

University of Phoenix has a checkered past. Did U of I make an 'enormously risky' move? BY NOBLE BRIGHAM JUNE 25, 2023 4:00 AM

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When Jennifer Hood's University of Phoenix diploma arrived in the mail, the degree it listed was not the degree she had earned.

The diploma said she graduated with an MBA but did not include the health care management distinction it was supposed to have, she said. She requested and received a revised diploma, but that was just the beginning of her problems.

For more than a year after her graduation, she sent her resume to at least 20 potential employers and didn't get a single interview, she told the Idaho Statesman. It wasn't until after she deleted the Phoenix degree that she found a new job.

So when she heard that the University of Idaho wanted to buy Phoenix, she wrote an email to the State Board of Education, which needed to approve the deal. "I implore you to NOT partner with that 'university' for the sake of your students," she wrote

The board didn't listen to her or others who opposed the purchase. At a meeting held just a day after the plan became public, board members approved it unanimously with little public comment or debate, the Statesman previously reported.

With the purchase comes University of Phoenix's baggage, a history of what some characterize as targeting vulnerable students and making promises it couldn't fulfill. Experts say the university has focused resources on marketing, not academic rigor, and poses risks for the University of Idaho of continuing liability for its past actions.

#### UNIVERSITY OF PHOENIX PURCHASE IS 'RISKY'

University of Phoenix started in 1976 with "a fairly honorable ambition," said Frank Donoghue, an Ohio State University professor who studies higher education in America. It would help adults with work experience obtain a bachelor's degree at a time when that degree was becoming more of a leg up for job applicants.

The school decided to go public in 1994, according to New York Times reporting at the time. And it led a wave of companies offering online education in the 1990s and early 2000s. But Donoghue said being traded on the stock exchange shifted its priorities.

"I think what happened is that all of those universities, including Phoenix, got greedy and started caring more about their profits and their shareholders' happiness than the education they were delivering," he said.

After Phoenix went public, it grew to enormous proportions. By 2010, it had more than 470,000 students, according to a 2012 U.S. Senate report. At the same time, the school faced investigations by the federal government and state attorneys general into its marketing practices.

In 2019, University of Phoenix and its parent company, Apollo Education Group, brokered a record \$191 million settlement with the Federal Trade Commission to resolve charges that their advertising had falsely implied they worked with companies like Twitter and Microsoft to provide jobs to students and create curricula. The FTC also alleged they had targeted Latino students and veterans, an FTC news release at the time stated.

In an interview, University of Phoenix Provost John Woods told the Statesman that the school admitted no wrongdoing. “We had partnerships with the companies whose logos were used in a campaign,” and there were agreements with those companies to hire students, he said.

But in a follow-up email, he conceded that was not the case. “You asked me if we had agreements with employers featured in the advertisements to hire our students, and I indicated we did,” he said. “That is an error; I was answering the first part of your question, ‘if we had agreements with employers,’ which we did” — but to post jobs, not guarantee hiring.

University of Phoenix has also directed its marketing toward single parents and first-generation students, said Eileen Connor, director of the Project on Predatory Student Lending, which has represented former students of for-profit colleges to help them get their debt canceled.

“The expertise of a lot of these schools, and I would put University of Phoenix in this bucket, really is on how to convince people to enroll in programs. The focus and the resources go in that front end of marketing, recruiting, convincing and enrolling,” not developing a strong curriculum, she told the Statesman.

Connor said U of P’s purchase is “enormously risky” given the University of Phoenix’s track record.

“I just don’t know why a university system would want to put its name on the line and really take on potentially a lot of liability by associating itself with this school,” Connor told the Statesman.

Connor’s organization handled the Sweet v. Cardona case, a lawsuit that led to the federal government agreeing to cancel \$6 billion in student loans for over 150 schools, including University of Phoenix, according to news reports.

The Department of Education could pursue University of Phoenix to try to recoup student debt that has been canceled, as it recently did in the case of another for-profit university, Connor said.

To protect against the liability that may come with the deal, the U of I has acquired \$25 million worth of directors and officers insurance — which covers legal defense costs and damages — and could seek more, President Scott Green told the Statesman last month. “We believe we can manage that risk,” Green said.

#### IDAHO ALUM SAYS PHOENIX OVERPROMISED

Toma Bartlett, who is from Wendell and now lives in Twin Falls, was one of University of Phoenix’s military students.

In the early 2000s, he was serving in the Coast Guard and started attending the school’s physical campus in Cleveland. He’d seen advertisements that made University of Phoenix seem veteran-friendly, and the classes fit into his schedule conveniently.

He hoped that if he left the military, his bachelor’s degree in health care administration would help him to jump-start a second career. The university promised that when he finished, he would get at least a mid-management job, he said in an interview with the Statesman.

But the classes were “disorganized,” he said, and some days he felt like he was learning nothing. The professors mostly acted like they were “just trying to get a paycheck and go home.” And once he switched to the online version, everything seemed to him to be focused on participation, not the quality of the student work. He didn’t get to know any of the online professors and didn’t make any friends.

University of Phoenix didn’t keep its promise to help him find a job after he graduated, Bartlett said. He managed to build a career in health care, but he said an in-home health business his family owned — not his Phoenix degree — made that possible.

“I don’t know if I really learned anything that would’ve been of value to me that I didn’t learn on the job,” he said.

Others had a more positive experience. Mark Eberly, another Idaho alum, told the Statesman he chose the school because it was flexible and many of the instructors were professionals with “real world experience.”

His MBA from the school helped him advance his career in sales, he said, and he’s still in touch with some of his professors.

“I have my diploma on my desk in my office,” he said. “I’m pretty proud of it.”

#### HOW U OF I COMPARES WITH PHOENIX

By many metrics that the U.S. Department of Education tracks, University of Phoenix and U of I are very different schools.

University of Phoenix's students — who are mostly working adults, often with dependents — number about 64,000 undergraduates and have a graduation rate of 27%. U of I has around 7,000 undergraduates, 60% of whom graduate. University of Phoenix accepts 100% of applicants, whereas U of I takes 81%.

The median earnings for a University of Phoenix grad who received federal aid 10 years after they entered the school are about \$13,000 lower than for an equivalent U of I alum, and a University of Phoenix graduate leaves college with about \$10,000 more debt, according to the department's website.

"I don't think our (for-profit) tax status influences how we approach things," Woods said. "I think our mission does, and our mission is to try and help people access education." But he said that unlike U of I's more traditional students, their students have "risk factors," such as having children to raise on their own. The school's retention rate has improved in recent years, he said.

Blaming students for poor results is a tactic for-profit schools use, said Barmak Nassirian, a longtime higher education policy analyst who works for Veterans Education Success.

When predatory institutions have a pattern of low graduation rates and complaints, they "actually end up stigmatizing the victim," he said. "It's very easy in education to say, 'Well obviously, we serve low-income people and some of them are just not well-prepared.'"

Nassirian said there could be other governmental investigations pending that Phoenix hasn't disclosed or doesn't know about.

He's suspicious about the sale because of the way it was conceived in private.

"A well-considered, beneficial arrangement would be publicly discussed," he said. "You tend to hide things that probably undermine your position. You don't tend to hide things that fortify your position. If all this good is gonna ensue and all this money is gonna pour into the coffers of the University of Idaho, why the secrecy?"