

Grade Point

# Why the Defense Department is kicking the University of Phoenix off military bases

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By [Danielle Douglas-Gabriel](#)

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The for-profit chain University of Phoenix is at odds with the Defense Department after the agency on Thursday suspended the college from recruiting on military bases and accessing federal education funding for service members.

The decision arrives amid allegations that the university sponsored recruiting events in violation of an executive order preventing for-profit colleges from gaining preferential access to the military.

DOD chief of voluntary education Dawn Bilodeau said she was not at liberty to discuss the specifics of the case, but said the department will take action “when we are in receipt of reports on non-compliance” with a memorandum.

“No new or transfer students will be permitted to receive DoD tuition assistance at the University of Phoenix,” Bilodeau said in a statement. “The institution will not be authorized access to DoD installations for the purposes of participating in any recruitment-type activities, including but not limited to job training, and career events and fairs.”

*[For-profit colleges aggressively target veterans for enrollment. These Democrats want it to stop.]*

Members of the military who are currently enrolled at the university can continue to tap funding from the department’s [Tuition Assistance](#) program to pay for school. Defense officials would not say how long the department planned to keep the university on probation as a review of the school’s actions is still under way.

In a [regulatory filing](#), Apollo Education Group, which owns Phoenix, said the Defense Department is considering an outright ban on the for-profit college’s participation in the tuition program for active-duty military personnel.

The company said the department cited a series of government investigations as the basis for the suspension, including the Federal Trade Commission’s probe into the school’s advertising and marketing practices. Phoenix has also been subpoenaed by the California attorney general’s office for information relating to its recruiting of National Guard in the state.

Apollo said the university has tried to resolve any concerns about sponsored events with the Defense Department. The company noted that all of the events in question were approved by base officials.

A [story published](#) by the nonprofit Center for Investigative Reporting over the summer raised questions about the university's recruiting tactics. It accused the school of paying the military \$250,000 over the last three years to host 89 recruiting events, including concerts and job fairs.

At the time, Apollo [argued](#) that the university was in compliance with the rules and simply sponsored events to "enhance the quality of life of those who support and defend out country."

Nearly 10,000 service members attended the University of Phoenix last year with the help of the Defense Department's tuition program.

"The university intends to continue its cooperation with federal and state agencies to respond to their requests," University of Phoenix president Tim Slottow said in a statement. "University representatives have been working closely with DoD leaders, and we all expected a different response from DoD."

He added: "It is troubling that the DoD has used requests for information from other governmental agencies as grounds for placing the university [under probation]."

The University of Phoenix is the largest recipient of federal student aid for veterans, taking in nearly \$1.2 billion in GI Bill benefits since 2009. The Defense Department's decision has no bearing on whether the school can receive GI benefits, which are allocated through the Department of Veterans Affairs.

Randy Noller, a spokesman for the VA, said the agency is working with the Defense Department and state authorities to "evaluate any potential impact to the University of Phoenix's GI Bill approval."

*[Slick for-profit college marketing is starting to backfire]*

Sen. Dick Durbin (D-Ill.) said he will be calling on Veterans Affairs and the Department of Education to review the Defense Department's findings and take action against Phoenix to protect veterans using GI Bill benefits.

"This is a decisive action by the Department of Defense to protect service members and taxpayers from a company that offers degrees of questionable value," Durbin said in a statement. "With below-average graduation rates and a student loan default rate almost 40 percent higher than the national average, the University of Phoenix is going to have a hard time explaining why students should continue to enroll in this institution."

Government agencies have grown wary of for-profit colleges' pursuit of veterans and their families. Military service members receive federal education funding that has become a stable source of revenue for many of the schools. And that money is exempt from a key federal rule that governs the way for-profit colleges are funded. As a result, lawmakers and consumer advocates say, for-profit colleges aggressively recruit members of the military.

Durbin, along with Sens. Tom Carper (D-Del.) and Richard Blumenthal (D-Conn.), introduced legislation in June to close a loophole in the so-called 90/10 rule, which prohibits for-profit colleges from getting more than 90 percent of their operating revenue from federal student aid funding. Money from the G.I. Bill does not count toward that threshold despite being federal aid.

About 40 percent of G.I. Bill tuition benefits have gone to for-profit schools in the past five years. Corinthian Colleges, the for-profit giant that filed for bankruptcy in May amid allegations of predatory lending and lying to the government about its programs, received \$186 million in military tuition funding.

A 2012 Senate investigation found evidence of for-profit schools deploying teams at veterans hospitals and wounded warrior centers to enroll students. Investigators said recruiters misled or lied to service members about their military benefits covering the full cost of tuition. Despite the widespread attention the Senate report received, it failed to galvanize Congress to stop abuses in the for-profit industry.

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#### **Danielle Douglas-Gabriel**

Danielle Douglas-Gabriel covers the economics of education, writing about the financial lives of students, from when they take out student debt through their experiences in the job market. Before that, she wrote about the banking industry. [Follow](#) 

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