



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF LEGISLATION AND CONGRESSIONAL AFFAIRS

December 4, 2018

Honorable Richard J. Durbin
United States Senate
Washington, D.C. 20510

Dear Senator Durbin:

Thank you for your August 30, 2018, letter to Secretary Betsy DeVos regarding an article about Dream Center Education Holdings, Inc. (“DCEH”) and Diane Auer Jones, Principal Deputy Under Secretary delegated to Perform the Duties of the Under Secretary and the Assistant Secretary for Postsecondary Education. Your letter was forwarded to my office, and I am pleased to respond. I am also sending identical responses to the cosigners of your letter.

The article referenced in your letter was written by David Halperin and published in the Republic Report on August 2, 2018 (“Halperin Article”). Based on the Halperin Article, the letter seeks an investigation of Ms. Jones’ statements to DCEH regarding the accreditation status of the Art Institute of Colorado (“AI Colorado”) and the Illinois Institute of Art (“Illinois Institute”). These two institutions were formerly owned by Education Management Corporation (“EDMC”) and were sold to DCEH in a transaction that closed on January 20, 2018. By action taken on November 16, 2017, the Higher Learning Commission (“HLC”) (the institutions’ accreditor) moved AI Colorado and the Illinois Institute to “Change of Control Candidacy Status” effective on the closing date of the transaction with DCEH.

The Halperin Article and your letter refer to statements that an unnamed DCEH representative asserts that Ms. Jones made at a meeting “at Department headquarters” earlier this year. Prior to the August 2 article, only two meetings between Department personnel and DCEH representatives occurred in regard to DCEH and the impending closure of many of its campuses.¹ The meetings occurred on June 14, 2018 (“June Meeting”) and July 18, 2018 (“July Meeting”). The June Meeting took place at Federal Student Aid (“FSA”); the July Meeting took place at the Department’s headquarters at the Lyndon Baines Johnson building. The participants in both meetings included Department career staff (from FSA and the Department’s Office of General Counsel (“OGC”)) and political staff (including Ms. Jones), as well as representatives of DCEH. The following responses address the questions asked in your letter.

¹ Prior meetings with DCEH and EDMC took place at or around the time that the Department was conducting its preacquisition review of the transaction. Those meetings occurred during the summer and fall of 2017. Most, if not all, of those meetings predated the HLC action in November 2017. In any event, Ms. Jones did not participate in those meetings because she did not join the Department until February 2018.

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1. Did Ms. Jones – verbally or in writing – direct or advise [DCEH] to publically represent that the [Illinois Institute] and [AI Colorado] “remain accredited” despite the schools’ accreditor telling DCEH that they were not accredited?

Answer: No. It was not until a July 17, 2018, conversation with regional accreditors that Ms. Jones learned that DCEH had incorrectly described its accreditation status to students. She notified Dream Center verbally and in writing on July 18, 2018, that they had to correct their websites and provide written communication to all students at the Colorado and Illinois campuses notifying them of the accurate accreditation status. HLC subsequently confirmed that the correction was made. At the July Meeting, Ms. Jones specifically advised representatives of DCEH (at the meeting and in writing) that they must provide students with accurate information about their institution’s accreditation status, including in regard to the HLC candidacy status.

2. Did any other Department staff or official – verbally or in writing – direct or advise [DCEH] to publically represent that the [Illinois Institute] and [AI Colorado] “remain accredited” despite the schools’ accreditor telling DCEH that they were not accredited. If so, please provide their names and positions and at whose direction the Department staff provided the guidance?

Answer: No.

3. What was the stated purpose of the above referenced meeting between the Department and the DCEH delegation? Please provide a list of individuals present at this meeting.

Answer: A short time prior to the June Meeting, DCEH advised the Department that it was planning to close several of its campuses, including many of the campuses of the Art Institutes. The purpose of the June Meeting was for DCEH’s representatives to brief the Department on these school closures and its closure plan, and to discuss options for teaching out the students remaining on those campuses before the end of the year, and transitioning students who would not graduate before December 31, 2018, to other schools or campuses. The July Meeting provided updates on the closure, the teach-out process, and DCEH’s plans for the remaining campuses.

June Meeting Attendees:	July Meeting Attendees:
<i>Department</i>	<i>Department</i>
Diane Jones (OPE)	Diane Jones
James Manning (FSA)	A. Wayne Johnson
Kathleen Smith (FSA)	Justin Riemer
A. Wayne Johnson (FSA)	Robin Minor
Justin Riemer (OGC)	
Robin Minor (FSA)	
Ronald Bennett (FSA)	
Michael Frola (FSA)	
Steven Finley (OGC)	
Donna Mangold (OGC)	

June Meeting Attendees:	July Meeting Attendees:
<i>DCEH</i>	<i>DCEH</i>
Brent Richardson	Brent Richardson
Shelly Murphy	Shelly Murphy
Randall Barton	
John Crowley	

4. Please provide all documents and communications pertaining to any directive or advice from Department officials to DCEH that the latter publically represent that the [Illinois Institute] and [AI Colorado] “remain accredited” despite the schools’ accreditor telling DCEH that they were not accredited – including any notes from the above referenced meeting.

Answer: No responsive documents or communications exist because no Department representative gave any directive or advice, orally or in writing, to DCEH to represent to anyone that the [Illinois Institute] and [AI Colorado] “remain accredited despite the schools’ accreditor telling DCEH that they were not accredited.”

5. Has the Department’s Enforcement Unit opened an investigation into allegations that DCEH misrepresented the accreditation status of [AI Colorado] and [Illinois Institute]?

Answer: No, an investigation has not been opened. In a discussion with accreditors on July 17, 2018, Ms. Jones learned from HLC that there had been incorrect information posted on the institutions’ websites about their change of control candidacy accreditation status. On the next day, she told DCEH that DCEH had to properly inform its students of its status with all accreditors. The Department notified HLC of DCEH’s intent to comply with this directive, and later confirmed that the website had been corrected and information issued to the satisfaction of HLC. The home pages for each school now prominently provide a link to the HLC notice about the schools’ accreditation status.

The Department has reviewed videos (posted online by students) of a meeting held at Illinois Institute between students and faculty and representatives of HLC, and two meetings with a representative of DCEH. These videos are from meetings in the first half of July 2018. The videos clearly show that the students had, at some point prior to the meetings, learned that the school was not in an accredited status.

The Department is satisfied that the prior misinformation about the institutions’ accreditation status was the result of the unique nature of HLC’s change of control candidacy status, given that the schools had full accreditation the day before the change in ownership. The Department understands that this may have been the first time that HLC implemented its change of control candidacy status, and will be reviewing the policies related to the status (as written and as applied in this case) to determine whether they are in compliance with Department regulations.

Thank you for your letter. If you have any further questions, please feel free to contact the Office of Legislation and Congressional Affairs at 202-401-0020.

Sincerely,

A handwritten signature in blue ink, appearing to read 'PLO', with a long horizontal flourish extending to the right.

Peter L. Oppenheim