



STUDENT DEFENSE
NATIONAL STUDENT LEGAL DEFENSE NETWORK

School Closures & Student Harms

Recommendations for Accreditors

School Closures and Student Harms

Recommendations for Accreditors

Introduction

In recent years, colleges, universities and vocational schools have been closing at historically high rates. These closures have been driven by an array of factors including demographic fluctuations, regulatory changes, increased scrutiny over consumer protections, financial pressures, technological developments, and shifts in student desires and behavior. Regardless of the cause, without adequate safety measures and advance planning, an institutional closure is likely to yield dramatic, negative consequences for students. When a closure comes precipitously, *i.e.*, without warning to students, accreditors, and regulators, students can be left stranded with their academic and financial future upended. Accreditors can and therefore must use their powers to require schools to adopt policies and procedures that will help identify and allay the risk of closure, but also adopt plans to mitigate, if not eliminate, many of the consequences in the event of closure.

What is driving closures?

According to data compiled by the Chronicle of Higher Education, in the past five years more than 1,000 college campuses have closed, displacing nearly 500,000 students.¹ Although this paper does not seek to explain the root causes for an uptick in closures, accreditors seeking to mitigate and prevent harm to students must first understand some of the driving forces. Indeed, there are several important themes underpinning many of the closures. The vast majority of students affected by the closures attended for-profit institutions: from 2014 to 2018, 88% of the campuses that closed were operated by for-profit colleges, and those campuses served approximately 450,000 students.² That disproportionality was driven, in part, by the collapse of Corinthian Colleges and ITT. But of course nonprofit schools can close, have closed, and will, in all certainty, close in the future.

At a macro level, overall attendance and revenue has been declining since a peak nearly a decade ago. A total of \$142 billion in Title IV funds went to schools in the 2010-2011

school year, compared to \$119 billion in 2017-2018.³ That decline has been even more dramatic in the for-profit sector, falling from \$32.6 billion to \$14.8 billion over the same period.⁴ Data show that the earnings premium from a for-profit degree has been shrinking, likely also contributing to weaker student demand.⁵

Demographics play a role as well, with declining populations putting pressure on schools in regions such as New England and the Midwest.⁶ For less selective schools in particular, students are less likely to attend a school far from home, so regional population trends weigh heavily on local institutions.⁷

The proximate causes of closures are just as diverse. Some schools close their doors suddenly when they lose Title IV funds eligibility, as in the case of the Education Corporation of America, which closed one day after the Accrediting Council of Independent Colleges and Schools (ACICS) withdrew its accredited status. Others fail more slowly, such as the 41 campuses owned by Dream Center Education Holdings, which had been kept in limbo for months while the company searched for a buyer. The final straw for a school could also be an enforcement action or court judgment, withdrawal of investor support, or any number of unforeseen events.

Nevertheless, this is not simply a problem in the for-profit sector. As detailed elsewhere, numerous for-profit institutions are restructuring to take advantage of laws and regulations that are more advantageous to nonprofit institutions. Moreover, private nonprofit institutions like Dowling College (NY), Burlington College (VT), and Mt. Ida College (MA) have closed following increased financial pressures.

Recent closures

Three case studies of recent institutional failures help to illustrate the challenges facing schools on the verge of collapse, as well as the complex chains of events that may precede a closure.

“How did you go bankrupt?”

Two ways. Gradually, then suddenly.”

– Ernest Hemingway, *The Sun Also Rises*

Mt. Ida College

Mt. Ida College was a private nonprofit institution in Newton, Massachusetts that closed in 2018. Its assets and Newton campus were purchased by the state’s flagship university, the University of Massachusetts-Amherst, which has been working to add a campus in Newton.⁸

The Massachusetts State Senate held a hearing to look into what led to the collapse at Mt. Ida, and the former chairman of the school’s board noted that decades of ignoring needed maintenance, leaks, safety issues, and building deficiencies created a campus environment that was not sustainable.⁹ After the city condemned a dormitory and moved 300 students to a hotel, half of the class entering in 2012 did not return the next year.¹⁰

This led to severe revenue issues for a school that had a very small endowment and depended largely on tuition to cover expenses.¹¹ Students, however, claimed that the administration was not forthcoming about the possibility of closure and deliberately misled students about the severity of the institution’s financial distress.¹² In January of 2018, students filed a class-action lawsuit alleging they were left with little time to find transfer options, and many of them were left with non-transferrable credits, missed out on scholarships and other financial aid opportunities.¹³ That lawsuit was dismissed in May 2019, after a court ruled, among other things, that the school did not have a fiduciary duty to the students.¹⁴

