

Faculty Senate Special Minutes

April 7, 2023 | 1:00 PM

Synchronous Online

NOTE: This meeting is being held to review and vote on the motion to oppose the plan for a University of Arkansas-affiliated non-profit entity to acquire the University of Phoenix. This was on the agenda for the March 31 meeting, which was ended due to the tornado. This meeting will be to take care of this one item. The rest of the agenda from March 31 will be included in the April 28 meeting.

- I. **Roll Call: ATTENDING:** CHASSE–Hamilton; Cheatham, Blevins-Knabe; Barrio Vilar; Carder; Cox; Hagins; Hunter; Scranton; CSTEM: Blanton; Street; Milanova; Khodakovskaya; Deng; Nichols; Sharma; CBHHS: Atkins; Ruhr; Woolridge; Knight; Golden; Staley; Felan; Solomon; LIBRARY: Macheak, LAW: Woodmansee; Silverstein; EX OFFICIO: President Matson; Anson; Bradley; Forcum **ABSENT:** Solomon; Harris; Boles; Bradley; Forcum; Harris; Lewis; Scheidt; Grosbeck; Hardeman; Blanton; Wright; Woolbright; Sadaka; Bajwa; Chancellor Drale; Provost and Vice Chancellor Bain; Emmaka

President Matson announced that the University Assembly will meet in the EIT Auditorium next Friday, April 14, at 1 p.m. in Room 142. It will be a hybrid meeting (live and via ZOOM). There is no legislation, but there will be reports from areas all over the campus.

Today we are using a shared document of the agenda during the discussion so we can add to this and vote. She expects there will be amendments.

Here is the [final resolution and letters](#) sent to Bobbitt and UA BoT:

II. New Business:

- A. **FS_2023-03. Executive Committee (Resolution. Majority vote at one meeting; no second required). Resolution opposing the plan for a University of Arkansas-affiliated non-profit entity to acquire University of Phoenix**

Whereas the University of Arkansas System has proposed that a UAS-affiliated non-profit, Transformative Educational Services (TES), acquire the University of Phoenix; and

Whereas the members of the University of Arkansas at Little Rock Faculty Senate believe the costs, both financial and otherwise, for this acquisition outweigh any potential benefits to the system and its campuses; and

Whereas the members of the UA Little Rock SGA have written a letter ([Attachment A](#)) opposing this acquisition;

Therefore the members of the UA Little Rock Faculty Senate endorse the SGA's letter; and

Furthermore the members of the UA Little Rock Faculty Senate authorize the Senate's Executive Committee to send the attached letter to President Bobbitt and the UAS Board of Trustees. ([Attachment B](#))

Commentary:

While many of the details of the proposal are still unclear, President Bobbitt did provide some information during a Zoom meeting March 3. See [Attachment C](#) for a summary of that meeting.

Minutes:

President Matson: I would like a motion to move this. Angela Hunter did so. Jeff Woodmansee seconded, although we did not need a second. Next, she would like to have a discussion about potential amendments and revisions to the letter. She stated that she realized that we did not have an actual resolution about what our position was, and what was the stance of this letter. The floor is open for discussion.

President Matson spoke to the Chancellor yesterday, and Dr. Drale told her that she spoke with President Bobbitt to let him know that we would be sending a letter and making a motion. President Bobbitt was not there yesterday, but the Chancellor suggested that President Matson talk to either Michael Moore or Ben Beaumont, a policy person in the system's executive team. He has been involved in the negotiations. So President Matson spoke to Michael Moore and shared the motion and letter with him. After that conversation, President Matson did some research and made some changes to the letter. There is a non-disclosure agreement, so finding information about the University of Phoenix proposal is difficult.

On the agenda, there is attachment: A, B, and C. Attachment A is the Student Government Association letter. She is glad that Thomas Forcum is here, and we can discuss the letter. Attachment B is the letter we propose sending President Bobbitt and the Board of Trustees. Attachment C is a report from President Matson about the meeting Bobbitt and Moore held with faculty representatives and academic officers from the UA campuses. She and Carol Macheak attended this meeting as faculty representatives from UALR. The Provost asked them to attend. There were

representatives from the other UA campuses. President Bobbitt started the meeting by apologizing that we had to hear about the University of Phoenix purchase proposal from the press rather than from him.

