

University of Phoenix response to New York Times Article by Sam Dillon

Fact versus Fiction

The following response is to an article that appeared in the New York Times, on Sunday, February 12, 2007, titled, “Troubles Grow for a University Built on Profits” This article contained multiple factual errors and serious misrepresentations and are symptomatic of a prevailing bias against institutions of higher education that are not publicly operated non-profits. We invite you to share this response with those who have questions about the article.

***Sam Dillon’s Fiction:** “The University of Phoenix became the nation’s largest private university by delivering high profits to investors and a solid, albeit low-overhead, education.”*

“Its fortunes are closely watched because it is the giant of for-profit postsecondary education; it received \$1.8 billion in federal student aid in 2004-5... “Wall Street has put them under inordinate pressure to keep up the profits, and my take on it is that they succumbed to that,”

FACT: The University of Phoenix was well on its way to becoming the nation’s largest private university well before its parent company, the Apollo Group went public. Universities don’t become large because of “low overhead” or “high profits” but rather because of demand for quality academic programs. University of Phoenix is one of the very few institutions of higher learning – public or private - completely devoted to providing *access* to higher education for working students. It is commonly recognized, even among traditional academics, for its innovative teaching/learning model.

University of Phoenix is the largest institution of higher learning in the U.S. so it is not surprising that its students are the recipients of federal student financial aid, but to speculate that profits trump academic quality is myth, born out of elitist concepts of higher education.

***Sam Dillon’s Fiction:** “... its reputation is fraying as prominent educators, students and some of its own former administrators say the relentless pressure for higher profits, at a university that gets more federal student financial aid than any other, has eroded academic quality.”*

“...Although Phoenix is regionally accredited, it lacks approval from the most prestigious accrediting agency for business schools, the Association to Advance Collegiate Schools of Business.” (AACSB)

FACT: The author’s claim that the pressure for profits has eroded academic quality is out of touch with reality. University of Phoenix is easily the most examined university in American higher education. Since its regional accreditation was awarded in 1978, the University has participated in over 30 accreditation visits, 35 evaluations by state

education agencies and 10 program reviews by the U.S. Department of Education. And, despite frequent bias against the for-profit education sector among many reviewers from the traditional academic sector, the University has repeatedly met or exceeded the requirements of this astonishing number and variety of reviews. It is currently in good standing academically with all of its accrediting bodies as well as among the state boards of higher education in the states where it has campus locations.

Regional accreditation, not programmatic accreditation (AACSB) remains the gold standard of accreditation. Historically speaking, the regional accrediting agencies started as leagues of traditional colleges and universities in specific regions of the country and it is recognized among colleges and universities as the critical institutional peer review benchmark in higher education. But accreditation is not the only benchmark of quality. University of Phoenix has long been noted as having one of the most comprehensive and leading-edge academic institutional assessment systems in the U.S. which enables extensive analysis into the most detailed reaches of its operation for both internal decision-making and external scrutiny. The University has won many awards for its academic programs and assessment systems. The following is a partial list of those awards and recognitions:

- American Productivity and Quality Center (APQC): Best Practices Partner in Measuring Institutional Performance Outcomes
- Arizona Pioneer Award for Quality (Phoenix Campus) This award is modeled after the prestigious Malcolm Baldrige National Quality Award. University of Phoenix was the first four-year educational institution to receive this award.
- American Association of Collegiate Schools of Business (AACSB) Best Practices in Technology Mediated Learning: Enhancing the Management Education Experience
- Project Good Work University of Phoenix was nominated by education scholars as an exemplary institution for excellence in undergraduate education, and was thereby honored to participate in a national study of excellence in undergraduate education. This national research study is a large-scale effort to examine how professionals in various domains pursue good work under contemporary conditions, including individuals and institutions that are engaged in carrying out or supporting cutting-edge work at a time of rapid innovation across all sectors of society. Conducted by researchers at Harvard, Stanford and Claremont Graduate University, the study includes four-year liberal arts colleges, community colleges, historically black colleges, proprietary institutions, and research universities.
- American Association for Higher Education (AAHE) project “Best Practices: Toward an Enlarged Understanding of Scholarship.” (One of eight institutions selected nation wide) The results of this study, funded by the Carnegie Foundation, were presented at the AAHE 2003 winter meeting and chronicled in a special issues publication.
- Global Achievement Award for Innovation by Economist Intelligence Unit in recognition of leadership, creativity, success and contribution to our students’ lives, despite turbulent economic times (2002).

Sam Dillon's Fiction: *"The university says that its graduation rate, using the federal standard, is 16 percent, which is among the nation's lowest, according to Department of Education data. But the university has dozens of campuses, and at many, the rate is even lower."*

FACT: This author sought to deceive the public by reporting 16% (and lower) as the completion rate for University of Phoenix, despite the fact that he was informed via email by the University President that the 16% completion rate applied to only 7% of our total student population. The federal IPEDS database (as we so informed the author) requires that universities report *only those students who had no prior college experience* which, as disclosed in our consumer information notice, represented less than 7% of the University's total student population.

University of Phoenix serves a large population of students who bring a significant level of prior college work as well as professional experience to their college courses and their graduation data is not reportable in the federal IPEDS database. The completion/graduation rate for all University of Phoenix students has been historically maintained between 50 - 60%, the very same averages found in traditional 4-year public colleges. The University expects that students entering its new Associates degree programs will have lower graduation rates than this, as is the case at all colleges and universities serving the same student population with the same student demographics - but these programs are only beginning to have graduates at University of Phoenix, as they were introduced only recently.

