FACULTY SENATE
SPECIAL SESSION
AUGUST 17, 2020

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1. CALL TO ORDER

Presiding Officer of the Faculty Senate, Melanie Hingle, called the Special Session of Faculty Senate to order at 3:00 p.m. via Zoom. Hingle urged Senators and Observers to view the agenda and meeting materials for the meeting on the Faculty Governance website. Meeting materials should be read in advance of the meeting. Only voting members of Faculty Senate may participate in today’s meeting. The Question and Answer function is available for Observers today. Observers were asked to submit questions in advance to Faculty Senators. The Faculty Officers hold Office Hours Every Tuesday from 4:00 to 5:00 p.m. to offer the campus community a time to discuss concerns on any topic pertaining to Faculty Senate meetings and its functions. Faculty Senate is moving in timely, decisive action to respond to the campus community’s desire for a more responsive Faculty Senate.Courtesy and professionalism are paramount in business meetings, and personal attacks will not be tolerated. The purpose of today’s meeting is to discuss the Ashford University acquisition. A vigorous discussion is expected.


Absent: Senators Dong, Hiller, Min Simpkins, Oxnam, and Reimann.

2. OPEN SESSION: STATEMENTS AT THE PODIUM ON ANY TOPIC, LIMITED TO TWO MINUTES – MAXIMUM NUMBER OF SPEAKERS IS FOUR. NO DISCUSSION IS PERMITTED, AND NO VOTES WILL BE TAKEN.

Senator M. Witte addressed the Faculty Senate. Following the University of Arizona’s latest brand as a “Wonderland,” my wonders for today are: First: Regarding the Ashford University Digicats raw deal: a) Why and how has ABOR and State of Arizona avoided any jurisdiction or legal responsibility for the new entity? How could (and can) full-time UA/State employed highly paid senior leaders and other select faculty work on the deal and be associated with this acquisition when they are paid for full-time work by the State and under ABOR regulations? Is this not a serious Conflict of Commitment (time, resources, and space) to be referred to the University Committee on Ethics and Commitment – with a parallel examination of Conflicts of Interest relating to any payments or investment returns? b) How can new non-profit Ashford University out of control of ABOR, take advantage of UArizona brand/legacy not only to compete with UArizona itself, but also with successful for-profit online Universities like Southern New Hampshire University, which just permanently reduced its tuition to $10k, has a burgeoning enrollment approaching 200,000 and a Tucson presence? The second issue relates to “Actions speak louder than words” – the administration’s actions, the relative inaction of elected faculty leaders, and the words of some outspoken faculty. a) Senior VP/Provost Folks’ recent email accusing some vocal faculty of creating a hostile environment on the campus, implying a veiled threat to free exercise of speech, and suggesting sanctions for incivility – a “Civility Code” years ago was resoundingly rejected by the Faculty Senate. Is it not the unwise unilateral action of these senior administrators that have created the “hostile environment” – furloughs/pay cuts/hundreds of layoffs, reentry plan without faculty consultation, Ashford University “wildcat” deal, etc. – and not the words – the uncomfortable truths, opposing views, and call for shared governance. b) Regarding the INACTION of our own elected faculty leaders, are they not responsible for quieting the faculty during this existential crisis and thereby protecting these same senior administrators from the consequences of their actions? For example: 1) Improper use of QUALTRICS votes/surveys to include votes on items not brought up or discussed in Faculty Senate – e.g., including booked as “Housekeeping” (which will need Housecleaning soon to avoid House burning): disenfranchisement of ~800 long-term Emeritus faculty; possible choice of proposal to close Faculty Senate meetings to the public and submit Open Session statements in advance; Emergency Faculty Senate meetings only by majority of Faculty Senate request (Faculty Chair did not call Emergency Faculty Senate Meeting in early July though within her power)). Why not have prompt votes on Action Items discussed with Faculty Senate motions? 2) Tightly controlled interfaculty/inter-Faculty Senate communication on All Faculty Listservs, impeding information flow, collaboration, and collective action but with minimal communication by Faculty Officers during crisis situations. CAJUA, College of Education, and Eller Colleges have circumvented, filled void. Why is Listserv unavailable to Faculty Senators? Third: Considered en masse Non-Disclosure Agreements signed by faculty leaders
and SPBAC preventing conversation with rest of affected University community about Ashford University acquisition. Why did they all sign these agreements rather than some opt out? Fourth: Rumored Salary and Perk supplementation by Provost’s office for Faculty leaders – Chair, Vice-chair, Secretary, SPBAC Chairs – relatively recent. Public/Faculty Senate disclosure should be required regarding all such supplements. What are amounts, sources, use, and justification of these supplements – from the Provost’s or other senior administrative office? For clean elections disclosures prior to future faculty elections, will you provide option for candidates to declare that they will forego such supplements? Fifth: Substantial discussions within Senate Executive Committee are short-circuiting meaningful Faculty Senate discussion favoring administration, with more Town Hall rather than Faculty Senate discussion format. Who are the appointed, elected, administration members of Senate Executive Committee? Can you provide a one sentence list of Senate Executive Committee discussion items monthly for Faculty Senate minutes? Finally, Emilie Zola’s Words accusing a corrupt military while defending Dreyfuss in a divided France: La vérité est en marche et rien ne l’arrêtera! Truth is on the march at UArizona – thanks to outspoken and courageous faculty. I predict that nothing will stop the truth from taking its course.

