

**Point by Point Response to the  
U.S. Senate Committee on Health, Education, Labor and Pensions  
Chaired by Senator Tom Harkin  
March 10, 2011**

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## Introduction and Methodology

The following information is presented in response to the hearing of the U.S. Senate Committee on Health, Education, Labor and Pensions (HELP), chaired by Senator Tom Harkin, on March 10, 2011. The presentation is organized to respond to the data in each of the 16 charts presented at the hearing. Our supplemental materials are presented in a manner that is in accordance with generally accepted accounting standards, principles of statistical analysis, and best practices in institutional research. Where appropriate, background commentary and analyses are also included and referenced to each chart from the hearing. Data sources for the responses include internal Ashford and Bridgepoint data, comparative data from the U.S. Department of Education Integrated Postsecondary Education Data System (IPEDS), and other publicly available sources.

Ashford University strongly believes in the need to continually improve its programs and services through a cycle of ongoing and systematic assessment, evaluation, and institutional research; analysis and evidence-based planning; creation of innovations and new initiatives to better meet student needs; budgeting based on identified needs and opportunities for improvement; and monitoring of initiatives to ensure that intended results are being achieved. In short, Ashford operates according to an ongoing institutional effectiveness cycle.

Integral to any vibrant institution is gathering and acting on feedback from internal and external sources. Significant feedback has been provided in recent months by the hearings of the HELP Committee, and the University has gained much from its consideration of the feedback provided.

While the feedback provided to Ashford University through the most recent March 10, 2011 hearing has been useful, in general, there are two primary concerns with the presentation. First, it is never entirely clear if the HELP Committee is presenting information that is specific to Ashford University or combining information for Ashford, which was acquired by Bridgepoint in 2005, and University of the Rockies, which was acquired by Bridgepoint in 2007. This point makes it difficult to understand the basis for some of the statements. Second is the underlying assumption that the relevant measure of higher education, against which Ashford should be compared, is the traditional brick-and-mortar, on-campus traditional American higher education learning environment, consisting primarily of 18 to 22 year-old undergraduate students who attend the institution on a full-time basis in preparation for a first career or possibly graduate study immediately upon the completion of the baccalaureate degree.

The central problem with using traditional American higher education as the reference point is that the opportunity to experience such a traditional educational environment is beyond the reach of millions of Americans due to economics, geography and temporal limitations, and the use of brick-and-mortar institutions as a paradigm for all of American higher education is no longer relevant. Ashford University's array of online associate's, bachelor's and master's programs are designed to facilitate access, at an affordable price, to high-quality programs of higher education that will enable adult learners in our society to fulfill their educational goals and gain professional advancement.

## **Bridgepoint Education Enrollment, from 2005 Purchase through 2010 (Chart 1)**

Chart 1 presented at the March 10, 2011 hearing of the HELP Committee details the enrollment growth of Bridgepoint Education, Inc.'s academic institutions since the purchase of The Franciscan University of the Prairies (renamed Ashford University) through 2010. Senator Harkin noted that Bridgepoint purchased Mount St. Clare College (later renamed The Franciscan University of the Prairies) as an accredited institution, already approved to offer distance education programs. Since then, Ashford University has developed and matured its online program offerings, steadily expanded its student and academic support services detailed in the response to Chart 8, and has also invested heavily in the Clinton, Iowa campus of Ashford, nearly tripling the campus-based enrollment in this same period from 2005–2010.

The University has also remediated significant deferred maintenance issues, expanded classroom and residential facilities, and purchased new real estate for further campus expansion—quite apart from its investment in creating the human and technology infrastructure to support quality online learning opportunities. In fact, since 2008, the University has invested over \$22 million at the Clinton site in updating and revitalizing the campus infrastructure, expanding physical plant operations and building new facilities. In December 2009, the University acquired a 128 acre parcel of land in order to expand the physical plant of campus operations and to build a much needed athletic field. The athletic field will be the home field for all of AU's soccer games as well as serve as a Clinton community resource. The athletic field construction totaled \$6.3 million dollars and was completed in August 2010. In May 2010, AU acquired a 27,000 sq. ft. building that houses an indoor tennis facility in order to provide adequate facilities to expand the sports program offerings. In October 2010, AU acquired a 107 room motel that will be converted and used for residence hall space. This purchase was necessary in order to accommodate the large incoming student population in the fall of 2010. In addition to these acquisitions, AU had capital expenditures of \$2.4 million in order to update existing facilities. These updates have included projects to mitigate risks, address deferred maintenance, and update and modernize all facilities.

## Bachelor's and Associate's Degree Students: Enrollment and Retention (Charts 2 and 3)

It is important to note that Ashford University is continuously engaged in analysis of student retention and in the creation of interventions, technology-driven solutions, and services that will serve to help our students persist through their academic programs to degree completion. Our efforts at continuous improvement to support student persistence are further detailed in the response to Chart 8.

Access to higher education is a key element of the Ashford University mission. We could easily increase our retention rates by changing our admissions standards (thereby eliminating access to those at-risk students), but that is not who we are. We have been experimenting with and are implementing a two week orientation for ALL low credit undergraduate students beginning May 10, 2011. That orientation will help students to acclimate to the online learning environment as well as require that they complete two readiness and skills assessments. We will not allow students to begin paid coursework until they have successfully completed this orientation. It is our expectation that those students who are not going to persist (who are now being identified in the first weeks of the first paid courses) will self select out before they incur any charges and before they become matriculated into the University.

In Chart 2 presented at the HELP Committee hearing, Senator Harkin presented information showing that of the 40,866 Ashford bachelor's degree students enrolling in 2008-2009, as of September 30, 2010, 63.4% had withdrawn, 30.7% were still enrolled, and 5.9% had completed their four-year course of study within one year. In Chart 3 that followed, Senator Harkin presented information showing that of the 7,931 Ashford University associate's degree students enrolling in 2008-2009, as of September 30, 2010, 84.4% had withdrawn, 14.4% were still enrolled, and 1.2% had completed their two-year course of study within one year.

The information contained in Senator Harkin's Charts 2 and 3 uses a methodology for calculating retention rates that is not representative of our annual student persistence methodology or our longitudinal annual persistence methodology. It is important to understand that the calculations often used by critics of private sector online colleges and universities are frequently based upon traditional models where students sign up for full 15-week semester loads at traditional campuses and remain enrolled for, at minimum, what would be three 5-week terms in the Ashford educational model. Traditional semester-based institutions have essentially two starting dates per year: fall and spring. By comparison, Ashford has **fifty starts per year**: a new term begins each and every week except for the last two weeks of the year. That is part of what makes an Ashford education so accessible. Students can start at virtually any time of year. High attrition during the first course and through the first term of enrollment is common in institutions of all types, and particularly so when considering the demographic factors of our student base and the accessibility we offer students through our distance learning model. The March 10, 2011 HELP Committee hearing analysis did not reflect the number of starts per year (and therefore the greatly increased opportunity for withdrawal) as well as the non-traditional population Ashford serves.

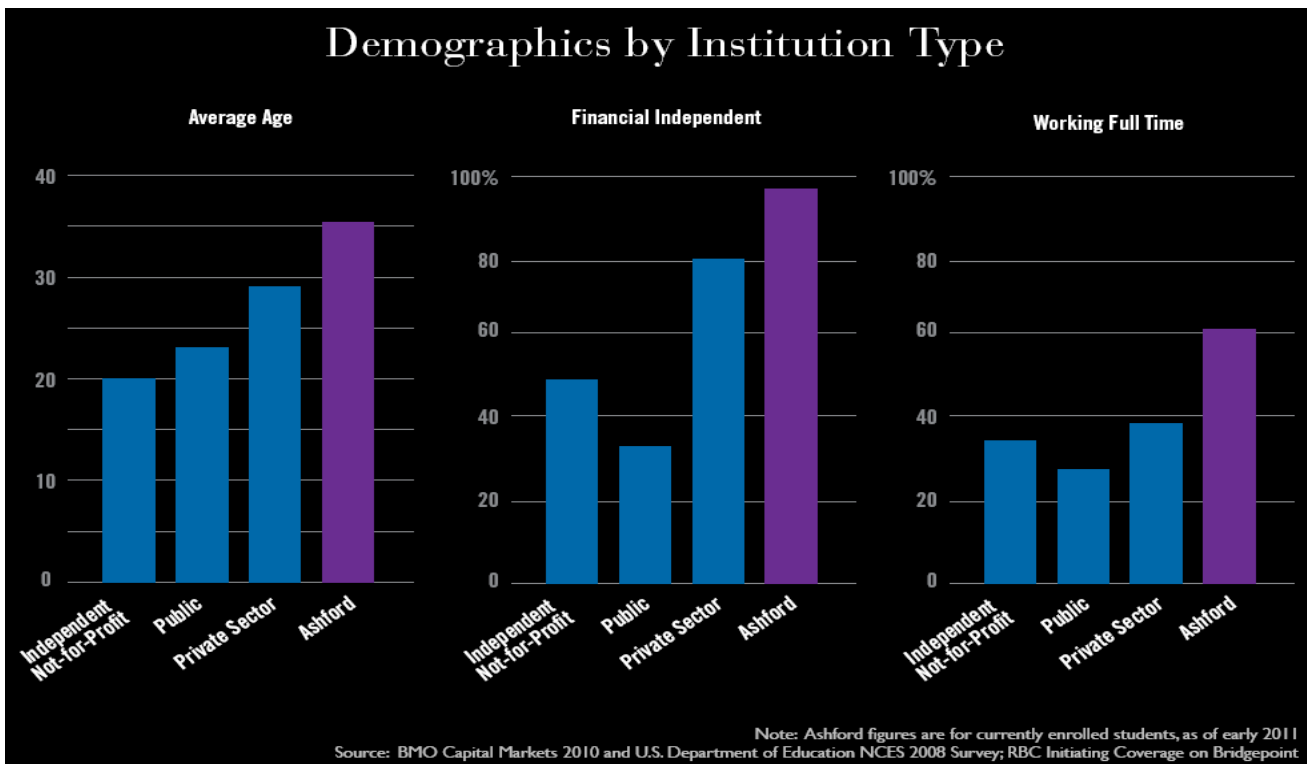
To facilitate a clearer understanding of the student population Ashford University serves, several comparative analyses will be useful. The U.S. Department of Education defines "high risk" students as those who have 3 or more of the following factors:

- Delayed enrollment
- No high school diploma
- Part-time enrollment
- Financially independent
- Have dependents

- Single parent status
- Working full-time while enrolled

When compared to public independent institutions and even when compared to other private sector institutions, Ashford University addresses a notably higher risk group of students, as detailed in Figures 2.1, 2.2, and 2.3, below. A salient characteristic of high-risk student populations is the variability in their enrollment behavior, documented over many years in the enrollment management literature: highly at-risk students tend to stop out and drop out at rates much higher than typical for 18-22 year old student populations. Among Ashford University students, the single most at-risk group tends to be the associate’s degree seeking students, followed by those students who transfer into an Ashford bachelor’s program with a low number of credit hours.

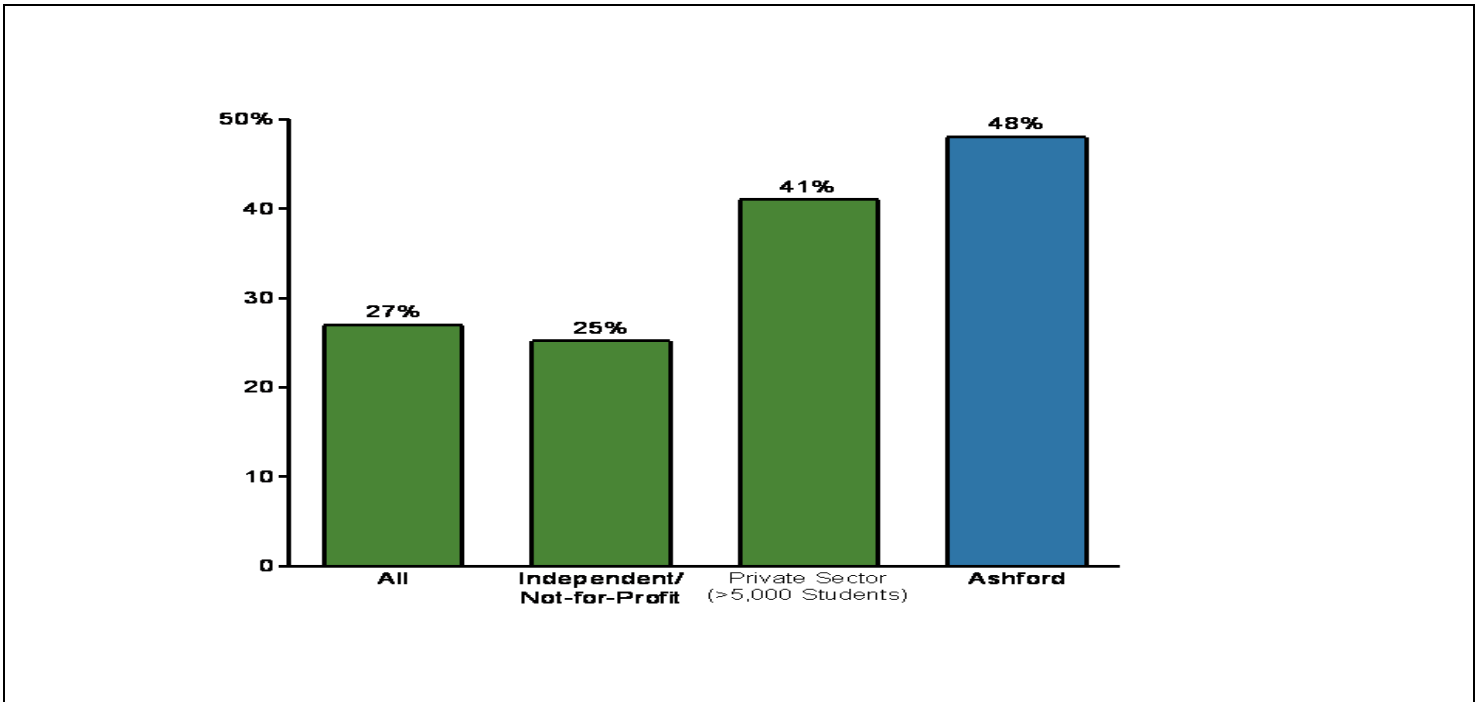
**Figure 2.1 Comparative Analysis of Demographics by Institution Type**



Note: Ashford figures are for currently enrolled students, as of early 2011.