However, over 200 of the approximately 1,500 students at Mt. Ida were able to transfer to UMass-Dartmouth under an agreement reached by the two schools.¹⁵ In addition, the closure spurred changes by state officials and a state budget

proposed in 2018 included a provision that would require colleges and universities to notify the state Board of Higher Education before a potential merger, closing or acquisition.¹⁶ The Board has also proposed a new process, called the Teachout Viability Metric, by which the state would use financial metrics to determine whether private colleges in Massachusetts will be able to teach all of their students to the end of the current and next academic years.¹⁷

Dream Center Education Holdings

In late 2017 the Dream Center, a nonprofit organization with little to no experience in higher education management, purchased Argosy University, South University and the Art Institutes from the failing for-profit giant Education Management Corporation (EDMC) and converted the properties into nonprofits.¹⁸ At the time, the acquired schools had a total enrollment of more than 65,000 students spread across the country, and were put under the management of a new entity, Dream Center Education Holdings, and the Dream Center Foundation (collectively “DCEH”).¹⁹

The conversion process was hardly smooth, and by mid-2018 the company was facing significant blowback due to alleged misrepresentations around some of its campuses losing accreditation.²⁰ And internally, the company was struggling to stay afloat, accusing EDMC of having dramatically overestimated future revenues before the sale.²¹ By the end of 2018 more than 30 DCEH campuses had closed, and in January 2019 the company was placed in receivership while it searched for a buyer or other lifeline.²² Some properties were spun off and began operations under a new owner, while most remained in the troubled hands of DCEH. Also in January, the schools failed to pay over \$16 million in federal student aid living stipends to students, leading some to lose their homes or suffer other dire financial harm.²³ It was not until February 2019 that the Department of Education revoked the schools’ Title IV eligibility, by denying the pending application for change in ownership that had been under review since the original transaction more than a year prior.²⁴ After the revocation, the schools closed within weeks.²⁵

Because of DCEH’s size and national reach, the shutdown was extremely complex. Different schools had different accreditors and operated under a variety of state regulations.

Accreditor and state efforts to assist affected students varied as well, but were limited by the company's financial difficulties.²⁶ The DCEH schools' accreditors and regulators, including the WASC Senior College and University Commission and the American Psychological Association,²⁷ announced plans to work with other institutions to facilitate student transfers. Over the course of the spring, other schools announced articulation agreements to allow more former DCEH students to transfer in²⁸, but many students found themselves having spent many tens of thousands of dollars on degrees they would likely never complete.

Education Corporation of America

In December 2018, the Education Corporation of America announced it was closing approximately 70 campuses across the country, including its largest chains Virginia College and Brightwood College.²⁹ The closures affected roughly 19,000 students across the chains.³⁰

ECA's closure was in some respects a slow-moving disaster emblematic of many of the challenges facing for-profit institutions in the current environment. It had seen overall enrollment drop over the previous several years, while it was unable to shed high fixed costs from campus leases.³¹ In September 2018 the company announced it planned to end enrollments and eventually close 26 campuses. By the following month, ECA's financial straits were so dire it took the unusual step of suing the Department of Education and seeking a court-appointed receiver to help it restructure. In that lawsuit, ECA disclosed that it had unsecured debts exceeding \$46 million, and had narrowly avoided missing payroll the previous week.³²

Unfortunately for ECA students, the Accrediting Council for Independent Colleges and Schools ("ACICS") failed to request teach-out plans from the schools until it suspended its recognition the day before the closure.³³ That is all the more troubling given that ECA had already started closing some of its campuses in a haphazard manner, including shutting down a Golf Academy of America campus in Arizona on Election Day, locking ballots and voting machines inside.³⁴

How do closures harm students?

For perhaps obvious reasons, a sudden institutional closure poses more risks for students than a gradual, intentional one. With time to prepare, accreditors and regulators can help ensure students have a soft landing. Students will have time to thoughtfully consider future academic plans, impact on family and work situations, transportation considerations, and the impact on debt and finances. Any closure, however, is bound to be a significant disruption for the students whose education is affected.

Academic risks

For students whose school closes in the middle of their course of study, the disruption can have myriad effects. Depending on the school's reputation and accreditation, it may be difficult to transfer significant numbers of credits to a new institution. Certain professional courses of study with programmatic accreditation may also pose additional challenges. For example, in the case of Argosy University's closure, displaced students pursuing doctoral degrees in psychology or counseling are reportedly expecting to lose years of credits when they transfer to new programs.³⁵ Other disciplines with similar requirements include law, medicine, nursing and education. More broadly, graduate programs tend to allow students to transfer fewer credits compared to undergraduate programs.

Family considerations

According to data from the National Center for Education Statistics, the percentage of fall-enrollees in degree-granting postsecondary institutions that were over the age of 25 has grown dramatically between 1970 and 2016.³⁶ This is consistent with more general reporting that higher education is increasingly comprised of so-called nontraditional students (*i.e.*, beyond 18-22 year old dependents attending a four-year residential program). Accordingly, nontraditional students are more likely to have family considerations that will be impacted when a student is forced to make a sudden decision about higher education – *e.g.*, childcare, child educational opportunities, spouse/partner employment or education, and care for aging or ill parents.