Senator Hudson addressed the Faculty Senate and stated that it’s ironic that those of us seeking to do due diligence under ARS 15-1601B are getting more transparency from our counterparty Zovio, Inc./Ashford University LLC than we are from our own administration. Hudson, and eleven other Faculty Senators, have asked President Robbins and his team for information about the deal. No one has replied to the email. Not only have national media investigative journalists, but also two sitting United States Senators, weighed in with questions and warnings on a deal that is at best ill-considered and at worst related to decades of alleged Title IV fraud. Title IV refers to federal student financial aid, the life blood of for-profit Ashford University, LLC. Here’s what we do have to guide us - Ashford University LLC’s parent company (formerly Bridgepoint Inc) Zovio Inc.’s $8K filing to the Securities and Exchange Commission of August 1, 2020. If you read this document you will see the elements of the deal that all stakeholders in the University of Arizona should request from President Robbins. There is a “Purchase Agreement” dated August 1, 2020; a “Strategic Services Agreement”; a “Transition Agreement”; a list of tangible and non-tangible assets and operations that will change hands for $1.00, and mention of certain specific liabilities assumed. Hudson asked for support on a resolution requesting these documents be disclosed. But, the most important takeaway comes from comparing the August $8K with another Zovio $8K filed in January 2020, just before the COVID-19 pandemic upended our lives. A nearly identical deal was planned as a conversion of Ashford from a for-profit to a non-profit University - Ashford Not-For-Profit with no involvement of UArizona. The biggest hurdle of the earlier transaction of conversion was an irrevocable $103M letter of credit to secure the financial base of the new entity Ashford University Not-For-Profit. What does that mean? The conversion of for-profit to non-profit institutions is a technique for getting around federal regulations on Title IV fraud. Ashford has historically gotten most of its revenue by using its students to channel Title IV federal funds to its coffers. A 2017 lawsuit brought by Kamala Harris’ successor as Attorney General of California, Xavier Beccera, claims that systemic predatory recruiting by Ashford saddles students with inalienable subprime debt, subjects them to aggressive and fraudulent marketing practices, a high probability of not graduating, and a lifetime of illegal loan collection processes. Between January and August 2020, most of Zovio’s scheme to transform Ashford University from a more highly regulated for-profit to a less regulated not-for-profit evolved and changed. The deal we are discussing today is a revision of the conversion transaction of January 2020 designed to shield revenues from federal regulation. In many ways, it is the same deal - $1.00 for the assets, 19.5% revenue sharing Online Program Management (OPM) deal with the for-profit parent company Zovio Inc. But instead of Ashford Not-For-Profit, the new entity is “UArizona Global Campus.” But another very important thing changed between January and August. The letter of credit for $103M dollars was waived by the DeVos Department of Education. The University of Arizona seems to be financially anchoring the deal designed to guarantee the financial stability of the new non-profit entity, now called “UArizona Global Campus.” The new non-profit entity (once envisioned as Ashford Not-For-Profit in January) is now called University of Arizona Global Campus. The entity is very easy to confuse with UArizona Global rolled out in May 2020. Its board consists of President Robbins, Provost Folks and several of our colleagues. Another colleague is the incorporator, another is the statutory agent. Its place of business is our administration building. It was chartered on July 29, 2020. Right in the middle of the GFFAC negotiations, and our reentry planning process. If “University of Arizona Global Campus” is indeed part of the University of Arizona, then this whole deal needs to be certified by the Higher Learning Commission, our accrediting body, as well as subject to real shared governance procedure for the deal to close. Why is this not happening? Why does the August $8K only mention Ashford’s accredditor, WASC? Very likely, it’s because the new non-profit “UArizona Global Campus” - contrary to superficial appearances - is not actually governed by the University of Arizona or the Arizona Board of Regents. In that case, the shadow is even greater. It raises questions about trademark infringement, conflict of interest, and conflict of commitment on the part of this new entity and its Board members. It would be a brazen violation of duty owed to the University of Arizona and the taxpayers of the State of Arizona for starters. Until we can see the documents pertaining to this deal we cannot rule out that the good name and excellent 2AA credit rating of UArizona have been pledged in a side deal with the DeVos Department of Education to secure, co-sign, or otherwise guarantee or lubricate the conversion of for-profit Ashford into the non-profit corporation “UArizona Global Campus” which may be beyond the governing reach of the University of Arizona, ABOR and the Higher Learning Commission. The template for this deal goes back to 2014 when current Chair of ABOR, Dr. Larry Penley, tried to merge Thunderbird with a for-profit global entity called “Laureate.” That deal failed because of the Higher Learning Commission accreditation, the financial risk
involved in the venture, and the intervention of students, faculty, staff, and alumni who had an interest in the reputation of their alma mater and employer. Is this why the question of borrowing per the Eller Plan was stubbornly refused and now is dangled as a remote possibility for the future (once the Ashford deal has closed)? Is it because about $103M of our University’s value is pledged to lubricating the Ashford conversion deal already? Is this why the vast majority of us are suffering furlough-based pay reductions or even layoffs? Because borrowing an amount needed to cushion the temporary COVID-19 revenue shock would compete with the pledged security for lending priority? Is this why our re-entry plan has been - up until the first week of August and then thanks to the strenuous labors of our Public Health colleagues and Pima County community members - revenue driven, shambolic and piecemeal? Because our leaders were busy crafting this deal? Hudson hopes the documents will prove us wrong. In the meantime, this deal should not advance one step. To anyone who believes that the deal is done, that the WASC letter is all we need to see, and that due diligence is rude or intimidating...All Hudson can say is that she has a university to sell you for $1.00. Caveat emptor.