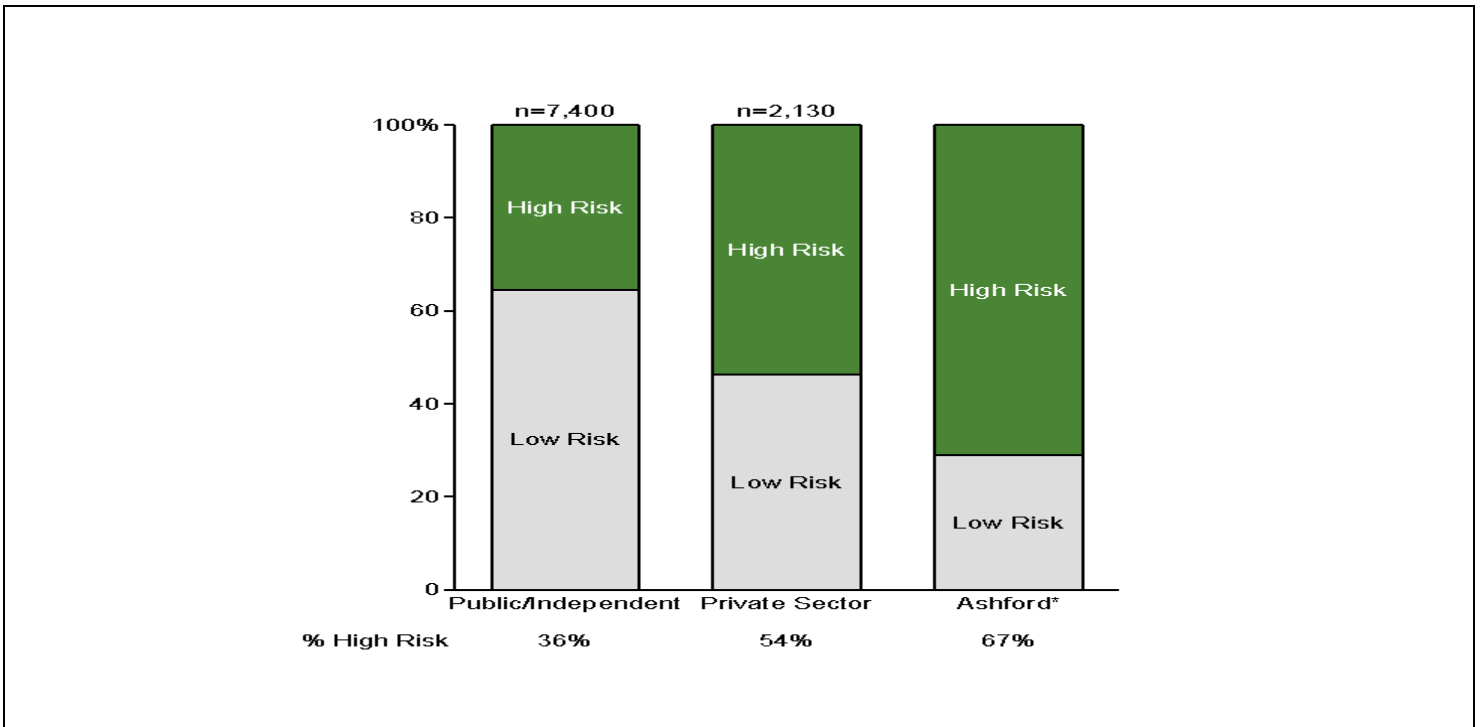
Source: BMO Capital Markets 2010 and U.S. Department of Education NCES 2008 Survey; RBC Initiating Coverage on Bridgepoint

**Figure 2.2 Proportion of High-Risk Students Enrolled by Higher Education Sector**



Note: Risk factors for Public/Independent and Private Sector comparables are from 2004; \*Ashford high risk % based on student financial independence, full-time employment (working > 35 hours/week), part-time enrollment and single parent status as of 2011. Analysis assumes all students employed full time are not enrolled full-time. Sources: NCES BPS 2004-2006; IPEDS; The College Board; Ashford internal data.

**Figure 2.3 Proportion of Low Risk vs. High Risk Students Enrolled by Higher Education Sector**



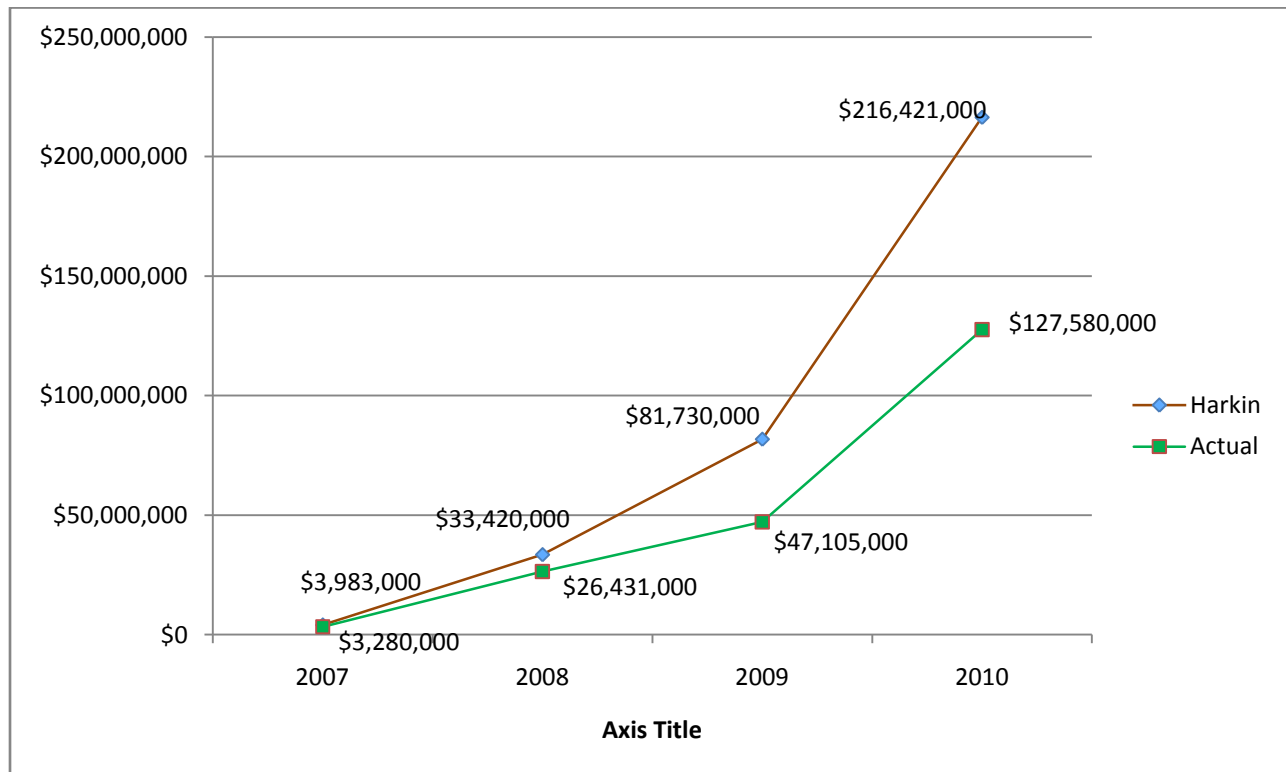
Note: Risk factors for Public/Independent and Private Sector comparables are from 2004; \*Ashford high risk % based on student financial independence, full-time employment (working > 35 hours/week), part-time enrollment and single parent status as of 2011. Analysis assumes all students employed full time are not enrolled full-time. Sources: NCES BPS 2004-2006; IPEDS; The College Board; Ashford internal data.

## Profit (Chart 4)

Senator Harkin's Chart 4 presented a view of Bridgepoint's profits over the 2007-2010 period, which does not take into account one of Bridgepoint's biggest expenses—taxes. In other words, the HELP Committee looked at pre-tax net income rather than after-tax net income. Bridgepoint paid more than \$90 million in federal, state, and local taxes in 2010 and proportionately comparable figures in prior years, which reduces the profit reported by Senator Harkin. **Figure 4.1**, below, details the figures used in the HELP Committee hearing and supplies after-tax net income as a clearer measure of true income.

In addition, Senator Harkin's approach does not factor in the taxes that our graduates pay when they earn more money, the economic impact we have had in the communities we touch, and the investments we make in innovative class materials such as digital textbooks and learning assessment tools. We are investing in educational innovation at a time when the traditional universities simply cannot because of budget cuts, and our students are reaping the rewards of those investments through improved learning outcomes (further detailed in the discussion under Chart 8).

**Figure 4.1 Bridgepoint After-Tax Net Income, 2007-2010**

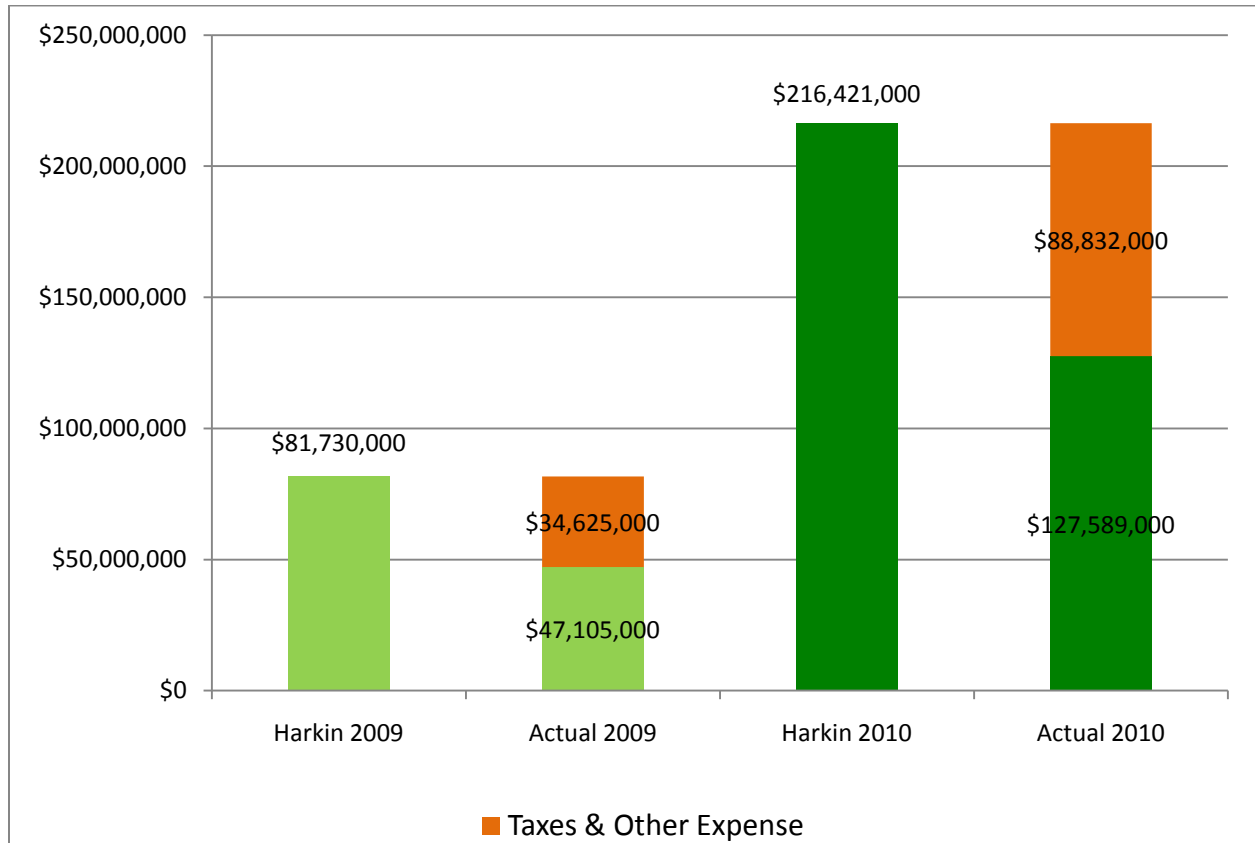


Source: Annual Report on Form 10-K of Bridgepoint Education, Inc. filed with the Securities and Exchange Commission on March 2, 2011.

## One-Year Increase in Profit (Chart 5)

In his original Chart 5, Senator Harkin stated that Bridgepoint had a one-year increase in profits of \$134,691,000 between 2009 and 2010. However, as in the previous analysis above, the Senator's presentation does not reflect taxes and other operating expenses in the amount of \$88,832,000. When one calculates the actual earnings after taxes and other expenses, the profits from 2010 drop by more than one-third and the increase in profit from one year to the next is similarly reduced. These numbers are detailed in **Figure 5.1**.

