I currently have about 200,000 dollars in PLUS and graduate PLUS loans because of Ashford and UAGC. I feel like the school is keeping me in the program just to continue charging me tuition. Even though my school has changed names and corporate ownership twice since I started, the quality of instruction and disregard of student interests has never improved.” - [Jonelle Daugherty](#)

Whistleblowers

Veterans Education Success brought forward former employee whistleblowers that corroborate the substantial misrepresentations found by the California Superior Court:

- In 2019, two whistleblowers spoke out on HBO’s [Wyatt Cenac’s Problem Areas](#) described the deception employed by sales representatives to get military-connected students, called “leads,” to enroll, as well as the unwillingness of the school to help those students once enrolled.
- Employee Eric Dean, also a witness in the California trial, told [NBC News](#) that Ashford pressured him to enroll veterans “no matter what” and to keep them enrolled for at least three weeks, at which point they would become ineligible for a refund. The employees felt as though they were “throwing fellow veterans under the bus” by “relating to them, gaining their trust, and taking advantage of their trust.”
- Additional whistleblowers’ allegations were brought to the Federal Trade Commission (FTC) in Veterans Education Success’ [memorandum](#) requesting FTC action. A former corporate director, whose department reviewed the audio of enrollment advisors, documented “a voluminous record of compliance infractions” and “misrepresentations.” Two professors have also shared their concerns. One stated that academic freedom is stifled in favor of standardizing course content, that he was assigned to teach courses “outside his scope of competence,” and that professors are pressured to inflate grades and retain all students. The second professor was told to “do whatever it took to let students pass,” even “at the expense of their growth.”

Implication of UAGC and Financial Arrangement with the University of Arizona

Although the conduct that was found to be illegal in the California Attorney General’s lawsuit occurred before Zovio subsumed Ashford University into UAGC, the schools are one and the same and UAGC is providing an Ashford education under a different packaging. For instance:

- UAGC willingly took over Ashford University’s OPEID number, existing students, incoming tuition revenue, technological infrastructure, marketing team and existing practices, and all other admissions and financial aid services provided by Zovio instead of starting a new school with its own team.
- UAGC [retained](#) Ashford’s faculty, staff, and academic programs.
- UAGC retained Ashford’s recruiting and marketing staff and practices.
- Ashford’s parent company, Zovio, [controls](#) recruiting, financial aid, counseling, institutional support, information technology, and academic support services.
- Zovio even controls details like the tuition cost per credit, which it informed investors, during its October 27, 2021 [earnings call](#), it is altering in order to attract more graduate level military students.

During the trial, Pat Ogden, the former Vice President for Accreditation Services at Ashford and UAGC, testified that Ashford University and UAGC were “the same institution under a different name.” ([Closing Argument](#), p. 9.) Students have also stated that the same fraudulent conduct that occurred while the school was called Ashford University continued when it was renamed UAGC. For instance, Kim Lee told the [Phoenix New Times](#) that UAGC was “essentially the same school” as Ashford University and, when the school was renamed, the only difference she noticed was that her tuition nearly doubled and the school held her diploma “ransom” until she paid her balance.

In August 2020, Zovio [announced](#) that the University of Arizona would acquire Ashford for \$1 and rebrand it as the University of Arizona Global Campus (UAGC). In exchange, Zovio obtained a long-term [agreement](#) to operate UAGC’s recruiting, financial aid, counseling, institutional support, information technology, and academic support services and be paid all direct costs of providing those services, plus 19.5% of UAGC’s tuition revenue. UAGC will operate independently of the University of Arizona, have its own [board of directors](#), and [retain](#) Ashford’s faculty, staff, and academic programs -- essentially maintaining Ashford as it is now, but under a new name.