4. DISCUSSION ITEM: ASHFORD UNIVERSITY ACQUISITION: PRESENTATION BY PRESIDENT ROBBINS, PROVOST FOLKS, VICE PROVOST FOR GLOBAL AFFAIRS, BRENT WHITE, AND VICE PROVOST FOR ONLINE AND DISTANCE EDUCATION, CRAIG WILSON

Robbins thanked Faculty Senators for the opportunity for dialogue about the Ashford University deal. Data and information will be presented, but the most important part is the question and answer period and dialogue after the presentations. The process started in March 2020 and concluded in August 2020. The close of the deal will be in November 2020, which will give WASC time to go through and approve the accreditation of the new not-for-profit, University of Arizona Global Campus. Administration took a lot of time to go through due diligence, and think it was time well spent to ultimately go down this pathway and go forward with the acquisition. Robbins has been asked if anyone involved in making the Ashford University acquisition has any side deals associated with the acquisition, or whether UArizona has some deal to guarantee a letter of credit. These speculations are false, and no one who worked on the acquisition has personally/financially benefited from the acquisition. Robbins feels the acquisition will benefit UArizona in many ways, which will be discussed. Folks spoke of her appreciation to Faculty Senators for this time to discuss some of the details of the Ashford University acquisition. The challenges that higher education and UArizona are facing broadly are relevant to this acquisition, particularly with the State of Arizona’s divestment in higher education, which has been driven by a nationwide shift toward education not as a public good, but rather a private good. Institutions of higher education need to find a way to generate tuition and revenue from non-tax allocation sources. Tuitions in the State of Arizona are prevalent for supporting the institution. A need for lifelong learning is growing into our economy for people to remain gainfully employed where the economy shifts around quickly. Adult working learners are a core demographic that UArizona needs to serve for Arizona, the nation, and world. Evidence shows that the demographic of the eighteen to twenty-four-year-old student is swiftly declining nationwide. The data on birth rates shows a decline since the 2008/2009 economic downturn, affecting those who work in the education sector including teachers in K-12, as well as those in higher education. Many institutions, ours included, have had to look at other ways to broaden revenue streams by broadening the scope of operations to make sure the UArizona is sustainable for the long run. Purdue University acquired Kaplan recently, and University of Massachusetts has also made a similar move. Similarly, Arizona State University has been very actively involved with expansion on the same level. UArizona has been presented with an opportunity to position itself for long-term and strategic success. Twenty pages of questions were submitted by Faculty Senators, and we are working to aggregate them into a digestible format to post online in the FAQ’s. Negotiations with a publicly traded company are heavily regulated by the Securities and Exchange Commission (SEC). Federal regulations require compliance in numerous areas, and required the utmost confidentiality in the course of exploring this opportunity, hence, the reason for the Non-disclosure agreements. Approximately 200 Non-disclosure agreements were in place with faculty and staff. The demographic of subjects chosen to weigh in were people who had expertise in core areas related to the acquisition. A faculty shared governance process doesn’t always promise shared decision-making, but rather a shared consultation. Another question administration received was what was done with the input provided from faculty staff. The input provided directions for due diligence in certain areas where more understanding was needed, and helped shape the negotiations and resulting agreement with Zovio about how the acquisition would be structured moving forward. Honestly speaking, Ashford University has made poor decisions in the past with respect to student aid and recruitment practices, and all parties were aware of these practices from the beginning. The trajectory of reports from their accrediting body is that Ashford has made significant progress in remediating these practices under considerable pressure from the Department of Education on a federal level, as well as lawsuits brought against the institution. There is considerable work to be done, and UArizona believes this can be accomplished by bringing UArizona Global Campus to a level of operational performance we can be proud of. The first order of mission-critical business for the new Board that will be appointed to govern UArizona Global Campus in 2021 is to make sure that Ashford is operating in accord with the core values of UArizona and addressing the concerns mentioned straight out of the gate. Questions regarding the governance are still being finalized, and the Governing Board will have three members from UArizona among its nine members; President Robbins, Chief Counsel, Laura Todd Johnson, and CFO Rulney. The Management Board will be comprised of Vice Provost for Online and Distance Education, Craig Wilson, Dean of Students, Kendal Washington White, and a transition team including Senior Vice