**Figure 5.1** Bridgepoint One Year "Profit" Increase 2009 - 2010



Source: Bridgepoint 2009 and 2010 Financials



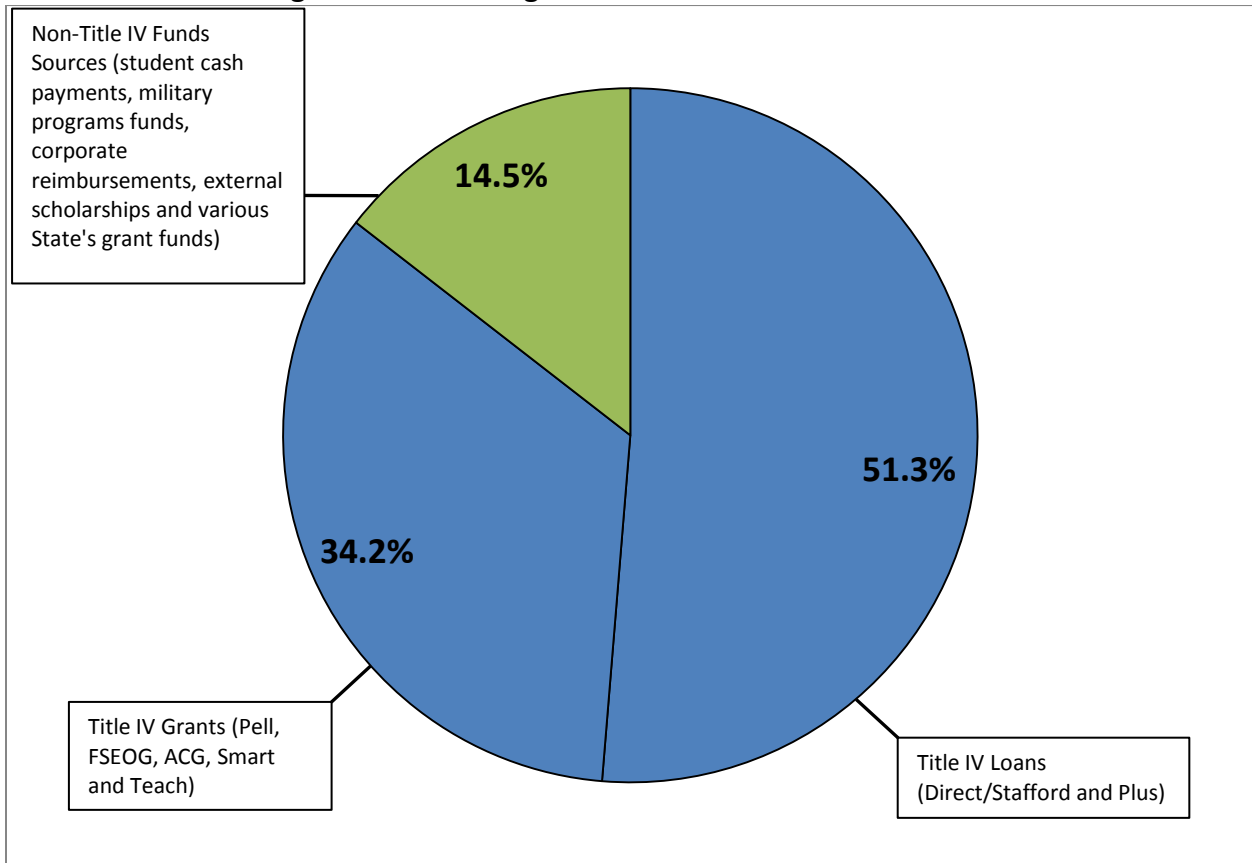
## Federal Dollars (Chart 6)

In the HELP Committee's original Chart 6, Senator Harkin stated that 86.5% of Bridgepoint total operating revenue or \$333.6 million was derived from Federal student aid resources. This statement does not include grants, military or other funds such as student loans and oversimplifies the nature of Federal Title IV funding. The analysis presented in Chart 6 includes approximately \$4 million of non-Title IV revenue related to Military Tuition Assistance. When adjusted for this factor, the total Federal Title IV aid should have been 85.5% of operating revenue, or \$329.7 million.

According to its audited financial statements, Ashford University's percentage of revenue obtained from Title IV for 2009 (calculated in a manner consistent with U.S. Department of Education regulations) was 85.5%. Title IV program funds administered by the U.S. Department of Education consist primarily of loans (Direct/Stafford and Plus), grants (Pell, FSEOG, ACG, Smart, and Teach) and Federal Work Study. At Ashford, the percentage of Federal student loan funds obtained during 2009 was just over 51.3% of revenues. The various Title IV grant programs represented approximately 34.2% of revenues. The remaining 14.5% representing non-Title IV funds was obtained from student cash payments, military program funds, corporate reimbursements, external scholarships, and various state-level grant funds. Chart 6 for the HELP Committee hearing does not reflect the percentage of funds received from Federal student loans and presumes a method of calculation inconsistent with U.S. Department of Education regulations.

In addition to incorrectly stating the percentage of funds provided by student loans, the hearing testimony could be interpreted to mean that Federal student loan funds are taxpayer monies wasted. In fact, a high percentage of Federal student loan funds, including Federal loans made to Ashford students are repaid, with interest. Corrected federal dollars as a proportion of total revenue are provided in **Figure 6.1**.

**Figure 6.1 Percentage of Revenue from Federal Dollars**

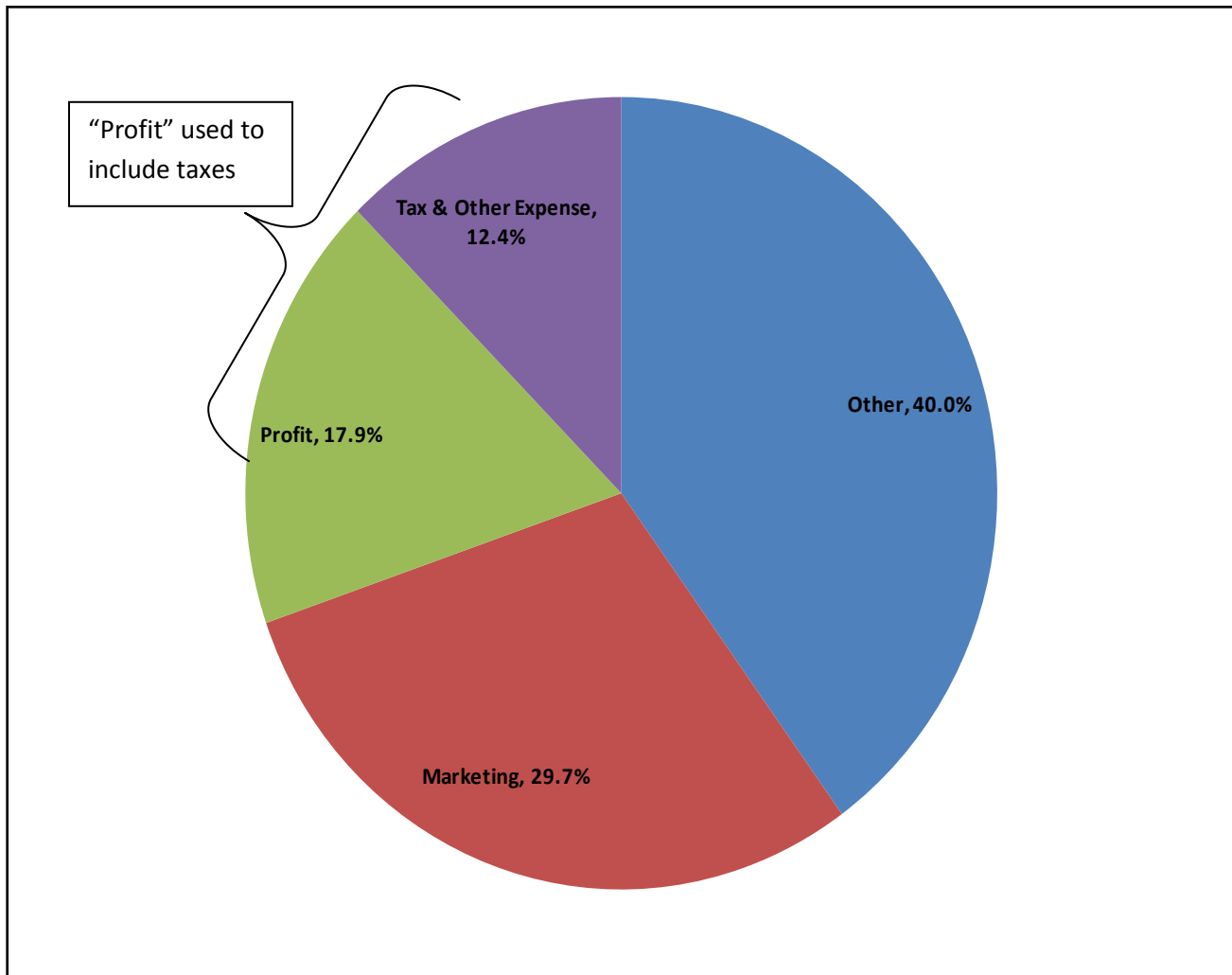


Source: Bridgepoint Financials

## Bridgepoint Spending, 2010 (Chart 7)

Senator Harkin’s original Chart 7 from the HELP Committee hearing represented 2010 Bridgepoint “profit” as 30.3% of total spending. As noted above, the Senator’s analysis does not take into account 12.4% spending on taxes and other expenses, which actually reduces the “profit” category to 17.9%. This change is corrected in **Figure 7.1**.

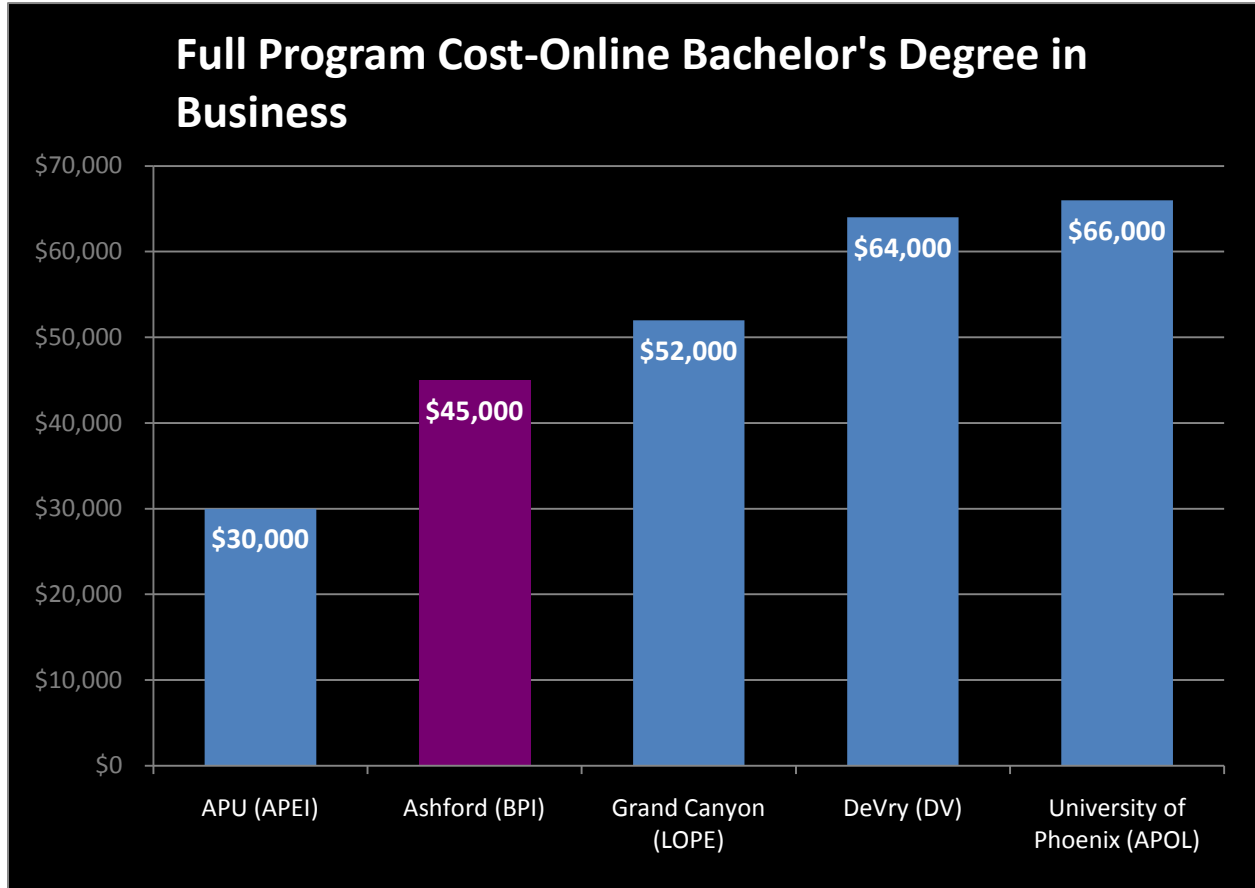
**Figure 7.1** Bridgepoint Spending, 2010



Source: Bridgepoint Financials

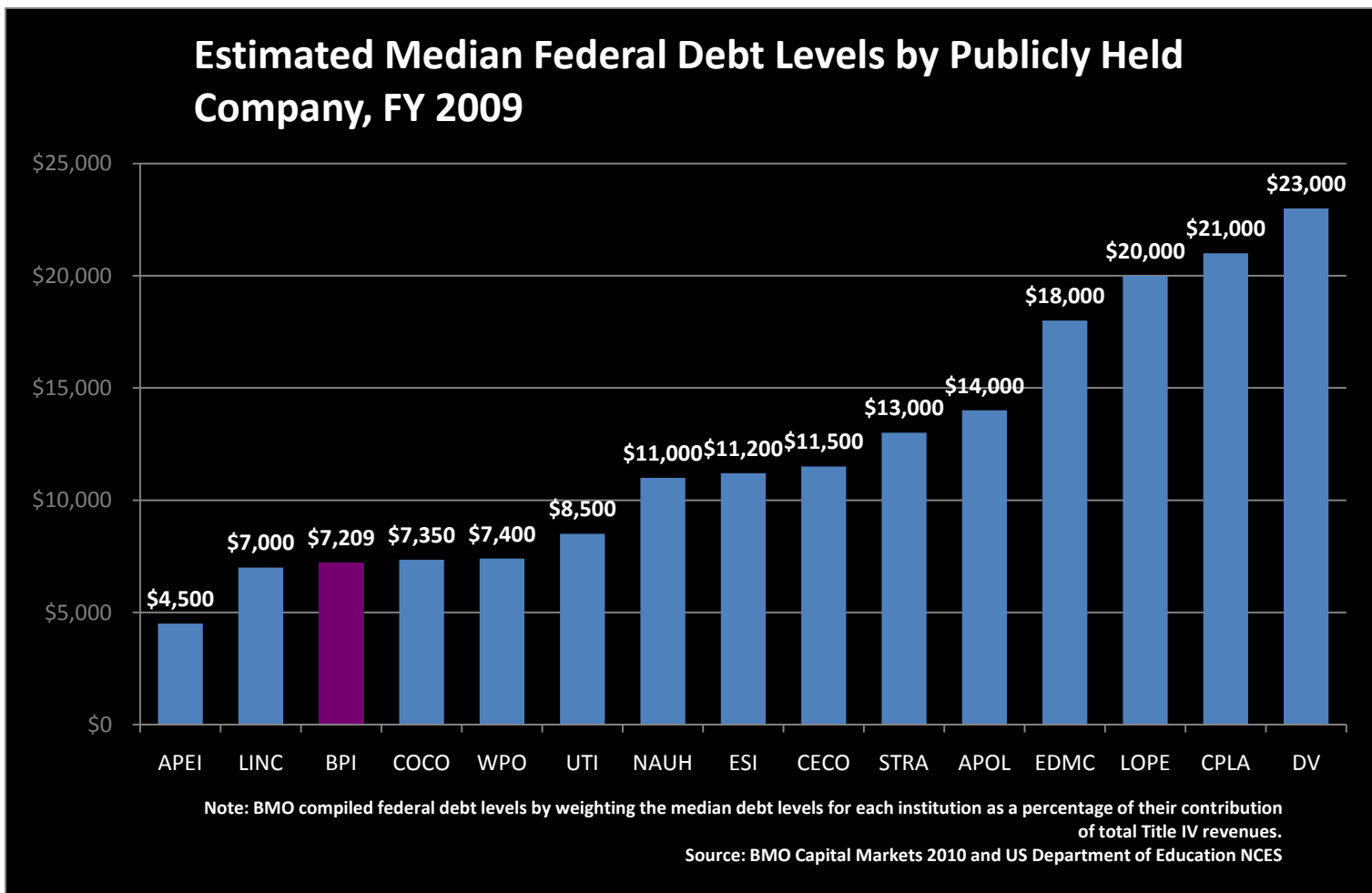
In the discussion of spending levels by category during the course of the hearing, reference was made to the cost of degree programs at Ashford, with a suggestion that program tuition and fees at Ashford were somehow not within the mainstream pricing structure for similar degree programs at other institutions. In fact, Ashford’s tuition cost is comparably lower than those of other online degree programs offered, as detailed in **Figure 7.2** with respect to one common program. This pattern for the bachelor’s degree in business program would apply across many of Ashford’s programs and reflects the intentional policy to maintain affordable tuition rates. Additionally, due to this relatively low tuition, our students have among the **lowest median federal debt levels** among our competitors, as portrayed in **Figure 7.3**.

