



Jason Bagley <jbagley@truthinadvertising.org>

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## Media inquiry re: FTC lawsuit

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Bob Romantic <Bob.Romantic@gcu.edu>  
To: Jason Bagley <jbagley@truthinadvertising.org>

Tue, Jan 2, 2024 at 6:28 PM

Hi Jason,

I have attached a statement from GCU President Brian Mueller regarding the FTC allegations. It covers the two new allegations related to advertising ourselves as a nonprofit and telemarketing calls. The accusations related to doctoral disclosures and GCU's relationship with its service provider are not new (FTC is reiterating the same Department of Education accusations we have already addressed), so they are not included in the attached statement. But I have summarized those below if you are not familiar with our previous statements regarding the DOE.

### Doctoral disclosures

The summary of our response to those is threefold:

1. We're not disputing that students take continuation classes or incur additional costs with doctoral degrees that are associated with dissertations. We do dispute the DOE's characterization of that disclosure as being "deceptive" or in "fine print." We highlight that disclosure in large red type right above the cost for 60 credits in our Degree Program Calculator that all students receive (a screenshot of that is attached). That's not "lying" or "false advertising" as the DOE states. Those disclosures are also repeated in numerous other locations for doctoral students. The need for additional courses to complete a dissertation is common in higher education, yet most universities are vague or do not disclose the costs associated with those. GCU is being transparent about such costs, yet is being singled out.
2. The court system has already reviewed our numerous disclosures in the *Young v GCU* case at both the district and appellate court levels and rejected the claim that GCU misleads students about the cost to obtain a doctoral degree.
3. Our accrediting body, the Higher Learning Commission, looked at our doctoral disclosures in its comprehensive review in 2021 and described them as "robust and thorough."

A longer statement specific to the doctoral allegations is here: <https://supportgcu.com/gcu-appeals-fine-from-u-s-dept-of-education/>

### GCU's relationship to service provider

Four key points regarding FTC allegations that GCU is operating for the profit and benefit of Grand Canyon Education, which mirrors the DOE claim:

1. Revenue share agreements with third-party education service companies are common in higher education, and GCU's master services agreement with GCE follows those industry norms, including the 60-40% revenue split the FTC cited. In fact, GCU receives higher levels of service for that split than many institutions receive.
2. Both the FTC and Department of Education focus on the revenue split but ignore the fact that GCE also absorbs a significant amount of the expenses in the master services agreement. They have also chosen to disregard the transfer pricing studies and fairness opinions – which the Department of Education requested – of two nationally recognized, independent accounting/finance firms that concluded both the purchase price of the nonprofit transaction and the terms of GCU's master services agreement with its primary contractor were fair market value and beneficial to GCU.
3. Most importantly, GCU now has five years of factual evidence and audited financial statements that make it abundantly clear the nonprofit transaction has greatly benefitted GCU and its students, who are thriving despite

these costly actions by the federal government, which will cost the university millions in litigation expenses.

4. Regarding GCU President Brian Mueller's dual role with GCU and GCE, both of those entities are operated by completely independent governing boards. Both boards sought to retain Mueller's services after the nonprofit transaction, and such arrangements are permitted under guidelines adopted by Higher Learning Commission. Mueller's dual role was approved after HLC reviewed the many safeguards in place to prevent a conflict of interest.



**Bob Romantic**

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**From:** Jason Bagley <[jbagley@truthinadvertising.org](mailto:jbagley@truthinadvertising.org)>  
**Sent:** Tuesday, January 2, 2024 1:36 PM  
**To:** Bob Romantic <[Bob.Romantic@gcu.edu](mailto:Bob.Romantic@gcu.edu)>  
**Subject:** Media inquiry re: FTC lawsuit

Good afternoon,

I am the staff writer at [truthinadvertising.org](http://truthinadvertising.org), a national consumer advocacy nonprofit and website. I am seeking comment in regard to the FTC's [lawsuit](#) against Grand Canyon University in which the agency alleges the school misrepresented the costs and number of courses required to earn doctoral degrees, deceptively marketed the school as a nonprofit and used abusive and illegal telemarketing calls to try to boost enrollment.

My deadline is 5 p.m. eastern time Wednesday.

Thank you.

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**Jason Bagley**

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