Provost, Gail Burd, and Vice Provost for Global Affairs, Brent White. There is a multi-level approach to growing online education. Folks made clear that UArizona is an open-access campus, meaning that students' minimum criteria for enrollment is a GED or high school diploma. The early access pipeline is valuable to this campus, to the State of Arizona, and the nation. Improving access to education for students who are working adults helps this population stay employable in an ever-changing, shifting economy, and there is real value in offering open access education to working adults. Ashford is a tremendous opportunity for UArizona to work with an open access entity to provide pathways for that population of students. Currently, UArizona cannot provide this opportunity. Domin stated that students, faculty and staff are concerned about the use of collegiality to silence voices around campus, referencing Folks' email to campus on August 12, 2020. From the American Association of University Professors on collegiality, historically collegiality has not infrequently been associated with ensuring homogeneity and hence, with practice that excludes persons on the basis of their differences from perceived norms. The implication of collegiality may also threaten academic freedom. As President and Provost of an academic institution, will you commit to protecting free discourse, even if it makes people like yourselves, uncomfortable? Rigorous debate, by definition, can be uncomfortable and impolite. Domin said he received the aforementioned comments from faculty, students, and staff after the August 12, 2020 email, and wanted to publicly share. Robbins responded that open discourse, freedom of speech, views and interactions with everyone on campus are highly supported without question. Folks responded that Domin’s comments did not make her feel uncomfortable. The comments represent people being reduced to tears by ad hominem attacks, people who are afraid to go to their department meetings because they’ve been attacked publicly or in open forums by colleagues who they previously viewed as allies. As a University campus, we all have a responsibility to provide a great example to our students and colleagues on how to engage in respectful discourse that does not devolve into ad hominem attacks. Folks hopes that all of the University community agrees as well, as free speech is an amazing, American principle. Folks is proud of UArizona’s reputation on free speech, but does that mean people should be afraid to come to work because they are going to get attacked? No, it doesn’t. People need open spaces for their voice and for their voice to be respected. Domin stated that members of the campus community were excited about the robust discussion at the previous Faculty Senate meeting, and the timing of the email prior to this Faculty Senate meeting was a little disturbing to some. Domin asked about the UArizona Global FAQ’s relating to the Ashford acquisition, it states that the decision to establish UArizona Global Campus and acquire Ashford University was reached after extensive discussion in which the advantages and disadvantages were debated and weighed with varied and valued input from more than 200 stakeholders across campus. Could you please provide a list of those stakeholders who were consulted and the faculty from each college who were consulted? The campus community would find it helpful to know how this happened and who the team was that helped make the decision. Folks responded that the individuals are more than welcome to share their experience as part of the team, but that she will not be providing a list of those involved. Goyal referenced an article in the Chronicle for Higher Education pertaining to Ashford University receiving funding from the GI Bill, which was problematic, and Governor Ducey later supported the deal. Can you give more details about Governor Ducey and his previous interactions with Ashford, and whether or not he was involved? Robbins replied that he wasn’t aware of any previous interactions between Ducey and Ashford, and is unaware of anyone who has spoken to Ducey about this deal.