**Figure 7.2** Comparative Analysis of Full Program Cost of Online Bachelor's Degree in Business



Source: Parthenon Group, 2011

Figure 7.3 Estimated Median Federal Debt Levels by Publicly Held Company, FY 2009



Source: BMO Capital Markets 2010 and U.S. Department of Education, NCES.

Not only do our students have among the lowest median debt levels, but student salary levels following graduation are also worth noting. In terms of employment outcomes, Ashford graduates have fared well. In November 2010, Ashford University invited students who had successfully graduated to participate in an alumni survey. The invitees included students who graduated from the University on or after December 20, 2005. Employment information for alumni whose highest degree earned from Ashford University was a Bachelor's degree is reported here. Of the 11,881 Bachelor's-level alumni who were invited to participate in the survey, 3,582 responded to the survey for a response rate of approximately 30% for Bachelor's degree-holding graduates.

Based on the November 2010 alumni survey results, 92.6% of Ashford University alumni who earned a bachelor's degree at the University, who responded to the survey, and who did not indicate that they were not actively seeking employment, reported that they were employed in a full-time or part-time position as of the survey date. The University used the following data to calculate this rate:

1. Total Bachelor's-level survey respondents: 3,582
2. Bachelor's-level survey respondents who indicated they were not actively seeking employment for one of the following reasons – Family Emergency, Health Related Condition, Incarceration, or Otherwise Not Currently Seeking Employment: 437
3. Bachelor's-level survey respondents who responded they were employed full-time (32 or more hours per week): 2,538
4. Bachelor's-level survey respondents who responded they were employed part-time (less than 32 hours per week): 376
5. Bachelor's-level survey respondents who responded they were not employed and indicated they were actively seeking employment: 231
6. The employment rate was calculated by adding items 3 and 4 and dividing the total by the difference between items 1 and 2.

The calculation also included the following additional steps and exclusions:

1. Survey respondents were counted as employed whether they obtained their current employment following graduation or already held their current employment prior to or during their enrollment at the school.
2. Survey respondents were counted as employed whether or not their current employment was in their field of study at the University.
3. Survey respondents were counted as employed if they reported that they were employed as of the survey date, rather than if they were employed as of, or shortly after, their graduation date. In some cases, the survey date is several months or years after students' graduation dates.
4. The placement rate does not include data on whether the alumni who did not respond to the surveys – (approximately 70%, or 8,299) of the 11,881 bachelor-level alumni invited to participate – were employed or not employed.

## **Staffing Levels (Chart 8)**

In the original Chart 8 from the HELP Committee hearing, Senator Harkin highlighted the change in staffing levels relative to enrollment for Ashford University over the period 2007 to 2010. Chart 8 highlights the rate of growth in recruiting and admissions personnel relative to the growth in student services, financial aid assistance, and career services and placement staff.

The discussion below focuses on an explanation of how the University monitors the quality of its services to students, seeks feedback systematically, and integrates improvements. Specific initiatives and levels of student satisfaction with Career Services, Student Services, Academic Support Services, Admissions, and Financial Aid Services are discussed below.

### **Career Services**

The majority of Ashford University students are working adults (average age of 35) who have chosen to pursue their degree in an online format, and as such, the employment services that are appropriate to serve this population are different from those necessary and appropriate for traditional on-campus learners. Many Ashford students are also currently employed adults who are looking to enhance their careers and gain opportunities within their companies.

To ensure that we deliver services to our students and alumni that are relevant and impactful to their career development needs, Ashford surveyed alumni and found that they are seeking assistance in the areas of professional networking, job search strategies and tools, resume writing and professional development workshops.

In this vein, Ashford continues to develop and enhance online career services to provide all of our students and alumni with career development and planning resources. Students and graduates of Ashford University will soon have access to online career development and planning tools to build resumes, receive resume critiques, practice mock interviews online, and receive coaching in areas such as interviewing, job searching, networking, negotiating salaries and much more. Students will have access to job postings and alumni will have access to post opportunities to reach out to current students and other alumni. Students will also be able to access an online career services team member for live support as needed. Ashford University currently employs three individuals who are focused on delivery of career services for online learners and alumni, and will continue to staff as needed to augment the online tools and services made available to our students.

In Clinton, Iowa, Ashford University employs one career services coordinator, who works exclusively with Ashford's traditional college-aged, campus-based graduating seniors who are seeking their first employment as graduates. This employee is adequate to meet the career assistance needs of the graduating seniors at Ashford's campus.

### **Student and Academic Support Services**

Chart 8 from the HELP Committee hearing was also used to highlight the differential between enrollment growth and positive change in staffing levels for student services at Ashford University. The University provides a number of opportunities for students to seek tutoring and academic assistance in their learning

environment of choice: online instruction. For example, Ashford has created a robust **online writing center** that provides tutorials, samples of writing, and interactive exercises to help students improve their writing skills. For online learners, the University provides Teaching Assistants who provide feedback and support to students in its eight writing-intensive general education courses. The primary responsibility of Teaching Assistants is to provide high-quality individualized writing feedback.

By harnessing technology, Ashford University can deliver innovative instructional services and resources for students. Constellation, a highly engaging, innovative suite of digital content developed in cooperation with national subject matter experts and internal faculty that offers high-quality learning materials at half the cost of conventional textbooks, is an excellent example. Importantly, Constellation addresses accessibility and learning preferences by including a full audio version of the materials and providing print back-up for students. In addition, students may download materials to various devices, share with others, and keep on a permanent basis for future reference. Since it was introduced in April 2010, Constellation is available to new students who enroll in Ashford's online programs, and has been rolled out to include 11 courses. Ashford University anticipates that approximately 30% of Ashford students will be using Constellation by the end of 2011.

At Ashford, the academic and student services staff consistently review feedback and student outcomes and develop services that increase the opportunity for student success. Systematic annual feedback mechanisms in use include the Noel-Levitz Priorities Survey for Online Learners (PSOL) and Adult Learner Inventory (ALI), an internally-developed current student survey administered quarterly, and a learning resources survey. A review of the most recent results will serve to clarify the level of student satisfaction overall with Ashford University student services.

**Survey:** Priorities Survey for Online Learners (PSOL)/2011Q1 spring (obtained sample = 1428)

**Population:** AU Online Students (Grad/Undergrad Cross-section)

**Findings:**

- Ashford students report their **(program) advisors are accessible by telephone and email:** 90.7% indicate they are Somewhat to Very Satisfied in this area, with the majority of respondents (56%) indicating they are Very Satisfied.
- Ashford students report that the **institution responds quickly when they request information:** 88.4% indicate they are Somewhat to Very Satisfied in this area, with nearly half of respondents (48.4%) indicating they are Very Satisfied.
- Ashford students report that **channels are available for providing timely responses to student complaints:** 81.7% indicate they are Somewhat to Very Satisfied in this area, with 38.7% indicating they are Very Satisfied.
- Ashford students report their **program advisors help them work toward career goals:** 83.7% indicate they are Somewhat to Very Satisfied in this area, with 42.9% indicating they are Very Satisfied.

**Survey:** Adult Learner Inventory (ALI)/2011Q1 spring (obtained sample = 1109)

**Population:** AU Online Students (Undergraduate only)

**Findings:**

- Ashford students report that **advisors are knowledgeable about requirements for courses and programs of interest** to them: 86.4% indicate they are Somewhat to Very Satisfied in this area, with the majority of respondents (52.4%) indicating they are Very Satisfied.



- Ashford students report they **receive timely responses to their requests for help and information**: 85.4% indicate they are Somewhat to Very Satisfied in this area, with 46.7% indicating they are Very Satisfied.
- Ashford students report that they **receive the help they need to stay on track with their program of study**: 84.2% indicate they are Somewhat to Very Satisfied in this area, with nearly half of respondents (49.8%) indicating they are Very Satisfied.
- Students report that Ashford **makes many support services available at convenient times and places**: 87.1% indicate they are Somewhat to Very Satisfied in this area, with nearly half of respondents (49.2%) indicating they are Very Satisfied.

**Survey:** 2010 Ashford Library Survey (obtained sample = 433)

**Population:** AU Students (Graduate and Undergraduate, Clinton, Iowa campus and online)

**Finding:**

- Results from the Ashford 2010 Library Survey (campus and online students) showed that most respondents (85.5%) rated the service they received from library staff as Good to Excellent. A majority of online only students (86%) rated library service as Good to Excellent.

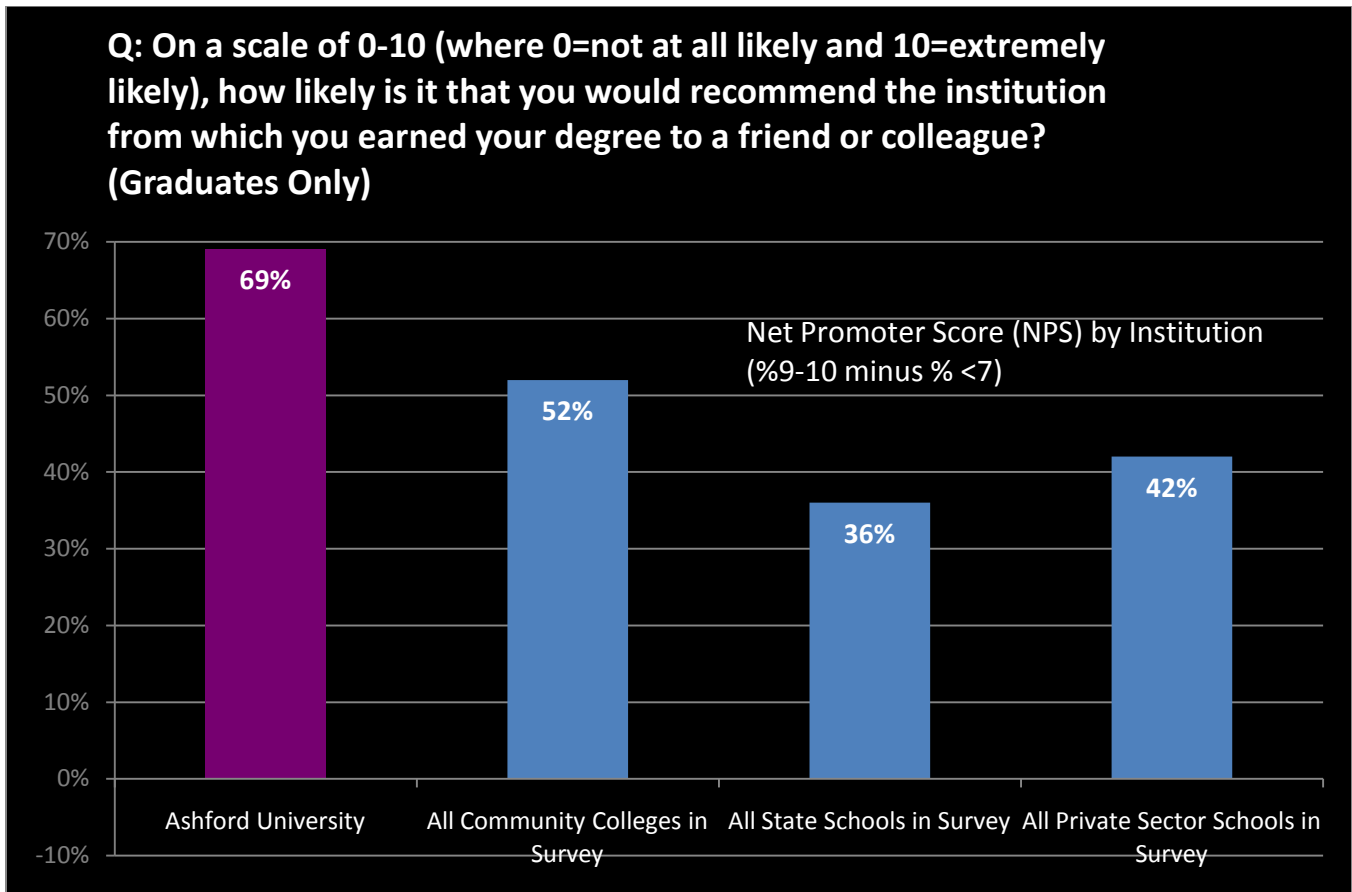
Ashford University takes great care to ensure that educational quality is maintained. The University also uses third-party peer-reviewed validation to help ensure the continuing quality of their online learning programs. For example, in August 2008, Ashford University joined the Quality Matters Consortium ([www.qualitymatters.org](http://www.qualitymatters.org)) (QM). The University is committed to implementing the Quality Matters standards for the design of online courses, and is systematically building and evaluating its courses based on these rigorous, research-based standards. The Quality Matters standards ensure that the online components of these courses promote learner engagement and provide students with the tools and information they require to be successful learners.

