United States Senate
WASHINGTON, DC 20510

October 10, 2018

The Honorable Betsy DeVos
Secretary
U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

Dear Secretary DeVos:

We write today about the Accrediting Commission of Career Schools and Colleges' (ACCSC) decision to place for-profit Center for Excellence in Higher Education's (CEHE) Stevens-Henager Colleges, California College San Diego, CollegeAmerica, and Independence University on probation based on a system-wide disregard for addressing the needs of their students. We urge the Department to investigate ACCSC's findings and take appropriate action to protect students and taxpayers in light of ACCSC's action.

The record shows that for years—dating at least back to 2012—ACCSC has been concerned about CEHE's compliance with ACCSC standards. In that time, CEHE has received approximately $1 billion in federal Title IV funds. In an 80-page letter sent on September 6 to CEHE Chief Executive Officer Eric Juhlin announcing the probation, ACCSC chronicled a comprehensive history of non-compliance with accreditation requirements across 18 specific areas of failure.

Among ACCSC's findings are several troubling examples of CEHE's predatory consumer practices. At CollegeAmerica and Stevens-Henager Colleges, student enrollment agreements included a bogus 90-day "verification period" provision that contradicts federal law and current Department of Education regulations. It stipulates that students have 90 days to identify any misrepresentations in the admission and financial aid process, within which period they may terminate enrollment without liability and obtain a full refund. After the 90 day period, the provision falsely asserts that students forfeit their rights to take any further action with respect to misrepresentation. CEHE's incredible response to this shady practice was that because the provision is unenforceable—because of its illegality—it does not amount to a misrepresentation to students. In reality, the harm to students of the misrepresentation comes in the deterrence of claims rather than the enforcement of the provision.

In addition, ACCSC found that CEHE has failed to address its long-standing concerns about the company's misleading advertising and could not "demonstrate the schools are able to advertise in a truthful and accurate manner." According to ACCSC, CEHE advertised programs that it doesn't offer, exaggerated employment outcomes, and overpromised scholarship opportunities.

ACCSC found that CEHE's "inputs, resources, and processes" are "not designed for student success" so it's no wonder that students struggle to achieve once enrolled. CEHE schools have low graduation rates along with employment rates far below ACCSC benchmarks. For example, the CollegeAmerica-Flagstaff campus' Computer Science program reports a zero percent employment rate compared to the 70 percent ACCSC benchmark rate. The Business Management program reports a 33 percent graduation rate compared to then 43 percent ACCSC benchmark.

But, perhaps more troubling than the numbers is where Flagstaff campus officials place the blame for its poor performance—the high concentration of Native American students and the "unique and challenging cultural factors…" that they represent. They went on to assign exclusively negative attributes to the Native American population in insensitive and broad generalizations including that "American Indian culture focuses upon 'living in the present as each day comes.' This has a significant impact upon goal-setting and future planning" and "American Indians [sic] culture teaches that people should not speak out or speak up unless absolutely necessary. This makes student engagement in course content difficult." Instead of taking responsibility for poor academic outcomes by adequately supporting the needs of their student population, CollegeAmerica officials write off an entire group of students on culture and ethnicity alone.

ACCSC's letter gave CEHE until December 21, 2018, to respond—at which time CEHE institutions could lose their accreditation posing a major risk to both students and taxpayers. Because of the huge potential repercussions, ACCSC required CEHE to notify all current and prospective students in writing about their probation status and to provide options for transfer or teach-out.

But we write to ask what the Department will do to uphold its responsibility to protect students and taxpayers. Specifically, we request responses to the following:

1. Will the Department's Enforcement Unit open an investigation into the predatory consumer practices found by ACCSC, including determining whether students are eligible for Borrower Defense discharges as a result?
2. Will the Department's Office for Civil Rights open an investigation into potentially discriminatory policies related to Native Americans at CollegeAmerica-Flagstaff based on the troubling excuses made for poor student outcomes?
3. In 2015, the Department reported that it required a $43 million Letter of Credit from CEHE because of a failed financial composite score. Does the Department still hold that Letter of Credit? Will the Department require an increased Letter of Credit from CEHE to guard against potential Borrower Defense discharges or other taxpayer losses associated with its accreditation status and potential closure?
4. Will the Department require CEHE schools to disclose its probationary accreditation status prominently on their homepages in addition to written disclosures required by ACCSC?

We ask for a response no later than October 24. Thank you for your attention to this very serious matter.

Sincerely,

Richard J. Durbin
United States Senator

Richard Blumenthal
United States Senator

Sherrod Brown
United States Senator

Elizabeth Warren
United States Senator

Margaret Wood Hassan
United States Senator

cc: Dr. Michale S. McComis, Executive Director, Accrediting Commission of Career Schools and Colleges