Vice Provost for Online and Distance Education, Craig Wilson, introduced himself and shared a PowerPoint presentation. Wilson opened by stating that Ashford University is a separate, non-profit University, named UArizona Global Campus through an affiliation agreement with the University of Arizona. UArizona Global Campus will purchase the assets from Ashford University, including the Forbes School of Business and Technology for $1.00. UArizona Global Campus will enter into an agreement with Zovio, the current parent company of Ashford, to provide online program management services. Once set up, UArizona Global Campus will provide quality online education that is open and accessible to a diverse body with a world-wide reach. Currently, Ashford has 35,000 students and offers Associate’s, Bachelor’s, Master’s, and Doctoral degrees. Ashford serves domestic and international students, with significant potential for growth both domestically and globally. Ashford will also provide a global pipeline for many of its students to enroll at the UArizona main campus in Tucson. With respect to student demographics between the University of Arizona and Ashford University, UArizona is 52% white/48% non-white, and conversely, Ashford is 57% non-white/43% white. Other demographics show 89% of Ashford’s students are over the age of twenty-five, 71% are women, and 25% are connected to the military. Fifty percent of the student population is located in the lower mid-to-east portion of the United States (Texas to Florida), 25% reside in the Mid-to-Northeast, and the 25% remaining student population is scattered. Outreach can improve in the Mid-to-Northwest/Pacific Northwest regions. Ashford offers over fifty degree programs. UArizona Online currently has ~5,000 students, Arizona State University ~56,000, Grand Canyon University ~81,000, University of Phoenix ~94,000, and Southern New Hampshire University (SNHU) ~135,000. Arizona is known for its pioneering spirit of obtaining students who are geographically dispersed, and providing a quality, online education, but what’s missing is, we, as a flagship University, do not have a large stake in terms of the ability to reach out. After five years of operation, UArizona Online only has 5,000 students. SNHU, with its 135,000 students, is now residing in Tucson. SNHU currently employs ~150 people, with plans to increase that number to 300 in order to increase enrollment in Arizona, California, and the Pacific Northwest states. What’s important for UArizona Global is to increase its ability to continue to grow its online programs. SNHU has signed a ten-year lease on a 44,000 square foot facility, with plans to increase its enrollment to 200-300,000 by 2023. UArizona Global’s responsibility is a commitment to
providing quality education to students under ethical management. Currently, Ashford has a 41:1 student:faculty ratio, and classes are capped at forty students, with an average class size less than twenty-five. Ashford leads the country in Quality Matters (an independent, non-profit quality assurance organization), and according to National Survey of Student Engagement (NSSE), Ashford provides an academic challenge that ranks with the top 10% of four-year colleges in the United States. Ashford provides 24/7 student support services at no additional cost, and employs predictive flagging technology to identify at-risk students. Five-week class sessions offer fifty start dates per year. For graduation and retention rates, first-time, full-time (FTFT) Freshman are generally not the population served by Ashford, which excludes 83% of FTFT students. Ashford students identify primarily as working students (70%) and 20% complete their degrees, almost double the national average of 11%. Ashford has a “true” persistence rate of 69% (the proportion of students active one year who either graduate or attend any school the following year). One hundred percent of Ashford’s faculty hold Master’s degrees or higher, over 50% hold Ph.D.’s or other terminal degrees, and 47% of Forbes Business faculty have held director or higher positions. Wilson is a former instructor at Ashford.