One of the first steps in transitioning to the QM model was to develop a plan to convert all existing courses to the QM format. The first two course reviews began in December 2008, and formal recognition by QM followed in February 2009. The plan to convert current courses to the QM format and to ensure that new development is aligned with the QM Rubric is in the third year of implementation with the supporting financial resources in place to sustain the initiative. As of April 2011, 217 of 607 Ashford University courses are recognized by QM. The University's entire curriculum team of 26 is formally trained through QM in the application of the QM rubric to the online classroom. To meet QM standards, three certified reviewers must formally review a course for QM. With the curriculum team, faculty trainers, and contracted faculty members, 92 individuals have at least gone through the first level of QM training (Applying the Rubric). Sixty one of these individuals have been trained through the second level (Certified Peer Reviewer Training). Training for the third level (Master Reviewer Training), begins in spring 2011 for 10 associate online faculty members. Of these ten faculty members, four are also staff.

One measure of the University's success is the willingness of alumni to recommend a school to friends and colleagues using the Net Promoter Score, an external tool used to measure customer loyalty. Viewing **Figure 8.1**, it is especially noteworthy that Ashford's success is comparable to that of traditional colleges and universities. Ashford University alumni reported the highest "willingness to recommend" of any school in the survey: 69% of graduates from Ashford indicated a willingness to recommend the University to a friend or colleague, compared to 52% for community colleges, 42% for other private sector colleges and 36% for

publicly-funded state institutions. As a point of reference, Apple Inc., a leader in customer satisfaction, earned a Net Promoter Score of 72% (Parthenon Group, 2010).

**Figure 8.1 Comparison of 2010 Net Promoter Score Results**



Source: Parthenon Group, Annual Graduate and Dropout Survey, 2010

## **Admissions**

Ashford University believes that a major factor in student retention and alumni satisfaction is based on its efforts to ensure a positive experience from a student's first contact with the University all the way through to graduation. Ashford works diligently to maintain the highest standards of admissions practices, which are underscored by intensive ethics and compliance training before new admissions counselors are hired, as well as continuing in-service training once they become employees. Ashford has zero tolerance for improper recruiting practices. Ashford is also a member of "Transparency by Design," so that students have an additional avenue to become well-informed when making decisions about their education. The most recent results from our quarterly internal student satisfaction survey are highly positive in this regard (2010 Q4 AU Online Newly Enrolled Student Survey, obtained sample size = 4,488):

- **Overall satisfaction with Enrollment Advisor (EA)/Admissions Counselor service** continues to be positive in all four areas presented. These measures experienced almost no change between Q2, Q3 and Q4. (Means are on a 5-point scale: 1 = Strongly Disagree, 5 = Strongly Agree)

- *I found my EA to be extremely helpful when I was trying to determine my academic path. (Mean = 4.66.)*
  - 94% of respondents agree that their Admissions Counselor was extremely helpful when they were trying to determine their academic path.
- *My EA was very knowledgeable about the enrollment process. (Mean = 4.73)*
  - 96% of respondent agree that their Admissions Counselor was knowledgeable about the enrollment process.
- *My EA was prompt and timely in responding to my needs. (Mean = 4.73)*
  - 97% of respondents agree that their Admissions Counselor was prompt and timely in responding to their needs.
- *My EA was highly supportive and encouraging to me. (Mean = 4.78);*
  - 97% of respondents agree their Admissions Counselor was highly supportive and encouraging to them.
- Finally, many respondents (70%) report having experience with other online universities. Of these, 78% report **having much better experience with their Ashford Admissions Counselor** in comparison to the experience they have had with other online universities (this result also shows an improvement from 75% in Q3 2010).

### Financial Aid Services

Chart 8 from the HELP Committee hearing implied that Ashford University was somehow not at the forefront of providing financial aid advising and assistance to our students. According to the most recent surveys of Ashford current students, the student perception is otherwise.

**Survey:** Priorities Survey for Online Learners (PSOL)/2011 Q1 spring (obtained sample = 1428)

**Population:** AU Online Students (Grad/Undergrad Cross-section)

**Findings:**

- Ashford students report that the **institution responds quickly when they request information**: 88.4% indicate they are Somewhat to Very Satisfied in this area, with nearly half of respondents (48.4%) indicating they are Very Satisfied.
- Ashford students report they receive **timely information on the availability of financial aid**: 84.5% indicate they are Somewhat to Very Satisfied in this area, with 44.7% indicating they are Very Satisfied.

**Survey:** Adult Learner Inventory (ALI)/2011 Q1 spring (obtained sample = 1109)

**Population:** AU Online Students (Undergraduate only)

**Findings:**

- Ashford Students report that **Ashford assists students who need help with the financial aid process**: 87% indicate they are Somewhat to Very Satisfied in this area, with the majority of respondents (57.1%) indicating they are Very Satisfied.

- Ashford students report they **receive timely responses to their requests for help and information**: 85.4% indicate they are Somewhat to Very Satisfied in this area, with 46.7% indicating they are Very Satisfied.
- Students report that Ashford **makes many support services available at convenient times and places**: 87.1% indicate they are Somewhat to Very Satisfied in this area, with nearly half of respondents (49.2%) indicating they are Very Satisfied.

In reality, Ashford's staffing model in Admissions is designed to assist the student from the beginning of their admissions process and continues throughout their entire enrollment. An Associate Financial Services Advisor is assigned to each student to assist the student prior to enrollment, and a Financial Services Advisor is assigned to assist them in all aspects after enrollment. These staff members receive extensive classroom training in a week-long financial services course, and are then paired with an active peer for on-the-job training before advising students individually. They are supervised by Financial Services Managers who report to Associate Directors, and are continually monitored to ensure they provide a quality customer service experience for the student. This is achieved by weekly reviews of performance and silent monitoring of telephone calls by Financial Services Managers and Financial Services Auditors. The staff members are provided with feedback of their performance, and are placed into a further progression of three training levels.

While instant communication with the student's assigned Advisor via telephone is preferred, a "hunt group" telephone extension is staffed for students who attempt to call their Advisor but are unable to connect due to the Advisor speaking with another student. This hunt group successfully answers 95% of all incoming calls. For those students who leave voicemails or send emails, the expectation has been set that they will receive a response within 24 hours. Additionally, the University has contracted with Financial Aid TV to provide 24/7 student access to financial aid information via the Internet. This information is delivered in modules of informative videos explaining the basic aspects of the financial aid process.

Currently, the University employs approximately **430 Financial Services personnel** to serve the approximately 85,000 students enrolled. In addition there are approximately 200 employees of Affiliated Computer Services, Inc. (ACS), our third party servicer which provides transactional processing services for the online financial aid student population at Ashford University, including services related to disbursement eligibility review and Title IV fund returns. The support personnel were not captured in the Harkin chart at all. By way of comparison, the University of Iowa reported 30,825 students for the first semester of the 2010-2011 academic year (<http://www.uiowa.edu/facts/enrollment/index.htm>) with a financial aid staff of only 25 (<http://www.uiowa.edu/financial-aid/contact/staffdirectory.shtml>). Of those 25, only 8 are Financial Aid Counselors.

The University constantly reviews the sufficiency of its staffing levels in financial aid, student services, and other areas with all of the feedback sources discussed above, and has found that its staffing levels are more than sufficient to deliver full services to our students.

## Amount Spent on Instruction per Student– 2004-2009 (Chart 9)

Like other proprietary online institutions, Ashford University's academic delivery model allows the University to deliver highly effective learning experiences and to gain great efficiencies in the number of students we reach with our state-of-the-art classroom and instructional materials. Without the huge infrastructure costs of real estate, oversized administration, and large campus operations, the University is focused on delivering to our students exactly what they are seeking – an accessible and affordable high quality education. We continue to invest in innovative practices that benefit our students such as digital textbooks and assessment technologies, while traditional institutions have much less flexibility and resources to undertake such endeavors. Finally, with our commitment to providing an excellent education to our students, our instructor costs per student have risen over time to ensure we are hiring the highest caliber teaching faculty with the best credentials.

We believe the HELP Committee data to be inaccurate due to inconsistent methodologies and data sources which tend to dilute the spending per student. Chart 9 in Senator Harkin's HELP Committee analysis was used to advance the argument that per-student expenditure by Ashford University had decreased dramatically and continues to decline. The suggestion was that Ashford does not spend enough on academic instruction and instruction-related support.

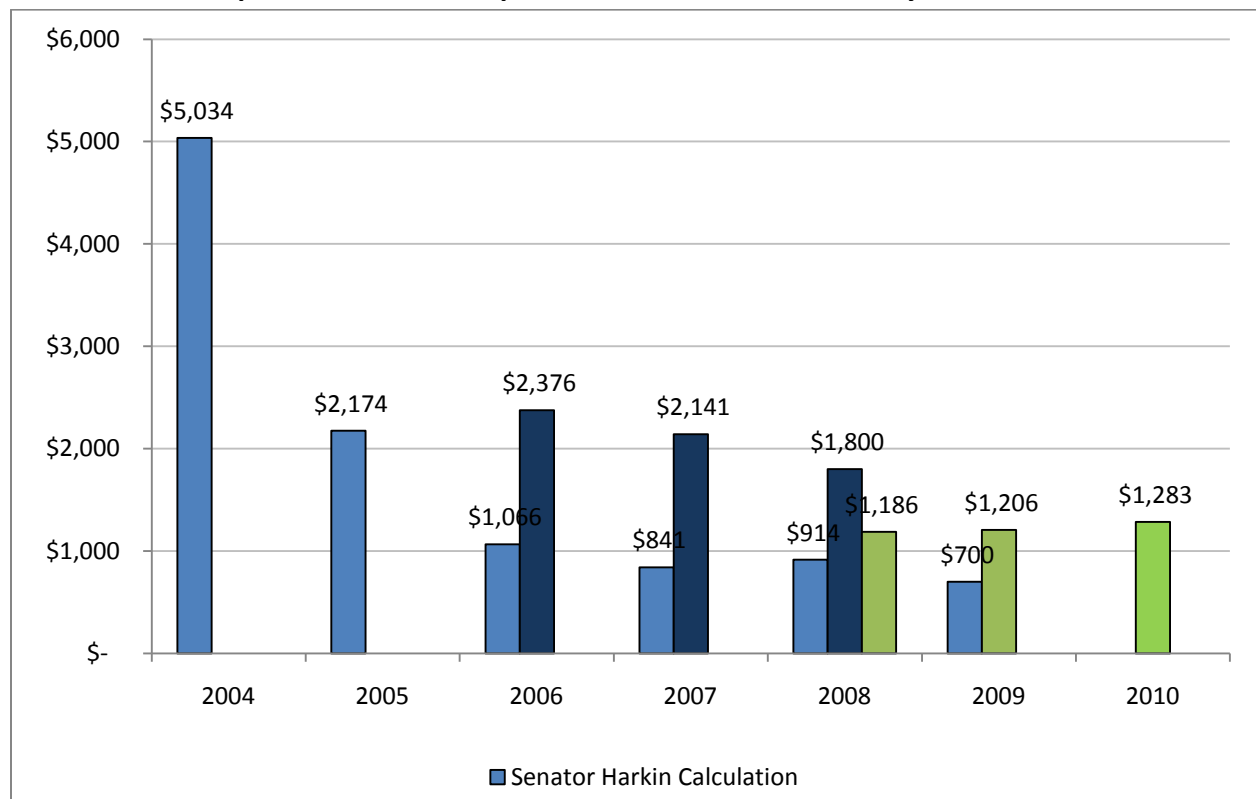
A detailed analysis of Chart 9 from the hearing demonstrates that the calculations that are based upon inconsistent data sources and the data have been constructed to severely dilute the cost of instruction on a per-student basis. In addition, this data seems problematic because it mixes data from different annual periods. For example:

- For Fiscal Year 2004, we are able to recalculate the \$5,034 by taking the IPEDS instruction costs of \$2,310,686 and dividing it by 459, the number of students reported in the "enrollment" section of IPEDS. However, when we tried to perform the same calculation for the 2005 chart from Senator Harkin, we noted that the data inputs used the exact same instructional costs as for 2004 (i.e., exact same numerator). Clearly this is not representative of a year over year comparison; rather, it is a hybrid of a school-based year/calendar year combination.
- In addition, as of December 31, 2005, the actual number of students was 4,471, as reported in our SEC filings; however, the enrollment number used in Senator Harkin's charts was 1,063 (which is neither the actual of 4,471, nor the IPEDS enrollment of 814).
- Each subsequent year, beginning with 2006, the data from Senator Harkin is calculated by taking the instruction line in IPEDS and dividing it by the period end enrollment, as disclosed in the SEC filings. However, given that there is a lag in the IPEDS data by one year, the analysis is inherently flawed. For example, Senator Harkin's analysis takes the IPEDS 2008 instruction costs, which are in fact representative of Fiscal Year 2007, and compares them to the December 31, 2008 ending enrollments, *severely diluting it on a per student basis.*
- Because the HELP Committee relied heavily on IPEDS data, it is also important to note that Ashford changed its IPEDS methodology in 2008, which makes it more difficult to trace changes across the 2006 to 2010 period. In 2008, we took a fresh look at the instructional costs on a line-by-line basis to determine what should be included, as defined by the "instruction" definition within the IPEDS

system. We determined that certain items should be excluded, specifically bad debt expense and financial aid fees. We also excluded some smaller items, such as the on-campus bookstore activities and athletics. Compared to what was previously reported in IPEDS, from 2008 forward we have taken a more conservative route by excluding certain expenses in our IPEDS reporting. This can be somewhat confusing because these expenses properly belong in the expense line item for public financial reporting under SEC standards, but they do not fit within IPEDS' particular definition of "instruction."