There was a question about financing the proposed University of Phoenix acquisition. President Matson: They do state that they are not using University money to fund this. They state the funds are from Apollo and TES.

President Matson: She would like to entertain comments and changes simultaneously.

There were some recommendations from faculty to make some wording changes to the UALR Faculty Senate letter and the SGA letter.

President Matson: Do we have a motion to amend?

Ed, so moved, and Rosalie seconded.

President Matson: Any more discussion?

A friendly amendment to the wording of the Senate letter.

President Matson: Any more discussion on the amendment? Motion passes.

Some changes were made to the resolution, so an amendment was needed. Ed moved for approval, and Nancy seconded. It passed.

Additional motion: Angela suggested further changes be made to the document after the meeting. It was decided that members could make changes through Monday at noon. Also, anyone who was not comfortable with having their name on the letter could let President Matson know by noon on Monday.

Members of the Senate stated that this letter represented their values.

The motion says we endorse the SGA letter, and we attached it.

Changes to the above documents can be found on the Senate web page,

Motion to adjourn, Meeting adjourned at 1:17 pm.

Attachment A - SGA Letter

Dear President Bobbitt,

I am writing on behalf of the University of Arkansas at Little Rock's Student Government Association to express our opposition to the acquisition of the University of Phoenix by a group affiliated with the University of Arkansas System. While we understand that the University of Phoenix has a large presence in the for-profit online education sector, we disagree with the acquisition for the following reasons:

1. The values of University of Phoenix don't align with those of the University of Arkansas System.
 - a. The University of Phoenix has developed a reputation for shockingly low graduation rates and leaving people in debt with no degree
 - b. They also have a reputation of major lawsuits for deceptive practices: from 2 major lawsuits, one in 2009 for \$78.5 million under the False Claims Act and the other a record-breaking lawsuit in 2019 for \$191 million from the FTC for deceptive advertising
2. At its height in 2015, University of Phoenix had an enrollment of 470,000 students, and today University of Phoenix has roughly 75,000 students. There is no reason to expect a halt to this decline.
3. The University of Phoenix does not possess any capabilities that UA campuses do not currently have in-house.
4. This acquisition does not meet your stated goal of providing service to adult Arkansans without college degrees, as fewer than 1,000 University of Phoenix students reside in Arkansas.
5. The resources involved in this deal would be better spent at in-state schools.

We urge you to reconsider.

Sincerely,

Thomas Forcum, President

University of Arkansas at Little Rock Student Government Association

Attachment B - Letter to Bobbitt and BOT

April 7, 2023

President Bobbitt and the University of Arkansas System Board of Trustees,

The Faculty Senate at the University of Arkansas at Little Rock urges you to reconsider the UA System's involvement in the acquisition of the University of Phoenix. Like the UAF Faculty Senate, we understand your desire to find new income streams, but we believe this is a stream that will run dry.

In less than a decade, University of Phoenix has shrunk from almost half a million students to around 75,000 students, and there is no reason to think that trend won't continue. Online education has become normalized, in part because of the pandemic, but also because improved technology has made it possible for "traditional" schools to offer robust online programs. Most of the University of Arkansas campuses, both 4- and 2-year, now offer online coursework and credentials and can serve adult students, non-traditional students, returning students, military students -- all of the demographics the for-profits like University of Phoenix had previously specialized in. Many experts have pointed out that the age of the for-profits is over. The benefits to the UA System that have been touted for the Phoenix deal consist of \$20 million in licensing fees. What happens to those benefits if Phoenix keeps losing enrollment, or if it follows the other for-profits into closure?

As the UAF Senate and the UA Little Rock Student Government Association point out, University of Phoenix has a poor reputation, and this reputation is warranted, since they have actively engaged in deceptive advertising and fraudulent practices leading to multi-million dollar lawsuits and settlements. At the information session led by President Bobbitt and Michael Moore on March 3, it was stated that when Apollo Global Management acquired University of Phoenix in 2017, the new owners were committed to changing those practices. But as the UAF Senate letter points out, reputations are hard to change, and it is likely the bad aura of the University of Phoenix will linger.

More importantly, it is not at all clear that University of Phoenix really has changed. This income stream may not yet have run dry, but it most certainly is running crooked. In early 2020, three years *after* the so-called transformation of Phoenix, the US Veterans Administration stopped allowing veterans to use their GI Bill benefits at University of Phoenix. Six months later, they lifted the prohibition--but only after Phoenix had made

requested changes. The University of Phoenix listing *still* has a cautionary warning on the VA's [School Comparison Tool site](#).