Challenges with Ashford consist of past allegations of aggressive marketing and debt collection, federal and state investigations, declining enrollments, and low retention and graduation rates. The WASC Senior College and University Commission (WSCUC) reported on Ashford’s recruiting practices in 2019: “The Team’s review of Ashford’s performance in this area cannot address Ashford’s history; however, current practices and procedures are evidence of Ashford’s commitment to operate with integrity (CFR 1.7). The Team determined that Ashford is using state-of-the-art methods and technologies to ensure open, honest communication with prospective and current students about material matters, thus, providing demonstrable evidence that the University is adhering to WSCUC policies (CFR 1.8).” WSCUC’s 2019 Report on Integrity, Retention, and Student Success Efforts states: “Ashford appears to operate with integrity in pursuit of enacting its educational mission. Its faculty, staff, and leadership exhibit a zealous affinity for that mission. Ashford seems to have made considerable progress toward reinventing itself since its last accreditation visit. This is especially evident in the institution-wide commitment to enhancing student learning, persistence, and graduation. Ashford evinces an almost palpable desire to foster higher levels of student success as demonstrated by the broad array of initiatives it has implemented.” The changes under University of Arizona Global Campus will be control over marketing and debt collection practices, strict oversight to ensure compliance with federal and state regulations, complete control over academic programs, joint Academic Advisory Council, and commitment to increasing retention, graduation and persistence rates to best among peers within five years. Hudson asked Wilson when he was employed at Ashford University. Wilson replied 2007. Hudson asked why Wilson didn’t disclose his employment at Ashford on his UArizona application or Curriculum Vitae for the position he was applying for and now holds. Wilson replied he had an adjunct position with Ashford, and didn’t feel it was relevant since he was applying for an administrative position. Hudson asked Wilson to describe the working conditions and asked for the ratio of full-time to adjunct faculty at Ashford. Wilson responded that as a faculty member, he was fully supported on the front, middle and back ends. The conditions were fine, but experienced challenges because he came from an institution where the courses were sixteen weeks in length and Ashford’s were five weeks, so it took some adjusting. Wilson made those adjustments a second time and felt comfortable. Wilson said ~210 full-time and 2,000 part-time faculty are employed at Ashford. Hudson asked as the Vice Provost for UArizona Online and Distance Education, is he sees the effect of the competing affiliate entity on the progress and investment that has already been made with UArizona Online. Wilson replied that it will require working together, and UArizona Global Campus is not the first entity to take this pathway. Colorado State University (CSU) and CSU Online are similar in many respects. Hurh asked if Arizona residents will receive in-state tuition discounts. Wilson replied that both in-state and out-of-state residents pay one fee. Hurh stated that with four out of nine serving as Ashford Board of Directors, and not serving Arizona residents in any particular way, nor has oversight of its curriculum, a minority stake on the Board of Directors, then why are we calling it UArizona Global Campus? White responded that because Ashford is a separate accredited entity, it must have its own independent Board, which means a majority must be unaffiliated or have any employment at UArizona. All Board members will be appointed by UArizona, which at the start, will give substantial influence over decisions of reporting. The agreement requires super majority voting for major decisions, meaning four out of nine will be UArizona affiliates. The agreement also provides that UArizona would nominate the President of the University who would be approved by the Board. If not approved, other nominees would be sought. Hurh asked for a copy of the affiliation agreement. White said that the Office of General Counsel is currently reviewing the agreement. Hurh pointed out that the University of Arizona’s affiliation is weak on the Board, and with less oversight of UArizona Global Campus, why is the entity being called UArizona Campus? Russell stated that in viewing Ashford’s webpage, the course offerings were absent any hard sciences, and didn’t contain any offerings that are UArizona renowned. With academia being a prestige business, how is the load going to be lifted? White gave Purdue University as an example, but Russell said that Purdue didn’t have the science aspect that UArizona has. White assured Russell that Ashford would not diminish UArizona’s reputation. Milbauer retrospectively mentioned the fact that Wilson negated to mention his employment at Ashford on his Curriculum Vitae, speculating the reason might be one of embarrassment. Many of Milbauer’s colleagues have reached out to him from across campus and the world, in his field and from other fields of study, and the reaction is not congratulatory, but rather sympathetic and concerning. U.S. News and World Report ranks UArizona Online at number eleven having leapt over forty positions in the last couple of years. Acquiring Ashford will likely undermine this achievement. Was this considered during the purchase vetting? From the Q & A released yesterday, Milbauer read, “We will also develop robust pathways from Global Campus to UArizona Online, which will continue to grow and offer
online degrees." How does that relationship not negatively impact the tremendous growth in UArizona Online that our colleagues worked so hard to achieve? Wilson responded by comparing Colorado State University Online (CSUO) and Colorado State Global (CSG) as mentioned earlier, that CSUO is 40% acceptance rate, whereas CSG is 90% acceptance rate. Both are ranked nine according to U.S. News and World Report. Milbauer added that University leadership is gambling with his reputation, with the value of current students/graduate students' pending degrees in terms of perception, and there was not sufficient consideration for what this acquisition means for many UArizona faculty. Bourget said that although it appears that Ashford has reformed its practices with predatory recruiting, a letter to the Veteran’s Administration dated July 27, 2020 alleges that Ashford misconstrued information to GI Bill students as late as February/March 2020. Where is the proof that Ashford has actually reformed its practices, and more importantly, what kind of control will UArizona have to enforce adherence to ethical practices? White was unaware of the letter. Many private companies control the marketing aspect of online Universities, and program managers can change scripts and recruitment techniques, and since UArizona Global Campus is the client, rights are afforded within the contract. Bourget requested that all documents be provided in order to see everything in