- The supplemental **Figure 9.1** shows the comparison of Senator Harkin's analysis to our actual results beginning in 2006, which is more representative of an "apples-to-apples" comparison. This reflects the methodology change in 2008, which makes comparisons to the prior years less than helpful yet, shows a slight increase from 2008 to 2010.

**Chart 9.1 Amount Spent on Instruction per Student, Ashford University, 2004-2010**



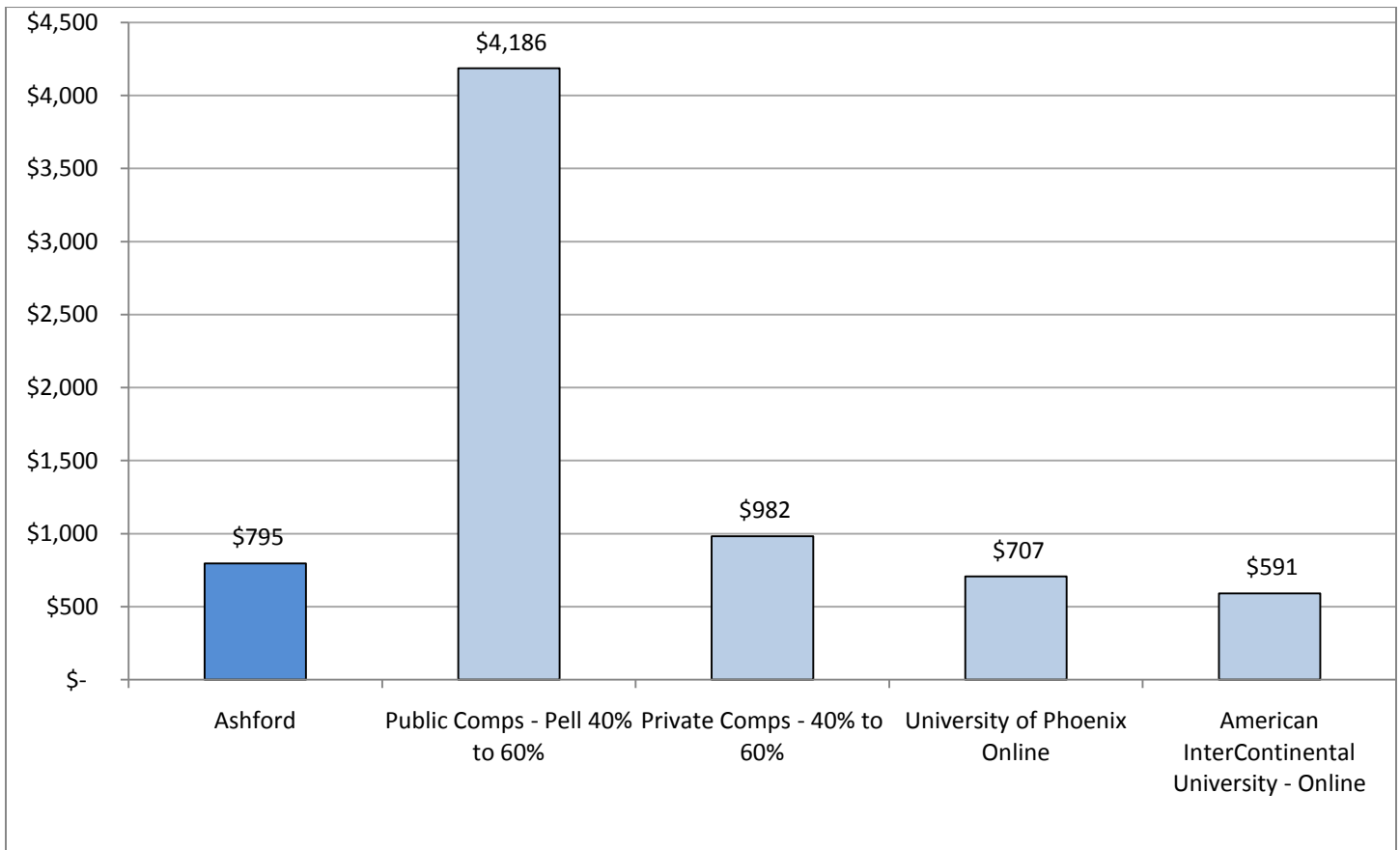
Source: BPI Financials

## Amount Spent on Instruction per Student, 2009 – Comparative Analysis (Chart 10)

Chart 10 in Senator Harkin’s analysis attempted to show that the amounts spent on instruction per student at Ashford were much lower than those of our public, private, for-profit online competitors or community college counterparts. However, this chart does not account for the fact that many typical brick-and-mortar colleges have a very high level of physical plant and administrative costs, which creates the appearance of more spending on instruction, and yet the spending is only indirectly connected to instructional activity. These overhead expenses do not exist at nearly the same levels in an online instructional environment.

**Figure 10.1** below compares instructional costs per student among public institutions where 40-60% of students receive Pell Grants, private institutions where 40-60% of students receive Pell Grants, Ashford University, the University of Phoenix, and American Intercontinental University Online. We have focused on public and private institutions with similar Pell Grant populations because that is a significant indicator of the comparability of the institutions. The chart provides evidence that the amount Ashford spent on instructional costs per student was in line when compared to our largest for-profit online competitor, University of Phoenix. This is also indicative of the economies of scale gained from an online environment.

**Figure 10.1 Comparative Analysis of Instructional Spending, 2009**



Note: The above chart uses IPEDS data for instruction cost (numerator) and enrollment (denominator). While we calculated the data in charts 9, 11

and 12 with the student enrollment reported as of year-end as a denominator, we felt that it would not be a valid comparison to compare our instruction costs using year-end enrollment to other institutions using Fall enrollment data from IPEDS.

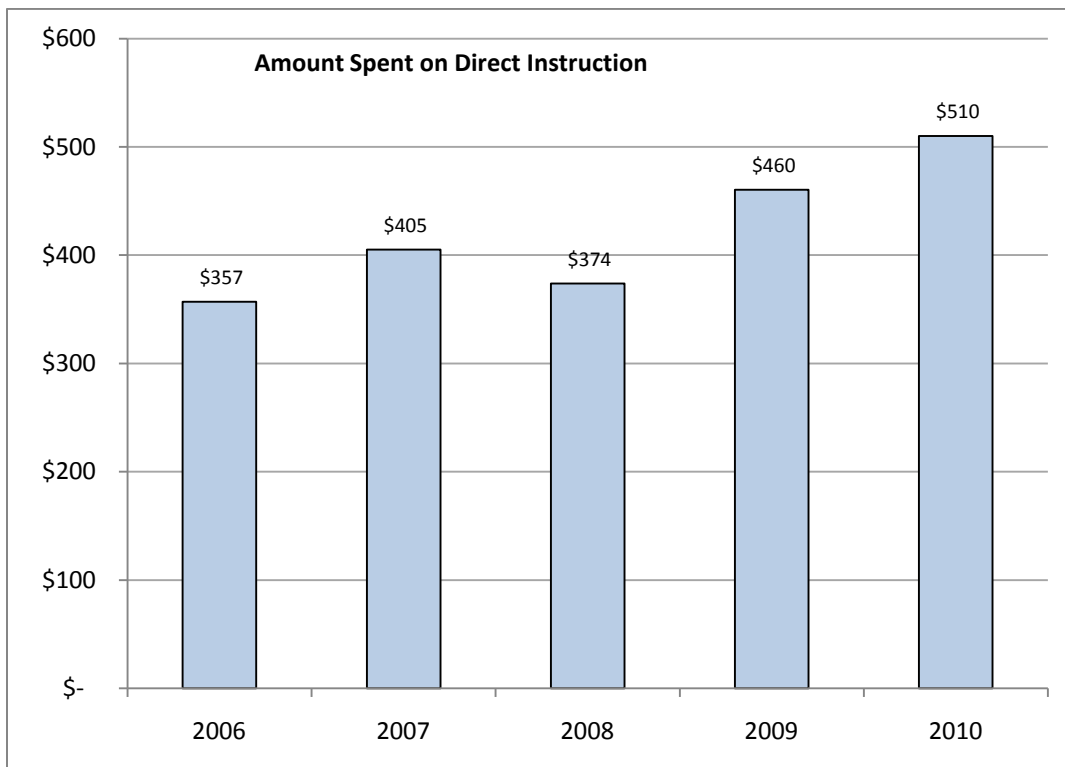
### Amount Spent on Instruction, One-Year Drop (Chart 11)

Chart 11 in Senator Harkin’s analysis suggests a large one-year drop in the costs of instruction per student at Ashford between 2007 and 2008. The analysis underlying that chart is incorrect.

- The \$377 figure representing the amount spent on direct instruction per student at Ashford during 2008 was calculated by using an amount from an internal email provided as part of the data request by Senator Harkin’s HELP Committee in 2010. The data in this email seems to have been taken out of context. These data were divided by the December 31, 2008 student headcount number.
- The \$1,133 figure purportedly representing the amount spent on direct instruction per student at Ashford during 2007 was calculated by taking the 2007 instructor fees and dividing them by the December 31, 2006 student headcount number. Clearly this is not an “apples-to-apples” comparison, especially in a large growth year. To more accurately reflect the actual amounts spent per student, the 2007 calculation should have been performed using the December 31, 2007, student headcount.

We performed the updated analysis not only for Fiscal Year 2007 and 2008, but for all years from 2006 through 2010. The results below in **Figure 11.1** show that in fact there was not a drastic drop in amount spent on direct instruction per student, as Senator Harkin’s analysis contends, rather that our amount spent on instructors calculated on a per student basis has gone up during the period from 2006 to 2010.

**Figure 11.1 Amount Spent on Instruction per Student, Ashford University 2006 - 2010**



Note: The above chart represents *solely instructor fees* per student and does not include any other direct costs included in the “Instruction” line within IPEDS. The information used is not publicly released information and the amounts used by the Senator Harkin analysis were taken out of context from internal emails.



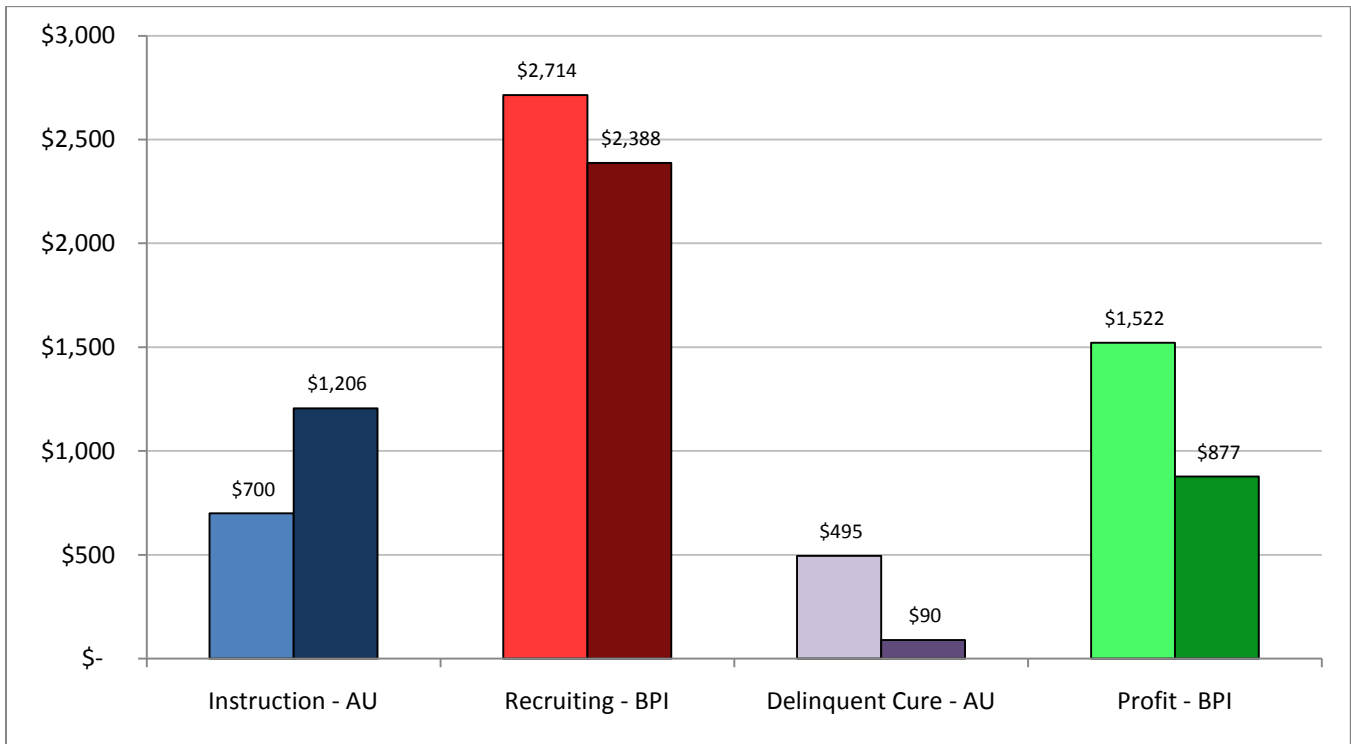
## **Amount Spent on Instruction, Recruiting, Default Management, and Profit, 2009 (Chart 12)**

Chart 12 of Senator Harkin's analysis depicts a summary of various data points. There are inaccuracies in each of the data points presented. Additionally, the Senator's Chart 12 alternates between Ashford and Bridgepoint and thereby presents inaccurate data.

For the instructional costs (Ashford), the \$700 figure utilizes the same data as the previous Chart 9, which as mentioned above fails to match up the instructional spending of a certain year with the correct ending enrollment for that same year, thereby diluting the effects of what was actually spent in this area. As shown in **Figure 12.1** below, the correct Fiscal Year 2009 amount was \$1,206 per student at Ashford.

