

Congress of the United States

Washington, DC 20515

November 3, 2023

The Honorable Miguel Cardona
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Secretary Cardona:

We write regarding the Department of Education's (Department) recent borrower defense to repayment discharges for some students who were defrauded by Ashford University (Ashford)—now known as the University of Arizona Global Campus (UAGC)—and the University of Phoenix (Phoenix). We applaud your decision to provide relief to which these students are entitled. We write to express our strong support for the Department's announced decision to recoup funds from Ashford and Phoenix, so that taxpayers are not left holding the bag and other predatory for-profit colleges are on notice that they will be held accountable for unscrupulous behavior.

For far too long, predatory for-profit colleges like Ashford and Phoenix have preyed on students, especially veterans, students of color, and low-income students. The Department found that Ashford's misconduct included widespread misrepresentations about the cost of attendance, ability to transfer credits, its accreditation and licensure status, and the length of its programs. For example, students who were told that they would not incur any out-of-pocket costs and were eligible for Pell Grants later found they had reached lifetime loan limits while enrolled, forcing them to withdraw with debt but no degree. Further, Ashford recruiters told students they could transfer credits easily and compared the length of Ashford's bachelor's degree programs to four-year programs at other institutions. However, students frequently were unable to transfer credits both into Ashford and to other institutions, and Ashford's bachelor's programs were structured to be completed in five years.

The Department similarly found that Phoenix defrauded students. Based on the Federal Trade Commission's (FTC) 2019 investigation into Phoenix—which resulted in the largest financial settlement ever reached between the FTC and a for-profit college—the Department found that Phoenix used a misleading national advertising campaign. Phoenix misrepresented its employment partnerships to prospective students, claiming to have partnerships with Fortune 500 companies like Microsoft, AT&T, and Yahoo. Phoenix also told prospective students that they would receive hiring preferences and connections to high-profile employers, which motivated students to enroll. In reality, Phoenix's management knew that its corporate partnerships did not provide any benefits to students, and one senior vice president even called the advertising campaign “smoke & mirrors.”

We welcome the Department's announcement that borrowers who applied for borrower defense to repayment and attended Ashford from March 2009 to April 2020, and Phoenix from September 2012 to December 2014, have received relief. These discharges, which resulted in full loan forgiveness for more than 2,300 Ashford borrowers and more than 1,200 Phoenix borrowers, totaled \$72 million and \$37 million, respectfully. While this is a victory for defrauded students, it is Ashford and Phoenix, not taxpayers, which should foot the bill. We therefore urge the Department to aggressively recoup funds from these institutions. This would send a strong warning signal to other predatory for-profit colleges that there are substantial financial consequences for defrauding students.

We also urge the Department to continue providing accessible and streamlined avenues for other defrauded borrowers who attended Ashford and Phoenix to receive relief through borrower defense to repayment. We appreciate the efforts you are making to have partners inform other students of their eligibility for relief, and we strongly encourage direct outreach by the Department to the thousands of students who attended Ashford and Phoenix during the relevant periods but have not yet filed a borrower defense claim.

Finally, we urge the Department to review whether Ashford and Phoenix—each of which has engaged in extensive and sustained misconduct that has violated Department regulations, including the prohibition on making substantial misrepresentations to students—continue to remain eligible for federal student aid. Ashford and Phoenix repeatedly have deceived students, raked in federal dollars, and allowed their executives to profit at taxpayers' expense. In the 2021-22 school year, Ashford's and Phoenix's revenue from federal dollars were more than \$183 million and more than \$616 million, respectively. These amounts from federal student aid accounted for nearly 64 percent and 79 percent of the schools' total revenue, respectively.

It is time for the Department to hold these predatory schools accountable. We look forward to your prompt response.

Sincerely,



Richard J. Durbin
United States Senator



Rosa L. DeLauro
Member of Congress



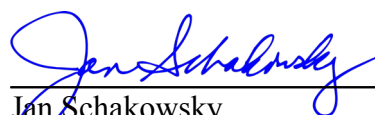
Elizabeth Warren
United States Senator



Pramila Jayapal
Member of Congress



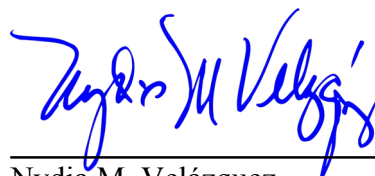
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