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GCU President: FTC allegations are ‘height of absurdity’

Lawsuit is further evidence of unwarranted targeting and federal government overreach

(Dec. 29, 2023) – Grand Canyon University President Brian Mueller said today that allegations from the Federal Trade Commission in a lawsuit filed against GCU are “the height of absurdity” and further proof of the coordinated and targeted actions being taken by the federal government.

Mueller said the fact that the FTC is taking issue with GCU identifying itself as a nonprofit entity during an 18-month window after the nonprofit transaction was completed in 2018 is nonsensical.

“That transaction was blessed by the IRS, State of Arizona and our accrediting body (Higher Learning Commission) so of course we identified ourselves as a nonprofit because we were... and are,” Mueller said. “The U.S. Department of Education waited 18 months after the transaction to announce it would not recognize our lawful nonprofit status for the purposes of Title IV funding and demanded at that time that, moving forward, GCU not identify itself as a nonprofit institution based on unsupported speculation that students would confuse GCU’s legal nonprofit status with the Department’s so-called ‘Title IV for-profit status.’ We disagreed with that opinion but cooperated as a good faith gesture.

“For the FTC to say now, five years later, that identifying ourselves as a nonprofit institution during that 18-month window was somehow ‘deceptive advertising’ is meritless and the height of absurdity.”

The other new allegation put forth by the FTC involves claims of “abusive telemarketing calls” by the university’s service provider, Grand Canyon Education (GCE).

“One, GCE does not make cold calls to prospective students on behalf of GCU. It only reaches out to those who have inquired about GCU’s programs or otherwise expressed interest in attending the university,” Mueller said. “That practice is common among higher education institutions and other entities, yet GCU is being singled out in a blatant example of selective enforcement by this federal agency. Two, GCE employs an industry-leading telemarketing compliance firm to ensure compliance with Telephone Consumer Protection Act and the Telemarketing Sales Rule requirements. GCE would not do that if it were trying to mislead students or do things that others are not.”

The other FTC allegations related to doctoral disclosures and GCU’s relationship with its service provider are the same baseless claims made by the Department of Education.

“I won’t spend time refuting those since we have already done so,” Mueller said. “But the fact that the FTC is using the same accusations as the Department of Education makes it clear that the two agencies are coordinating efforts and suggests that the FTC’s real goal is to further burden GCU by forcing it to defend against duplicative lawsuits. Sadly, there are no checks and balances in place to prevent this type of blatant and unwarranted government overreach.”

All of the inquiries into GCU by the FTC, DOE and the State Approving Agency of the U.S. Department of Veterans Affairs (which was later dropped) were launched after GCU sued the Department of Education in February of 2021 for the DOE's refusal to recognize it as a nonprofit entity for Title IV purposes. In October of 2021, the FTC put out a [public announcement](#) stating that the three agencies would begin targeting for-profit institutions. GCU is an Arizona nonprofit 501(c)(3) tax-exempt entity, but the federal government agencies still launched investigations against the university despite the fact that there were no underlying metrics such as poor loan default rates, high student debt levels, poor gainful employment numbers or 90/10 calculations, etc. that typically precipitate such actions.

“Our metrics in all those areas are stellar,” Mueller said. “Because of our successful financial model, we have been able to benefit students and families by freezing tuition costs on our ground campus for 15 straight years. That’s unheard of in higher education. It has also resulted in more students choosing to spend their federal Title IV dollars at GCU than any university in the country. Rather than applaud those efforts or try to understand why students are choosing GCU in record numbers, these federal government agencies seem more focused on an ideological agenda aimed at stopping a university that has used two cornerstones of American society – the free market system and a Christian worldview perspective – to become the largest Christian university in the country.”

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About Grand Canyon University: [Grand Canyon University](#) was founded in 1949 and is Arizona's premier private Christian university. GCU is accredited by the Higher Learning Commission and offers 312 academic programs, emphases and certificates for both traditional undergraduate students and working professionals. The University's curriculum emphasizes interaction with classmates, both in-person and online, and individual attention from instructors while fusing academic rigor with Christian values to help students find their purpose and become skilled, caring professionals. For more information, visit [gcu.edu](#).