- For the recruiting section, Senator Harkin's analysis uses the consolidated BPI {which includes University of the Rockies} figures and divides it by the year-end enrollment (BPI). As shown in the chart below, a more appropriate calculation of recruiting costs per student (BPI) for Fiscal Year 2009 was \$2,388 per student, which uses the same numerator, but divides it by the "student starts" during the year, which is more representative of marketing costs.
- For the "delinquent cure" or default management section (Ashford), Senator Harkin uses an estimate of \$495 per student. Using internal figures, the correct Fiscal Year 2009 amount spent on default management based on 12/31/09 student headcount was \$90.
- Finally, the profit depicted in Senator Harkin's chart shows \$1,522 per student for Fiscal Year 2009. This figure does not take into consideration the income tax provision for that year. As noted above, Bridgepoint pays significant amounts for federal and state income taxes and the tax provision represents a significant cost of doing business. If the calculation was more appropriately calculated as "net income" per student, the amount for 2009 would be \$877, a decrease of 42% over the amount presented by Senator Harkin.

**Chart 12.1 Corrected Amounts Spent on Instruction, Recruiting, Default Management, and Profit, 2009**



Source: BPI Financials

**Actual Enrollment Totals (Chart 13)**

Chart 13 from the HELP Committee hearing on March 10, 2011, detailed the enrollment growth of Ashford University from 2008 through 2010. A stacked bar chart format was used to display a combination of “starting enrollment” students from each period with “New Students Added” during the period. The chart featured a “Reported Year-End Enrollment” level for each year represented.

The underlying assumption in the chart is that there exists a stable and ongoing student body at the beginning of one period, and that the “new students added” should also constitute a stable and ongoing population. According to the underlying logic, it should be fairly simple to add the new students to the previous students and come up with a total expected enrollment. Anything lower than the total expected enrollment would be evidence then of “churn” or attrition. This analysis does not account for the enrollment patterns for non-traditional population students, as served by Ashford and other institutions, as addressed in more detail in the discussion of Charts 2 and 3 from the HELP Committee hearing. Since highly at-risk students tend to stop out and drop out at rates much higher than typical for 18-22 year old student populations, the “starting enrollment” population and the “New Students Added” for Ashford in any given year are not fixed populations as they might be in traditional brick-and-mortar institutions, but rather highly variable – a fact overlooked in the HELP Committee analysis.

## Enrollment Growth Since Office of Inspector General (OIG) Audit Period (Chart 14)

A theme of the HELP Committee hearing on March 10, 2011, was that institutional growth somehow must be connected to an increase in improper handling of Title IV funds. Chart 14 was used in the hearing to point out that of the 4,471 students enrolled at Ashford in 2006, only 202 were actually sampled by the Office of the Inspector General (OIG) in its audit of Ashford's administration of the Title IV, Higher Education Act programs for the period July 1, 2006, through June 30, 2007 (award year 2006-2007). The assumption was that if an OIG audit had resulted in findings in 2006, there must be far greater problems in handling of financial aid given the enrollment growth to 77,892 in 2010.

In fact, Ashford has robust internal controls in place to ensure compliance with Title IV regulations, which have increased substantially since 2006. This is evidenced by the fact that the findings noted in these OIG audits **have not been cited at material levels in our three subsequent Title IV compliance audits** (2008, 2009, and 2010) by the independent auditors conducting the audits. We ensure this compliance by maintaining rigorous internal compliance controls. For example, we have seven key elements which provide a basic compliance structure for our financial services department. Specifically, we:

1. Conduct continuous risk assessment by all departmental managers;
2. Develop and abide by a manual of policies and procedures and standard operating procedures which contain a sufficient level of operational detail to ensure effective implementation and day-to-day compliance;
3. Require ongoing compliance training and awareness led by Bridgepoint Education's Learning & Development team;
4. Adhere to federal recordkeeping requirements;
5. Undergo compliance monitoring and periodic audits/assessments by Bridgepoint Education's internal Audit team;
6. Respond to and resolve allegations of non-compliance; and
7. Work with outside auditors to ensure corrective action plans are in place and followed to ensure compliance.

Senior management at Ashford University and Bridgepoint Education commit substantial resources in order to ensure adherence to federal laws and regulations, and develop and nurture a pervasive culture of compliance.

We also utilize a third party-vendor to process our Title IV funds, Affiliated Computer Services, Inc. (ACS). This third party is an expert in the field of Title IV regulations and is compelled to process all federal funds in accordance with federal regulations. Furthermore, if the University provides ACS with any non-compliant instructions, ACS is contractually required to correct the instruction and process all funds according to the federal requirements and to report all standing directives which violate federal regulations to the appropriate authorities. ACS has a written set of operating guidelines and specific institutionalized procedures and safeguards to ensure employees know and understand their responsibilities and to ensure procedures and

safeguards are in place to protect against potential regulatory violations. Policies and specific step-by-step procedures are well integrated by both the financial services department and ACS, and we ensure that there is continuous communication among stakeholders in the process.

In addition to our rigorous internal regulatory compliance enforcement, we undergo an annual Title IV compliance audit by our Certified Public Accounting firm, Almich & Associates. We have also implemented operational reviews conducted by Bridgepoint Education's Internal Audit team. Consequent to these reviews, the organization prepares a corrective action program to remediate any and all issues deemed to be material in nature.

In sum, Ashford University has substantial internal and external regulatory compliance mechanisms in place to ensure that while our enrollment has grown, we remain compliant with Title IV regulations.

## Two-and Three-Year Cohort Default Rate (Chart 15)

The March 10, 2011 hearing of the HELP Committee dwelt at some length on the issue of cohort default rates (CDRs). The assertion made in the hearing via Chart 15 was that Ashford University has a high and rising cohort default rate, especially the new three-year cohort default rate prescribed by the Higher Education Opportunity Act.

One of Ashford's major operational goals, as well as an overall Bridgepoint goal, is to effect improvement in the CDR. The challenges involved in improving this outcome are many: every function of the organization that touches students has to be in alignment for significant improvement to take place. The University has developed a Student Centered Design approach, discussed in the section on Chart 8 that will eventually lead to better student retention, graduation, and a lower CDR. Other universities that have aligned offices and services, improved student handoff between services, and taken a systematic approach to monitoring and improving every aspect of the University have seen gains of as much as 1% per annum in first-year retention from such efforts.

Ashford University's two-year cohort default rates for the 2008, 2007 and 2006 federal fiscal years were **13.3%**, **13.3%**, and **4.1%**, respectively. The draft cohort default rate for the 2009 federal fiscal year was **15.3%**.

The August 2008 reauthorization of the Higher Education Act included significant revisions to the requirements concerning cohort default rates. Under the revised law, the period for which students' defaults on their loans are included in the calculation of an institution's cohort default rate was extended by one additional year, which is expected to increase the cohort default rates for most institutions. That change was effective with the calculation of institutions' cohort default rates for the federal fiscal year ending September 30, 2009, which rates are expected to be calculated and issued by the Department in 2012. The Department will not impose sanctions based on rates calculated under this new methodology until three consecutive years of rates have been calculated, which is expected to occur in 2014. Until that time, the Department will continue to calculate rates under the two-year calculation method.

Ashford University's unofficial or trial three-year cohort default rates for the 2008, 2007 and 2006 federal fiscal years were **21.7%**, **17.4%**, and **6.1%**, respectively. The three-year cohort default rates are considered "trial" because, as mentioned above, the Department will not publish official three-year repayment rates until 2012, and the rates will not be the basis for measurement of compliance until 2014.

When viewed in the context of its competitors, Ashford University's two and three-year cohort default rates tend to be roughly in the middle as detailed in **Figure 15.1**.

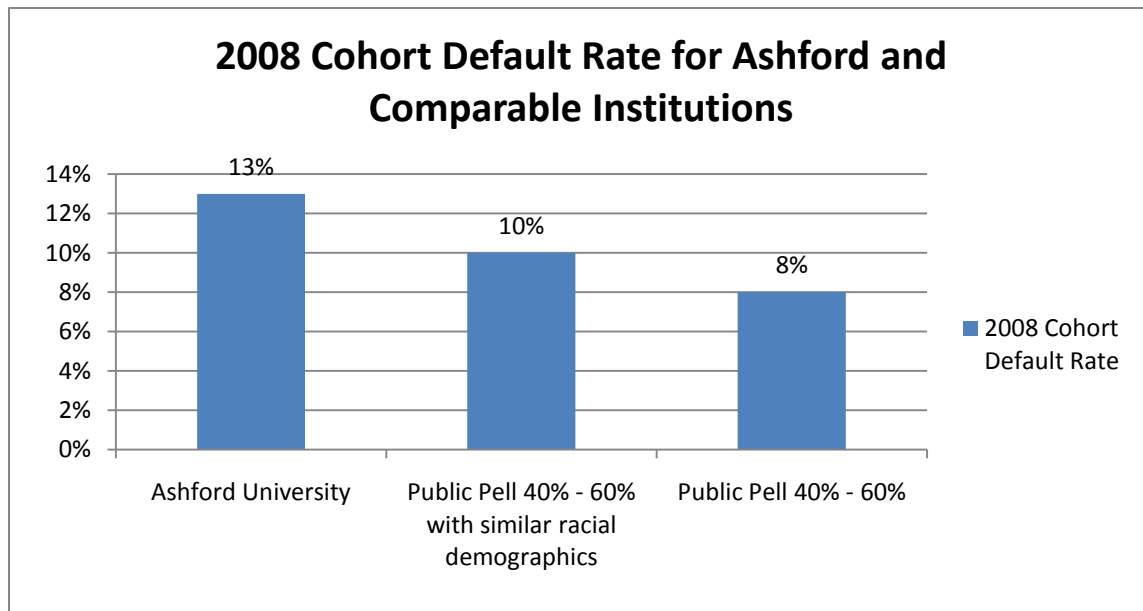
**Figure 15.1 Comparative Analysis of Ashford University Two and Three Year Cohort Default Rate**

CDR Competitive Dashboard	2-yr				3-yr	
	FY09 Draft/Estimate	FY08	FY07	FY06	FY08	FY07
Ashford University	15.3%	13.3%	13.2%	3.8%	21.7%	17.4%
American Public Education	4.9%	5.2%	0.0%	N/A	11.5%	3.3%
Capella	6.7%	3.3%	2.5%	1.5%	7.5%	5.5%
Career Education Corporation		9.8%	8.9%	N/A	24.4%	19.0%
CCI		19.8%	N/A	N/A	40.3%	31.0%
DeVry	17.3%	10.2%	9.0%	7.3%	19.5%	15.8%
EDMC		7.4%	8.0%	N/A	18.2%	14.6%
Grand Canyon University		3.4%	1.4%	1.6%	8.4%	2.9%
ITT		12.3%	11.6%	N/A	29.6%	24.1%
Lincoln Educational Services	27.0%	14.9%	N/A	N/A	30.5%	25.6%
Strayer	10.2%	6.7%	6.0%	3.8%	14.0%	13.0%
University of Phoenix	19.8%	12.9%	9.3%	7.2%	22.5%	17.8%
UTI		4.9%	6.6%	N/A	14.5%	13.8%
WPO (Kaplan)	18.5%	17.3%	13.3%	9.5%	30.2%	28.3%

Source: Bridgepoint Internal Data, IPEDS, and SEC Filings

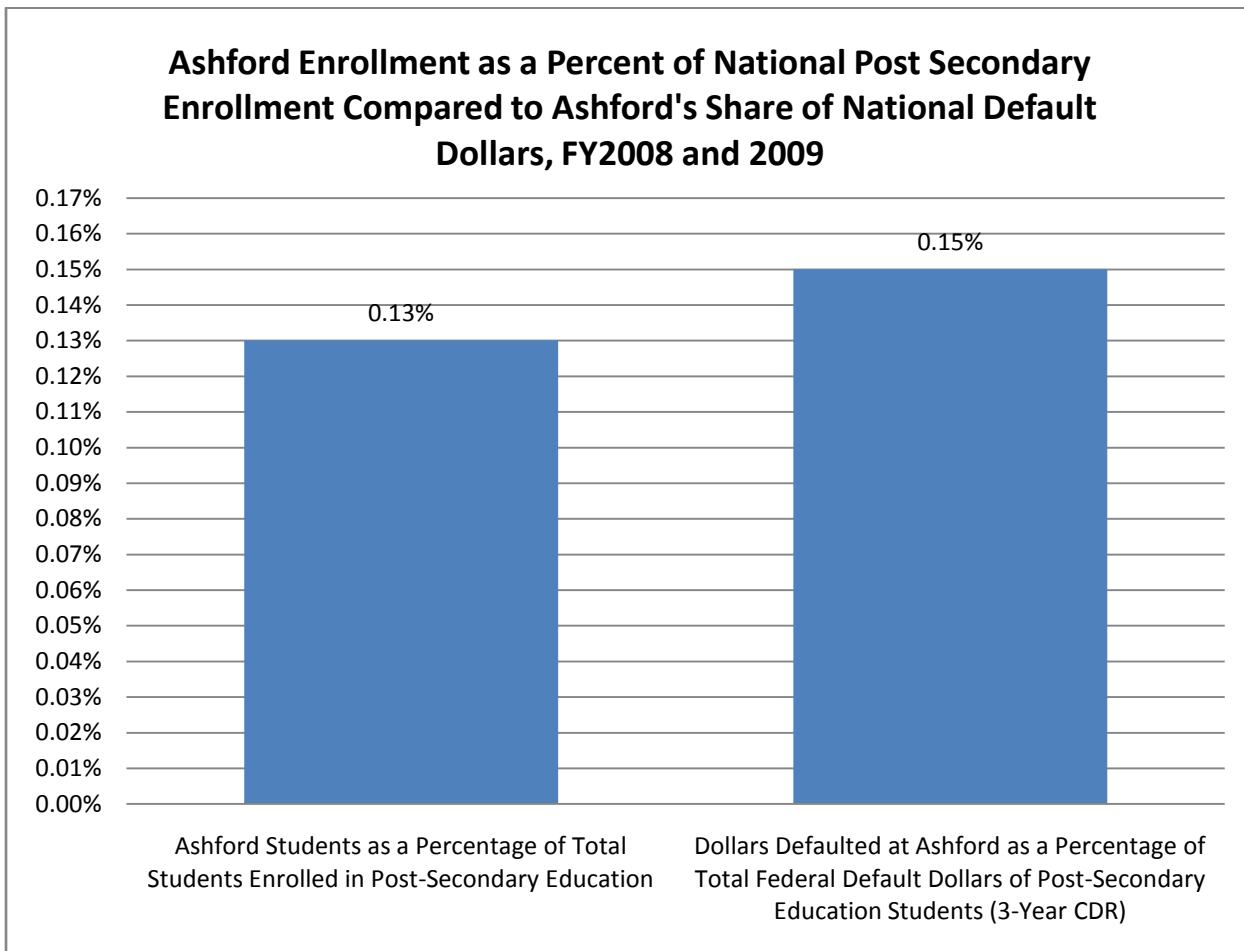
When compared with a like set of not-for-profit institutions (see **Figure 15.2**), Ashford University has a slightly higher cohort default rate. However, due to our low tuition, Ashford contributes only slightly more than a proportional share of defaulted dollars (see **Figure 15.3**). Additionally, academic research indicates that private sector default rates are very similar when compared to the default rates of traditional colleges and universities when normalized for key demographic factors (see **Chart 15.4**). Ashford serves a disproportionately larger share of students that fall within those demographics.

