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ASSISTANT DEMOCRATIC LEADER

United States Senate

Washington, DC 20510–1304

COMMITTEE ON APPROPRIATIONS

COMMITTEE ON THE JUDICIARY

COMMITTEE ON RULES AND ADMINISTRATION

October 29, 2015

The Honorable Ash Carter
Secretary
Department of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Secretary Carter:

We appreciate the Department of Defense's (DOD) recent actions to enforce its Memorandum of Understanding (MOU) with the University of Phoenix (UoP) and to protect service members and taxpayers. We urge sustained enforcement action against the University of Phoenix.

The Tuition Assistance (TA) Program plays a critical role in strengthening our military readiness and offering professional development opportunities to the men and women who serve. It is of vital importance that the Department safeguard this program by rigorously enforcing its MOUs with institutions of higher education. There is no question that the Department of Defense has a responsibility to take appropriate action against those who violate rules and regulations related to Voluntary Military Education programs.

On October 7, the Department placed University of Phoenix on probation and prohibited the company from enrolling new DOD Tuition Assistance (TA) and MyCAA beneficiaries. The company was also barred from accessing military bases. In its decision, the Department partially cited noncompliance with its MOU due to violations revealed by its own review and first brought to light in an investigation published in June by the Center for Investigative Reporting (CIR).

The CIR investigation revealed that the company flouts rules meant to prohibit aggressive recruiting on military bases. To do so, UoP employs a concerted strategy to use its sponsorship of hundreds of events on military bases across the country to recruit service members to its programs, even tracking its success at signing up service members at these events. At Fort Campbell, alone, UoP has spent $250,000 to sponsor 89 events over the past three years. In one case, the company spent $25,000 to sponsor a concert at Fort Campbell headlined by reality TV star "Big Smo" which featured a giant University of Phoenix banner. Before the concert, the company gave away computer tablets to soldiers. Other events included rock concerts, Super Bowl parties, father-daughter dances, Easter egg hunts, a chocolate festival, and even "Brunch with Santa."

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According to the report, the company also paid to have its staff serve as the exclusive resume advisors in Hiring Our Heroes job fairs and workshops, many on military bases. A CIR hidden camera documented that all of the resume workshop materials, presentation slides, and sample "successful" resumes were labeled with University of Phoenix marketing, and trainers urged attendees to go to the University of Phoenix website for additional information.

In addition, the CIR investigation highlighted the University of Phoenix's violation of Department of Defense policies regarding use of DOD official seals and other trademark insignia through the company's distribution, without permission, of mock military challenge coins carrying the official seals of the Department of Defense and every branch of service alongside its company logo.

In its decision to take action against UoP, the Department also cited ongoing investigations by the Federal Trade Commission and the California Attorney General. In fact, the company faces two separate investigations by the Federal Trade Commission – one related to deceptive marketing and advertising and a second just announced related to safeguarding student and staff personal information. The University of Phoenix also faces investigations by at least three state Attorneys General, the U.S. Securities and Exchange Commission, and the Department of Education Inspector General. This broad and ongoing regulatory scrutiny of the company gives DOD legitimate cause for concern when it comes to the University of Phoenix's future participation in Voluntary Military Education programs. This, along with DOD's own findings of noncompliance, should be more than enough to continue enforcement action against the University of Phoenix beyond its current probationary status.

But what's more, this is a company that too often doesn't do right by the students, servicemembers, and veterans that it claims to serve. According to Paul Reickhoff of the Iraq and Afghanistan Veterans of America (IAVA), the University of Phoenix "is constantly reported as the single worst by far" when it comes to for-profit colleges taking advantage of IAVA members. The company is the fourth largest recipient of DOD TA dollars and the largest recipient of Department of Veterans Affairs Post 9/11 GI Bill funds. Meanwhile, its students hold more cumulative debt than any other school in the country. Only one in five of students in University of Phoenix's online programs, those heavily used by service members and veterans, actually graduate. Of University of Phoenix's class of 2009, nearly one in two students had defaulted by 2014.

We encourage you to remain steadfast in your protection of service members and veterans despite the political pressure to turn a blind eye. We cannot afford to put the future of one more service member or spouse or one additional taxpayer dollar at risk when it comes to this company.

Thank you for your strong commitment to our service members and taxpayers. We look forward to your response.

Sincerely,

Richard J. Durbin
United States Senator

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United States Senator

Al Franken
United States Senator

Barbara Boxer
United States Senator

Tom Carper
United States Senator

Elizabeth Warren
United States Senator

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