Sam Dillon's Fiction: *"In recent interviews, current and former students in Arizona, California, Colorado, Florida, Michigan, Pennsylvania, Texas and Washington who studied at University of Phoenix campuses in those states or online complained of instructional shortcuts, unqualified professors and recruiting abuses."*

"Phoenix claims that 95 percent of their students are satisfied, but the reports we get indicate otherwise," said James R. Hood."

FACT: When you are serving the largest student population of any university in the nation, it is possible to find a percentage of students who are not delighted with the school. But the author's assertion does not apply to the majority of students and alumni, as demonstrated by research conducted by both University of Phoenix and by other prominent sources. In a book published by the American Council on Education titled *"Lessons from the Edge, For-Profit and Nontraditional Higher Education in America,"* (2005) author Gary Berg makes a strong case for the importance of for-profit higher education and his many months of research point out the difference between specialized institutions and the public 4-year colleges. To quote:

“For-profit universities lead the way in many of the critical areas where higher education needs the most work. They have led in targeting the needs of business, focusing on working adults... and in creating economical, standardized content. [They] have led in assessment methods, creating and maintaining responsive student services and innovations such as the development of customized digital textbooks at the University of Phoenix. (Now, rEsource, a web based leaning resource available to all students and faculty) They have been leaders in distance learning. In fact, collectively they are altering the domain of higher education as a whole. Rather than simply complying with accreditation guidelines...the University of Phoenix and others have engaged in a debate about the essence of the standards. For instance, rather than be held to a notion of quality based on resources and the number of full-time faculty, they have insisted on quality as derived from stating what they intend the students to learn, and then proving that they have done what they said they’d do. ...As a result, accrediting agencies are refocusing their guidelines on self-determined institutional objectives based on a “culture of evidence” rather than the older measurements of resources and the number of full-time faculty. This is indeed a major shift in higher education.” (page 6).

Sam Dillon’s Fiction: “The university brings a low-overhead approach not only to its campuses, most of which are office buildings near freeways, but also to its academic model.”

“students spend 20 to 24 hours with an instructor during each course, compared with about 40 hours at a traditional university. The university also requires students to teach one another by working on projects for four or five hours per week in what it calls learning teams.”

What this author characterizes as a low-overhead approach is fundamentally flawed and based upon his own experience obtaining a traditional college degree from an Ivy league institution. University of Phoenix campuses are in office buildings and near freeways because our students work full time while going to school. They come to class after putting 8-10 hour days into their jobs and they want and need convenient locations, safe conditions, and nearby parking.

The argument that clock hours (the Carnegie Unit System) is a measurement of quality is outmoded and inaccurate. Instead of relying on such subjective judgments of academic effectiveness, we measure whether students are meeting the outcomes established for their courses and program. We use the data to inform our academic goals and to continuously improve the curriculum and instruction. Class size is kept very small (10-20 students per class), unlike most universities that rely on large classes and place even hundreds in lecture halls.

Since the University's founding nearly a quarter of a century ago, Learning Teams have been an essential element of the Teaching/Learning Model because it improves the academic experience of students. Research has confirmed that collaborative learning groups serve several essential functions that are especially beneficial to working adult learners. Among the documented benefits learning teams provide, they:

- Create collaborative learning environments in which students can share the practical knowledge that comes from their life and work experience.
- Allow students to broaden and deepen the understanding of concepts explored in the classroom.
- Serve as laboratories through which students develop into more effective leaders and members of workplace teams.
- Improve the quality of group projects and assignments.
- Serve as vehicles for reflection, by which adult students make sense of and apply new knowledge.
- Provide a sense of community and support that is invaluable in helping working students cope with the challenge of balancing school with other life demands.

Sam Dillon's Fiction: "Government auditors in 2000 ruled that this schedule fell short of the minimum time required for federal aid programs, and the university paid a \$6 million settlement. But in 2002, the Department of Education relaxed its requirements, and the university's stripped-down schedule is an attractive feature for many adults eager to obtain a university degree while working."

The author is clearly confused. The University of Phoenix settlement with the Department of Education (which was \$9 million rather than \$6 million) was not about scheduling but rather involved a dispute over incentive compensation. As is often the case in business matters, the University made an economic decision to settle in order to put an end to its costly and distracting dispute with the Department. In the settlement, the University was not required to change a single policy. There were no issues raised by the department which questioned the academic quality or rigor of its programs.

Sam Dillon's Fiction: "...In 2003, two enrollment counselors in California filed a whistle-blower lawsuit in federal court accusing the university of paying them based on how many students they enrolled, a violation of a federal rule.... But the department's searing portrait of academic abuse aroused skepticism among many educators."

This case is about two disgruntled former employees of University of Phoenix attempting to extract a large financial settlement and is pending before the Supreme Court. The essence of this case follows:

- In March, 2004 a *qui tam* lawsuit was filed by two University of Phoenix employees (Mary Hendow and Julie Albertson). Their lawsuit alleged that UOP was in violation of incentive compensation laws.

- A qui tam lawsuit allows private individuals to bring suit on behalf of the federal government and reap the rewards of any monetary damages imposed. The government then has the opportunity to join in the lawsuit or decline to be a party.
- In this case, the government (through the US Justice Department) declined to intervene in May 2003. The lawsuit was dismissed by the court with leave to amend and was subsequently dismissed with prejudice.
- Plaintiffs however, are entitled to pursue litigation on their own which they did. We moved for the court to dismiss the plaintiffs' complaint, based on two decisions by the court of appeals for the 5th Circuit and they did so.
- Plaintiffs appealed this decision to the Court of Appeals for the Ninth Circuit and the 9th circuit reversed in the decision.
- The 9th circuit did not determine whether UOP is liable or whether the plaintiffs (now called relators) will be entitled to damages. What they decided is that the relators can proceed to discovery and attempt to gather evidence.