**Figure 15.2 Comparative Cohort Default Rate by Pell Grant Status**



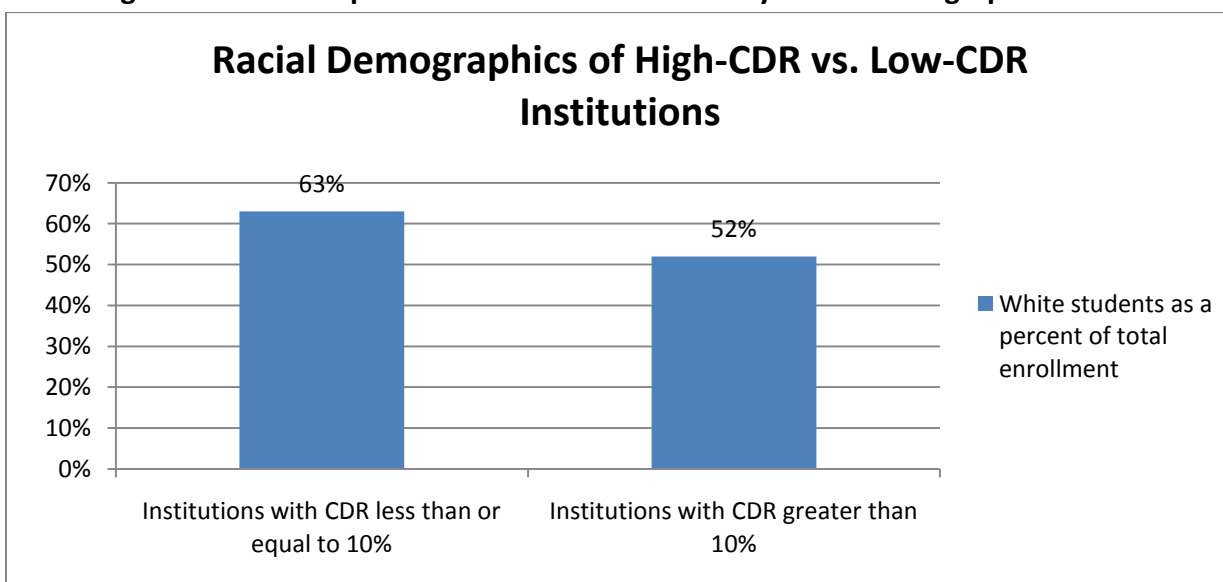
Source: Parthenon Group, 2011

**Figure 15.3 Comparison of Ashford Enrollment to Share of National Default Dollars**



Source: Parthenon Group, 2011

**Figure 15.4 Comparative Cohort Default Rate by Racial Demographics**



Source: Parthenon Group, 2011

## Tactics for “Managing” Delinquent Students (Chart 16)

Ashford University believes that it is in the best interest of the student, the federal government, and the University for our students to repay their loans. In the documents published by the U.S. Department of Education in August 2010, our repayment rate as calculated by the current proposal for gainful employment was 45%, which is among the highest in our sector. This is important because the repayment rate calculates how many students are actually making a payment on their principal balance. Chart 16 used in the March 10, 2011 HELP Committee hearing shows that 17% of our delinquent students start making payment when in actuality for the period of 2006-2009, per the repayment rate, 45% of all students were making payment on their principal balance.

In order to ensure that Ashford students are equipped to repay their student loans, the University has created a comprehensive three-phase default prevention model (outlined below). Educating students about their rights and responsibilities when it comes to their loans is at the heart of our process. It starts with the student enrolling at Ashford University but does not stop at the time of the exit interview. We continue to reach out to our students after they leave our University to ensure they understand:

- their loan balances and monthly payments;
- when their repayment obligations begin; and
- what their appropriate repayment options are.

### Ashford University Default Prevention Model

#### **Phase 1. Grace Period outreach**

- Telephone and letter/email outreach and skip tracing (e.g., the use of a third party system to locate a student that cannot be reached)
  1. Verify and update contact information.
  2. Promote re-enrollment in the case of a drop-out student.
- Grace period counseling
  1. Review of the student’s responsibilities.
  2. Explain the consequences of default.
  3. Explain how and where the student needs to make payment.
  4. Promote automatic debit repayment counseling.
  5. Present alternative repayment plans such as variable length of repayment (graduated, extended) or income related (Income contingent or Income based).
  6. Present interest reduction incentive: if the 12 first payments are made on time, the student receives a reduction of interest rate.

#### **Phase 2. Time of repayment outreach**

- Telephone and letter/email outreach and skip tracing ( if necessary)
  1. Verify and update contact information.
  2. Promote re-enrollment in the case of a drop-out student.
- Repayment counseling.
  1. Promote automatic debit repayment counseling.
  2. Present alternative repayment plans.
  3. Inform students of the existence of payment-postponing options such as deferment or forbearance if their situation warrants it.



4. Discuss income related repayment (Income-based or Income-contingent) in order to determine if the student is interested and/or eligible.

### **Phase 3. Student not making payments**

- Telephone and letter/email outreach and skip tracing (if necessary)
  1. Verify and update contact information.
  2. Assist student borrowers with default aversion resources.
  3. Promote automatic debit repayment programs.
  4. Present and discuss alternative repayment plans such as income related repayment plans. Walk the student through the paperwork for applying for a new repayment plan.
  5. Work with the students to have them make at least a small payment.
  6. Once payment is made, evaluate the student's situation and in light of this, determine the need for temporary payment-stoppage (deferment and forbearance options).
  7. Evaluate consolidation opportunities. Consolidation allows for students with multiple loans with several lenders to merge all their loans in one unique loan. This makes the repayment process easier and allows for a fresh start.

Keeping in touch with our students throughout the critical initial life of the loan allows us to better understand what their employment situation is and what their repayment ability is, which in turn makes it easier for us to counsel them adequately. Throughout this process, we keep in touch, we educate, and we provide guidance and counseling to our students.

Ashford University seeks to ensure that all students with federal loans manage their debt and repayment obligations responsibly. The University follows all prescribed federal regulations and guidelines in conducting its loan repayment outreach with its students. The institution utilizes every possible resource, including third-party loan servicing experts, and spares no expense to uphold its responsibilities in this area. Previously, through the Federal Family Education Loan Program (FFELP), the University worked expeditiously with the students' lenders and guarantors to assist students in any way possible to fulfill their repayment obligations. With the elimination of the FFELP program by the Federal government and the reassignment of students' loans to multiple federal servicer organizations, it is not clear to the University how the federal government has replaced these important services previously provided by the lenders and guarantee agencies. In many cases, it is not transparent to the student nor to their institution which federal servicer is processing which student loan. Nevertheless, the University is doing everything within its regulated authority to support its students in repaying their debt to the federal programs.

In addition, we also work with two service providers to assist us in student outreach. The first is Student Outreach Solutions, Inc., which has taken by assignment the service obligations performed by General Revenue Corporation. Both General Revenue Corporation and Student Outreach Solutions are affiliated with Sallie Mae, Inc. Student Outreach Solutions performs early outreach to all of our students. Early outreach is a service whereby during the grace period, Student Outreach Solutions stays in contact with the students through mail, email, and sometimes telephone calls to provide guidance relating to:

- When the student needs to start making payment (unless they go back to school, this is 180 days after their last date of attendance).
- How much they owe on a monthly basis.
- Who they are supposed to be making payments to.

- What their options are in terms of a repayment plan or of postponing their payment (deferment/forbearance).

When a student enters repayment, the student will receive reminder letters and telephone calls from Student Outreach Solutions to remind them of their repayment obligations and to provide assistance as needed.

We also work with Loan Science, LLC. Loan Science is helping us to build and maintain a clean and up-to-date student database that will enable us and Student Outreach Solutions to ensure that we contact the most at-risk students so that they understand their loan repayment obligations.

## Iowa Complaints Received and Resolved

As part of the March 10, 2011 Senate HELP Committee hearing, Senator Harkin made special mention of the file of student complaints his staff had compiled on Ashford University. The hearing did not address the current status or resolution of the complaints. The two requested items relating to the student complaint information provided to the congressional committee are as follows:

1. Highlights of the student complaint data submitted<sup>1</sup>
2. Summary of the Master of Arts in Teaching (MAT) "teach out" program<sup>2</sup>

### 1. Highlights of Student Complaint Data

- Beginning in April 2008, on behalf of Ashford University, the Office of the Ombudsman received approximately 149 formal student complaints, which represents 0.5% of the total 2008 student population. Of those complaints, 100% have been closed.
- In 2009, the Office of the Ombudsman<sup>3</sup> received approximately 331 formal student complaints, which represents approximately 0.6% of the total 2009 student population. Of those complaints, 100% have been closed.
- From January 1, 2010, to August 24, 2010, the Office of Student Grievance Resolution received 270 formal student complaints, which represents 0.4% of the total student population as of August 2010. Of those complaints, 100% have been closed.
- Generally, a percentage of formal student complaints under 1% of the total student population represents a customary and expected level of formal student grievances.

### 2. Information related to the Master of Arts in Teaching

A former administrator from the Iowa Department of Education was invited to give testimony at the HELP Committee hearing concerning the Ashford University Master of Arts in Teaching (MAT) Program. On August 12, 2004, the Iowa State Department of Education granted conditional approval to The Franciscan University of the Prairies for three online programs for the Master of Arts in Teaching. The options included:

- Teacher Intern Program;
- Master of Arts in Teaching for Initial Secondary Licensure; and
- Master of Arts in Teaching for Initial Secondary Licensure combined with the Teacher Intern Program

Additionally, there was a recommendation for a follow-up evaluation at the end of the 2004-2005 academic year followed by a full review during 2005-2006.

In April 2005, Bridgepoint Education, Inc. acquired The Franciscan University of the Prairies and the institution was renamed Ashford University. Following the acquisition on August 11, 2005, Ashford University received conditional approval to continue to offer the three MAT programs and a full Iowa State Department of Education review was scheduled for April 2006. The University continued to offer the MAT.

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<sup>1</sup> The data submitted to the committee contained information relating to student complaints filed from 2008 to August 24, 2010.

<sup>2</sup> As most of the individuals involved with the MAT no longer work for the University, the information contained in this document was gleaned from data obtained during previous grievance investigations.

<sup>3</sup> In September 2009, the organization created a separate Office of Student Grievance Resolution to address formal student complaints and the Office of the Ombudsman began to function only addressing informal student complaints.

After analysis of the enrollment patterns for the program since its conception, the academic leadership decided that the demand for the program did not justify the resources needed to maintain and improve the program to the point where it met Ashford programmatic standards and so that it was also aligned with the Iowa Department of Education standards. In January 2006, after nine months of operation, the University decided to phase out the MAT program. Following this decision, the College of Education faculty began collaborating with the Iowa Department of Education to provide mutually agreeable teach-out options for students who were enrolled in the program as of January 30, 2006. The agreed-upon deadline with the Iowa Department of Education was to complete the teach-out by July 1, 2007.

Graduate students were enrolled in the MAT program for a nine month period between April 2005 and January 2006. Once the “teach out” decision was made, the University made every effort to help students complete the program in the time allotted and also provided other opportunities for students to continue with their studies by transferring to a number of other options. Among the students enrolled:

- 73 students graduated from the MAT program at Ashford University
- 66 students dropped or withdrew from the program
- 21 students selected to transfer to another program
- 14 students transferred to the Masters of Arts in Teaching and Learning with Technology program
- 10 students were dismissed from the program
- 4 students transferred to an Iowa State Internship Program
- 2 students transferred to the Master in Business Administration (MBA) program
- 1 student transferred to the BA in Business Administration program

### **Rio Salado College Articulation**

Following the discontinuation of the MAT program, Ashford University partnered with Rio Salado College (RSC), an institution regionally accredited by The Higher Learning Commission and a member of the North Central Association. The partnership is designed to allow students to apply up to 12 credits of Ashford University coursework towards a Post-Baccalaureate Teacher Certification Program at Rio Salado College. RSC offers an Arizona Department of Education (ADE) approved Post-Baccalaureate Teacher Certification Program to students who hold a bachelor’s degree. Thousands of students have graduated from RSC as certified teachers in Arizona and other states. To date, approximately 450 Ashford University students have chosen to continue their studies through the Rio Salado College Post Baccalaureate Teacher Certification program.

Ashford University is transparent in its message to students that it does not offer a teacher licensure option in any of its online programs. Students are clearly advised of this at each step of the enrollment process. The following statement can be found as a part of all of the education program descriptions:

#### **Special Terms and Conditions**

**Successful completion and graduation from the Master of Arts in Education is not intended to lead to certification or licensure in any state.** It is the student's responsibility to determine any individual state's certification or licensure requirements. Ashford University does not represent that this program meets certification or licensure requirements in any state.

Additionally, teachers are advised to contact their individual school district as to whether this program may qualify for salary advancement.

A similar statement is published with each online program offered by Ashford University in the College of Education.

**Note:** Successful completion and graduation from the Bachelor of Arts in Early Childhood Education is not intended to lead to certification or licensure in any state. It is the student's responsibility to determine any individual state's certification or licensure requirements. Ashford University does not represent that this program meets certification or licensure requirements in any state.