

United States Senate

WASHINGTON, DC 20510

August 12, 2020

Dr. Robert C. Robbins
President
The University of Arizona
Tuscon, AZ 85721

Dear President Robbins:

We write today regarding University of Arizona's (UA) bid to purchase the for-profit Ashford University, and urge you to take steps to protect students should the transaction be consummated.

First, let us say that we believe UA's embrace of Ashford through this transaction poses major risks for your current students and your institution's reputation as one of the nation's top public universities. Ashford, now owned by Zovio, has been a major player during a period of the last two decades that a group of state attorneys general referred to as "open season" on students due to the systemic defrauding of students and fleecing of taxpayers across the for-profit college industry.

Like nearly every major for-profit college, Ashford has been the subject of numerous state and federal investigations and lawsuits. California Attorney General Xavier Becerra is currently suing the company for "defrauding and deceiving students." In order to entice students to enroll, the Attorney General found that Ashford misrepresented "prospective students' ability to get financial aid; the costs of attendance; the likelihood that academic credits would transfer into and out of the school; and the ability of Ashford programs to prepare its students for careers in certain professions." As a result, Ashford students were often saddled with much more debt than they expected and debt they could not afford. Ashford then used "aggressive and illegal" debt collection practices to try to collect that money.¹

California isn't alone. In 2014, Ashford agreed to pay \$7.25 million in a settlement with Iowa Attorney General Tom Miller for consumer fraud. In its investigation, the Attorney General's office found that Ashford recruiters made "false or misleading statements to prospective students in order to convince them to enroll" and used "unfair and high-pressure sales tactics, including emotionally charged appeals to persuade prospective students to make uninformed decisions to enroll." According to Miller, Ashford also misrepresented "to prospective students who wished to become teachers that an online Ashford education degree would allow them to become classroom teachers when, in fact, many Ashford graduates are subject to additional requirements that may require additional time, coursework, or money."²

¹ <https://oag.ca.gov/news/press-releases/attorney-general-xavier-becerra-sues-profit-ashford-university-defrauding-and>

² <https://www.iowaattorneygeneral.gov/newsroom/ashford-university-and-parent-company-bridgepoint-education-agree-to-7-25-million-payment-and-majo>

In 2016, Ashford was ordered to pay \$30 million by the Consumer Financial Protection Bureau (CFPB) for deceptive acts and practices including misleading students about their student loan payments. According to the CFPB, Ashford induced students to take out private, institutional loans by claiming that students would be able to repay the loans with monthly payments as low as \$25. In reality, their monthly payments turned out to be much higher.³ In addition, Zovio's most recent Annual Report reveals that Ashford is facing ongoing investigations by the Massachusetts Attorney General and the Department of Education's Office of Federal Student Aid related to representations it made to potential and enrolled students.⁴ Ashford was also the subject of drawn out litigation with the U.S. Department of Veterans Affairs over its GI Bill eligibility.

Though it is subject to enforcement and legal actions by regulators, Ashford has used a practice known as mandatory arbitration—long a hallmark of the for-profit college industry—to avoid accountability to its students. These clauses, often buried in stacks of enrollment documents, force students to give up their rights to sue or join a class action to hold a school accountable in a court of law when the school's misconduct has caused the students harm. In its use of mandatory arbitration, Ashford more closely resembles Corinthian and ITT Tech than it does UA. The Association of Public Land-Grant Universities, of which UA is a member, and other not-for-profit higher education member organizations have expressed how rarely, if ever, their institutions use mandatory arbitration as a condition of enrollment. While the practice was prohibited by the 2016 Borrower Defense rule, that rule is no longer in effect—making it an issue once again in this transaction.

Despite this long history of troubling practices, if the transaction is consummated, Zovio will reportedly continue to provide “education technology services” including “managing marketing, student recruitment and retention, student success, coaching, financial services, instructional design, and technology” for the new UA-owned institution dubbed “University of Arizona Global Campus”.⁵ In other words, the organization—and in some cases individuals—responsible for Ashford's shameful record as a for-profit college are slated to continue to be responsible for a variety of key functions of the UA Global Campus—many of those the very functions for which Ashford was investigated and sued. Should this transaction move forward, we urge you and the Board of Trustees to put in place clear policies, including abandoning the use of mandatory arbitration clauses and class action bans, and independent oversight structures to ensure that new entity is not operated like Ashford.

Without clear protections for students built into this transaction by UA, its accreditors, and the Department of Education, Arizona taxpayers risk becoming owners of a predatory for-profit college cloaked in the aura of your prestigious university.

³ <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-takes-action-against-bridgepoint-education-inc-illegal-student-lending-practices/>

⁴ https://s23.g4cdn.com/742949744/files/doc_financials/2019/ar/20200318-Zovio-2019-Annual-Report_Complete.pdf

⁵ <https://www.zovio.com/media-room/zovio-and-university-arizona-announce-transformational-higher-ed-agreement>
<https://www.insidehighered.com/news/2020/08/04/university-arizona-acquires-ashford-university>

We appreciate your consideration of our concerns and look forward to your response.

Sincerely,



Richard J. Durbin
United States Senator



Sherrod Brown
United States Senator

Cc: Members of the Arizona Board of Regents
Dr. Barbara Gellman-Danley, President, Higher Learning Commission
Dr. Jamiene S. Studley, President, WASC Senior College and University Commission
Betsy DeVos, Secretary, U.S. Department of Education