black and white. As a result, Faculty Senators would be allowed a more informed conversation. Ottusch said that the presentation reads like a sales pitch, and because the sale isn’t official until November 2020, is there any wiggle room to back out of the deal, and if the two online programs were to be merged, would it be a UArizona Global decision or UArizona Online decision? Would the merger have to wait until after the fifteen-year contract. White said definite agreements have been signed and backing out would be a breach of contract, and is pending approval by WASC. Moving Global Campus to Arizona Online at the end of the fifteen-year period would be solely at the discretion of the University of Arizona. Murphy stated that the overwhelming negative press from virtually all sources would seem to negatively impact the University of Arizona’s reputation at the local, regional, and national levels. Other than being sued, are there any other considerations or costs associated with acquiring Ashford University? White deferred to the Office of General Counsel for follow-up. White presented a financial overview. To guard against a downside financial risk, the UArizona Global Campus must have enough revenue after paying for its costs and expenses to deliver on the educational mission to the students. After payment to Zovio, a minimum bottom line of $25M in the first five years, and a minimum bottom line of $10M per year in years six through fifteen is expected. At closing, in exchange for the $1.00 purchase price, $16.5M working capital will be transferred from Ashford to UArizona Global Campus for sufficient revenue. A first month of in-kind working capital will be bequeathed from Zovio to UArizona Global Campus, in addition to a $37.5M prepayment on the fifteen-year bottom line at closing. A 19.5% of net tuition revenue plus costs are subject to a $225M revenue guarantee. Working with Online Program Managers (OPM) is a typically common practice providing the same types of services Zovio would provide. A full-service OPM ranges from 50-60% of tuition revenue. Guild and All Campus provide Arizona Online its marketing and recruiting services for 27% and 35% of tuition, respectively. In terms of risk mitigation, the transaction has no opportunity costs to the University of Arizona, nor does it have to pay for acquisition, and is paid by UArizona Global Campus. Global Campus can terminate its contract if Zovio engages in inappropriate behavior or Global Campus does not meet its bottom line without penalty. Global Campus is purchasing assets, not liabilities of Ashford, and no responsibility for it is legal and financial liabilities are on a go-forward basis. White stated that he has not received or been promised any compensation or financial reward for assisting in this transaction/transition, nor has White ever owned Zovio stock. What excites White about UArizona Global Campus is providing a platform for affordable access to high quality education to the world. By 2040, over eighty million people in the world will need education, mostly in developing counties. Students in those countries cannot afford to come to the University of Arizona, and UArizona can provide this need not by building another brick and mortar, but by providing online access at low cost delivery. White wholeheartedly believes that UArizona will suffer if University of Arizona defines itself by who we include and not by who we exclude. The contract with Zovio ends after fifteen years with no further obligation or payments. The agreement is protective of the University of Arizona. Neumann stated that Eller College of Management is considered a flagship brand for the University of Arizona. Wilson’s presentation identified the Forbes name in the College of Business with Ashford. Ashford is also an important brand. Will both brands continue to be used and if so, what plans are in place to defend, protect, and advance the Eller brand at the University of Arizona. Wilson responded on the Ashford side, their School of Business is accredited by the IACBE and Eller College of Management is accredited by the AACSB. Two different types of students will be drawn to either program. Other Universities have similar models. Frey asked about the University of Arizona’s credit rating, which impacted the ability to acquire Ashford University. Would taking a line of credit to offset furloughs negatively impacted the University’s credit rating, thus affecting the deal. Folks responded no, there was no part of the Ashford deal that was dependent on the University’s credit rating. White added that no credit was lent to the transaction in any way. Smith asked when a copy of the contract would be available. White said the contract is currently being vetted by the Office of General Counsel. Robbins said when the deal is finalized, all documents will be made available. Bourget moved [Motion 2019/20-40] to appoint a General Faculty ad hoc committee to look into Ashford’s finances. Motion was seconded. Hurh suggested allowing administrators to answer questions pertaining to Ashford. Spece asked if White was the same person he’s known for the last couple of decades. White responded yes. Spece asked how much Zovio is going to make each year. White quoted $225M in fifteen years, with Zovio getting 15.9% of fifteen years of future tuition. Zovio reports its revenue from Ashford at ~$400M per year, and its CEO earning $4.3M. With a fifteen-year mortgage agreement puts the deal at $68. If these amounts are true, the University of Arizona is getting 4% to license its brand. White responded that the number are not correct. The $400M is close to tuition revenue in the last year. That amount is what it costs to run the University. After that, anything
related to services Zovio provides, buying ads, etc., what remains is a $25M guaranteed bottom line. Fifty to sixty percent goes to Zovio and is standard in the industry. Ghosh asked what the reason is behind going forward with acquiring Ashford. Robbins responded that ASU has been engaged in online/distance learning for over fifteen years. President Crowe continues to purchase online Universities all over the world to continue to support ASU. Hurh stated his frustration with not having enough time to represent his faculty in Faculty Senate from the questions he received from his colleagues. Hurh wanted to know what the kind of services Zovio charges for and if there is a competitive bidding arrangement for OPM’s. Much is unknown about the bylaws of the Ashford deal and how that arrangement works. Purchase and affiliation agreements are not being shared, but certainly the advisors who were hand-picked to advise in deal-making practices had access to those documents. M. Witte mentioned the voluntary Board of Directors, all of whom are state employees with high administrative salaries, taking state-paid time and volunteering for another agency. Witte stated this is a Conflict of Commitment/Conflict of Interest. Sulkowski suggested a retreat at greater length to create a greater dialogue. Lack of clarity and lack of transparency with senior leadership is creating a greater distrust because questions aren’t being answered.