Zovio’s control of UAGC and the California Attorney General’s lawsuit for Zovio’s past actions are not explained in UAGC’s marketing materials. Because of that, students may believe they are attending the University of Arizona when they are actually attending Ashford University under a new name. On July 7, 2020, the Department of Education [instructed](#) Ashford to “refrain from identifying itself as a ‘nonprofit institution’ in any advertising, publications, or other notifications unless and until the Department approves the request to convert to nonprofit status.” For at least two months, however, Zovio continued to claim that UAGC was a non-profit institution in its [marketing materials](#).

Prior VA Action

In February 2020, the Department of Veterans Affairs [disapproved](#) 20 Ashford University programs from receiving GI Bill benefits. Sixteen of those programs did not leave the students eligible to earn the necessary license in the promised field of occupation. Nineteen of the programs were not “consistent in quality, content and length with similar courses in the California public university systems, with recognized accepted standards.”

In 2017 and 2020, Ashford repeatedly [sent misleading communications](#) to its student body, misrepresenting the school’s status with respect to GI Bill eligibility and encouraging students to mistrust information provided by the Department of Veterans Affairs.

In 2016-18, Ashford [attempted to mislead](#) the Department of Veterans Affairs and State Approving Agencies in its attempt to retain GI Bill eligibility.

Prior Lawsuits and Governmental Action

- In July 2019, Ashford’s accretor [issued](#) a Formal Notice of Concern because of “longstanding concerns regarding Ashford University’s student persistence and completion rates and performance on other student metrics.”

- In 2016, the Consumer Financial Protection Bureau [settled](#) with Ashford and its owner for \$31.5 million after finding that they deceived students into taking out private loans that cost more than advertised.
- In 2016, the Department of Justice [investigated](#) Ashford and its owner over allegations that they misstated Title IV refund revenue or overstated revenue associated with private secondary loan programs.
- In 2015, Ashford entered into a confidential settlement with a former student who had [sued](#) the school for inducing students to enroll by systematically concealing material information and making purposeful misrepresentations, pressuring students to enroll with illegal recruiting tactics, and misleading students regarding financial aid.
- In 2014, the Iowa Attorney General [settled](#) with Ashford and its owner for \$7.25 million over violations of Iowa’s consumer protection laws, including “unconscionable sales practices,” nondisclosures, and misrepresentations.

Student Outcomes

- According to the Department of Education’s College Scorecard data (referenced November 2, 2021):
 - Only 24% of full-time, first-time undergraduates return to [Ashford University](#) after their first year at the school (compared to 82% at the [University of Arizona](#));
 - Only 22% of students graduate within eight years of entering Ashford (counting full-time, part-time, and transfer students), compared to 63% at Arizona. Another 47% of students withdraw from Ashford and 31% transfer elsewhere within eight years, compared to 9% withdrawing and 28% transferring from Arizona.
 - After graduation, Ashford students have, on average, over \$10,000 more in student loan debt than University of Arizona students. Ashford students have a median total debt of \$26,563 to \$43,929, while students at Arizona have a median total debt of \$14,838 to \$31,000.
- Six years after entry, Ashford students have mean [earnings](#) of \$34,000, while Arizona students have mean earnings of \$41,800. Only 51% of Ashford students earn at least \$28,000 six years after entry, compared to 68% of Arizona students (as of October 6, 2020).
- Ashford students [default](#) in paying back their student loans at higher rates than University of Arizona students do. 15% of Ashford students defaulted after three years, while only 6% Arizona students defaulted in that time. Similarly, 26% of a separate cohort of Ashford students defaulted after five years, while only 6% of a separate cohort of Arizona students defaulted in that time (as of October 6, 2020).

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About Veterans Education Success

Veterans Education Success is a nonpartisan organization whose mission is to advance higher education success for veterans, service members, and military families, and to protect the integrity and promise of the GI Bill and other federal education programs. The organization offers free help, advice, and college and career counseling to servicemembers, veterans, and their survivors and families using federal education benefits, and helps them participate in their democracy by engaging with policymakers. Veterans Education Success also provides policy expertise to federal and state policymakers, and conducts non-partisan research on issues of

concern to student veterans. Additional information is available at www.vetsedsuccess.org.