

United States Senate

WASHINGTON, DC 20510

May 3, 2023

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

The Honorable Denis McDonough
Secretary
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

The Honorable Lloyd Austin
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Secretaries Cardona, McDonough, and Austin:

We write to urge the Department of Education (ED), Department of Veterans Affairs (VA), and Department of Defense (DOD) to scrutinize the University of Phoenix's (Phoenix) participation in federal student aid programs, including ED's Title IV program, VA's GI Bill, and DOD's Tuition Assistance program.

Phoenix is an unscrupulous and predatory for-profit college that has long preyed on veterans, low-income students, and students of color. A recent report found that Phoenix has launched a national advertising campaign that has run misleading advertisements suggesting Phoenix is a public university.¹ These advertisements, including messages on its admissions website, tout statements such as "No out of state tuition" and "Some state universities charge higher tuition to out-of-state students – but not University of Phoenix." Prospective students easily could interpret these misleading statements to mean that Phoenix is an affordable public university, when in reality it is neither. According to the National Center for Education Statistics, Phoenix charged \$13,245 in the 2020-2021 academic year, which is well above the average cost of \$10,423 at a public university or college. Furthermore, Phoenix's dismal graduation rate of 14 percent at its main and largest campus is an obvious sign that this predatory college leaves students with significant student debt and no degree to show for it.

Phoenix's deceptive misrepresentations unfortunately are not new. In 2019, Phoenix reached a \$191 million settlement with the Federal Trade Commission (FTC) for running deceptive advertisements that gave the false impression that Phoenix partnered with major employers like the American Red Cross, AT&T, Microsoft, Twitter, and Yahoo. This was the largest financial settlement ever reached between the FTC and a for-profit college. The settlement also stipulated that Phoenix is banned permanently from running advertisements that

¹ <https://www.republicreport.org/2023/university-of-phoenix-seems-to-break-pledge-to-avoid-misleading-ads/>

promote a misleading benefit. Phoenix's most recent advertising campaign clearly defies this injunction.

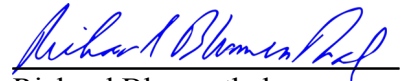
We applaud ED's recent efforts to hold for-profit colleges accountable, including developing a low-financial-value programs list and providing borrower defense to repayment discharges for students who attended Corinthian Colleges, ITT Technical Institute, and Westwood. ED, VA, and DOD, however, can and must take additional steps to protect student borrowers and taxpayers by scrutinizing Phoenix's participation in federal student aid programs, especially after clear violations of its previous agreement with the FTC.

Thank you for your consideration, and we look forward to your response.

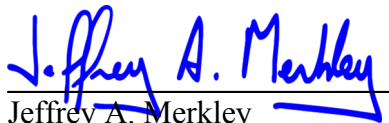
Sincerely,



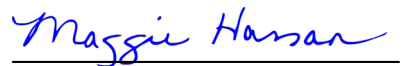
Richard J. Durbin
United States Senator



Richard Blumenthal
United States Senator



Jeffrey A. Merkley
United States Senator



Margaret Wood Hassan
United States Senator



Sherrod Brown
United States Senator



Elizabeth Warren
United States Senator

cc: Lina Khan, Chair, Federal Trade Commission