5. OTHER BUSINESS

Hudson moved [Motion 2019/20-41] for a Resolution on Documentation and Due Diligence on the Ashford Deal: “I call upon President Robbins to release immediately to the Faculty Senate and C11 as the appropriate shared governance bodies under ARS 15-1601B: 1) all documentation of the Ashford acquisition (the “Purchase,” “Strategic Services,” “Transition Services” Agreements and inventories of assets and liabilities changing hands, and any pre-acquisition review correspondence with the U.S. Department of Education referred to or implied in Zovio’s August 1, 2020 8-K SEC Filing.pdf); 2) all documentation clarifying the terms of affiliation, governance, accreditation and fee structure relationships of all University of Arizona and University of Arizona Global Campus entities involved in the transaction, including with the Arizona Board of Regents and the Higher Learning Commission; 3) all documentation of due diligence performed by the University of Arizona administration in 2019 and 2020, including Ashford/Zovio legal liabilities, faculty and student working and learning conditions, financial projections, allegations of predatory recruitment, fraudulent marketing, aggressive or illegal debt collection, curricular overlap, competition with UArizona programs, and the process of consultation under Non-disclosure Agreements and the results of those consultations. Bourget withdrew [Motion 2019/20-40], and Hudson amended [Motion 2019/20-41] to include: 4) I further support the formation of an ad hoc committee of the General Faculty (including staff and student representation) to investigate the Ashford acquisition deal. Motion was seconded as amended and passed via Qualtrics survey and is detailed at the end of these minutes. Duran asked if the GFFAC is charged with looking into Ashford, and Summers replied that GFFAC is only looking into the furlough alternatives. Murphy cautioned forming another ad hoc committee that puts in numerous hours of work, only for its information to be discounted because the committee is not provided the necessary documentation to complete its work with due diligence. Witte recommended Hudson to chair the new ad hoc committee. Summers moved [Motion 2019/20-42] to distribute a twenty-page memorandum from CAJUA member Gary Rhoades on the All Faculty Listserv. Motion was seconded and passed via Qualtrics survey, and is detailed at the end of these minutes. Witte said that ABOR will not take any responsibility, nor any legal position on Ashford. Bourget suggested having a poll of Senators to find out if there is support for the Ashford deal. Hurh agreed. Hudson moved [Motion 2019/20-43] that an endorsement for or against the Ashford deal be added to the Qualtrics survey, which states: Motion to Endorse the Acquisition of Ashford University. “Based on the information provided by Senior Leadership to date, including the Special Session Faculty Senate meeting held on August 17, 2020, we, the Faculty Senate, do not endorse the acquisition of Ashford University.” Motion was seconded. [Motion 2019/20-43] passed via Qualtrics survey and is detailed at the end of these minutes.

6. ADJOURNMENT

There being no further business, the meeting adjourned at 6:02 p.m.

Michael Brewer, Secretary of the Faculty
Jane Cherry, Recording Secretary

Appendix*

*Motions of the July 17, 2020 Faculty Senate Meeting

[Motion 2019/20-40] Motion to appoint a General Faculty ad hoc committee to look into Ashford’s finances. Motion was seconded. Motion withdrawn.
[Motion 2019/20-41] Motion for a Resolution for on Documentation and Due Diligence on the Ashford Deal:
"I call upon President Robbins to release immediately to the Faculty Senate and C11 as the appropriate shared governance bodies under ARS 15-1601B: 1) all documentation of the Ashford acquisition (the "Purchase," "Strategic Services," "Transition Services" Agreements and inventories of assets and liabilities changing hands, and any pre-acquisition review correspondence with the U.S. Department of Education referred to or implied in Zovio's August 1, 2020 8-K SEC Filing.pdf); 2) all documentation clarifying the terms of affiliation, governance, accreditation and fee structure relationships of all University of Arizona and University of Arizona Global Campus entities involved in the transaction, including with the Arizona Board of Regents and the Higher Learning Commission; 3) all documentation of due diligence performed by the University of Arizona administration in 2019 and 2020, including Ashford/Zovio legal liabilities, faculty and student working and learning conditions, financial projections, allegations of predatory recruitment, fraudulent marketing, aggressive or illegal debt collection, curricular overlap, competition with UArizona programs, and the process of consultation under Non-disclosure Agreements and the results of those consultations. that the University of Arizona commit to long-term borrowing options, such as issuing a bond. Motion was seconded. Motion passed via Qualtrics survey.

[Motion 2019/20-42] to distribute a twenty-page memorandum from CAJUA member Gary Rhoades on the All Faculty Listserv. Motion was seconded and passed via Qualtrics survey.

[Motion 2019/20-43] Motion to Endorse the Acquisition of Ashford University, "Based on the information provided by Senior Leadership to date, including the Special Session Faculty Senate meeting held on August 17, 2020, we, the Faculty Senate, do not endorse the acquisition of Ashford University." Motion was seconded. Motion passed via Qualtrics survey.

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