Further evidence of a lack of change is that leadership at Apollo Education Group, the owner of University of Phoenix, stayed the same when AEG was acquired by Apollo Global Management in 2017. They kept the same CEO, Gregory Cappelli, who led the group from 2009 until just recently, and now leads one of Apollo Global's spinoffs, Vanta Global. Capelli is also listed as CEO of the University of Phoenix Board of Trustees. And as recently as February 2022, University of Phoenix [hired a President, George Burnett](#), who had previously led a now-defunct for-profit college called Westwood, which was recently [in the news](#) for its fraudulent practices, leading the Biden administration to cancel all its student loan debt. Burnett resigned after six months when the US Department of Education started an inquiry into his role in the illegal practices.

President Bobbitt and Michael Moore have repeatedly stated that the decisions regarding eVersity, Grantham University, and now University of Phoenix are motivated by their desire to provide educational opportunities to Arkansans who might not be able to attend traditional institutions. But none of these enterprises, starting with Academic Partnerships, has turned out to be very helpful to Arkansans desiring online or distance additional educational opportunities.

We at UA Little Rock support this goal of providing accessible higher education to all Arkansans. Indeed, this is part of our mission as a metropolitan institution, which is why UA Little Rock has offered extensive night and then online programs since our inception. We urge you to stop looking outward for the solution, and to start looking inward; invest your time and energy toward expanding access to courses and programs at the existing University of Arkansas campuses. Such efforts will provide sustainable benefits to Arkansans and be of much greater long-term value to the System and state than will be an affiliation with University of Phoenix.

Sincerely,

University of Arkansas at Little Rock Faculty Senate

Attachment C - Report on March 3 Meeting

Report on March 3, 2023 Zoom meeting with President Bobbitt, Michael Moore, Ben Beaumont, and Nate Hinkel regarding the acquisition of University of Phoenix by a UA System-affiliated group.

Joanne Matson, Faculty Senate President, UA Little Rock

The meeting was attended by about 50 CAOs and Faculty Senate representatives from all the UA System Campuses. The UA Little Rock representatives were Provost Bain, Carol Macheak, and me.

Most of the meeting was led by President Bobbitt, with some Q&A through Zoom chat in the last 15 minutes.

Bobbitt started by apologizing that we found out through the newspaper via a leak (he said he knew the leak). He wanted the deal to be finished before it was publicized. Since negotiations are ongoing, they are under a non-disclosure agreement, which is why he cannot provide all the details.

He then explained his motivation is that “we” don’t serve non-traditional, working students very well, but University of Phoenix does.

He said he learned a lot from the eVersity experience, specifically that it was important who controlled the student experience, which is something Purdue Global is also learning since they left the administration to Kaplan when Purdue purchased Kaplan. He says Grantham has gone from break-even to making some profit since UA purchased them. University of Phoenix will be an integrated (not bifurcated) institution in which the same group is responsible for both administration and education. It is not clear at this point who that group is.

They have been working on this deal for approximately 18 months and it is almost complete. The non-profit group called Transformative Educational Services (TES) was formed in August and will be the owner and will take all the risk of the loans. President Bobbitt could not identify the investors in TES because of the non-disclosure agreement.

The current owners of University of Phoenix are Apollo Global Management, who specialize in acquisition of distressed properties. According to President Bobbitt, they have changed University of Phoenix, as witnessed by the drop in enrollment from half million to around 65-75,000 students.

The University of Arkansas legal team was not suited to handle the due diligence required by the process, so a specialist attorney in M & A in Education, Husch Blackwell, as well as the Stephens

firm, have been hired by the current owners of Phoenix. Global Management bears all the risk in these costs.

The \$20 million income from the purchase would come from licensing fees, where University of Phoenix would pay the System for the right to state “affiliated with the University of Arkansas System” on all their materials.

President Bobbitt stated the loans for the purchase would be taken out by TES, and in the case of default, TES would take all the risk, not UAS.

President Bobbitt stated the \$20 million could be used at the campuses. He also stated that University of Phoenix expertise and technology with online education could be shared with the campuses.

On the issue of competition, he stated that there were about 700 Arkansans enrolled at University of Phoenix, so there really wasn't that much competition. He also stated that we all have to compete anyway.