Financial risks

Higher education is often one of the most expensive purchases in an individual's life, so it is not surprising that a disruption could have significant financial consequences. Students structure their personal financial planning around their expected income and expenses from federal financial aid, including living stipends. A sudden closure can mean that students need a new, immediate, source of income.

Personal risks

For colleges with a residential component, a shutdown could mean that many students are effectively evicted. Other students may have arranged their lives and other responsibilities around the specifics of their institution - and cannot easily accommodate a longer commute to a school in a neighboring city, etc.

What can accreditors do?

While every closure is likely to negatively impact some students, it is not the role of the accreditor to prevent all closures. Indeed, as history has shown, when an institution cannot meet an accreditation standard, state licensing conditions, or Title IV eligibility requirements, an institutional closure may be the best long-term outcome for an unknowable number of future students.

Accreditors should also prepare themselves for an uncertain future through more proactive policies. The Western Association of Schools and Colleges ("WASC") has developed a For-Profit Assessment Framework ("FPAF") to help with that task,³⁷ although the specifics of that methodology are outside the scope of this paper. Speaking generally, the WASC FPAF is a way to assess the financial health of a for-profit educational institution, and to decide when to impose heightened measures. And in Massachusetts, a working group convened by the state's Board of Higher Education has presented recommendations on how to meaningfully identify whether the financial condition of an institution puts current and recently admitted students at risk of educational interruption, spurring requirements for closure and contingency plans. The Board has voted to direct the Commissioner to implement those recommendations for the 2019-2020 academic year.³⁸

The Department of Education requires all institutions that receive Title IV funds to submit annual audits, and generates Financial Responsibility Composite Scores³⁹ that serve as a proxy for overall institutional health. Those scores are of limited utility for accreditors, however, as shown by recent failures.⁴⁰ The composite scores are based on annual audits, with a significant delay, so a new composite score effectively gives a snapshot of an institution's financial health 18 months in the past.⁴¹ This may make sense for more stable, public institutions. However, for a for-profit school where a short-term enrollment drop can precipitate a financial crisis, the Department's composite scores are a lagging indicator, if they have any utility at all.

Some schools are clearly at minimal risk of failure, while others are on the precipice - as some of the measures recommended here are costly, it does not make sense to require all schools to comply. The decision of when an accreditor should impose heightened requirements is complicated and highly fact-dependent.

Proposal 1: Require Robust teach-out agreements

The Department of Education's regulations require an institution to submit a teach-out plan to its accreditor in a variety of circumstances, discussed below.⁴² Accreditors have significant power to determine the criteria an institution must meet when submitting a teach-out plan, and this is a key area where accreditors can help to prevent student harms.

One of the most important distinctions in preparing for a teach-out is whether an institution has a signed *teach-out agreement* with another institution to actually provide the students with an opportunity to finish their course of study. Indeed, under Department of Education regulations, accrediting agencies "may" require an institution to "enter into a teach-out agreement as part of its teach out-plan," meaning the decision to require a teach-out agreement is discretionary for the accreditor.⁴³ Nevertheless, teach-out agreements, with buy-in from all parties, and agreed-upon payments and responsibilities, should be the standard whenever an institution plans to cease operations or is on a path with a high likelihood of precipitous closure.

Teach-out plans

Under the Higher Education Act and its implementing regulations, the following events trigger a requirement for an accreditor to require an institution it accredits to submit a teach-out plan for approval⁴⁴:

- ▶ The Secretary notifies the agency that the Secretary has initiated an emergency action against an institution, or an action to limit, suspend, or terminate an institution participating in any federal student aid program,
- ▶ The agency acts to withdraw, terminate, or suspend the accreditation of the institution.
- ▶ The institution notifies the agency that it intends to cease operations entirely or close a location that provides one hundred percent of at least one program.
- ▶ A State licensing or authorizing agency notifies the agency that an institution's license or legal authorization to provide an educational program has been or will be revoked.

Individual accreditors have their own distinct standards for evaluating teach-out plans, and there is no single national standard for compliance. The general aim of any teach-out plan, however, is to provide a way for affected students to complete their course of study at another institution, to communicate with affected students about the possible closure, and to ensure students have access to their academic transcripts and other student records in the future.

In the chaotic atmosphere that may precede an institution's closure, the mere existence of a plan is unlikely to suffice. It is one thing to have a document that contemplates steps that *may be* taken in the event of a closure, but it is entirely different, and better, to have signed agreements with other entities about the steps that *will be* taken. For this reason, wherever possible, accreditors should require signed teach-out agreements as part of their teach-out plan process.

Teach-out agreements

Accreditors may require institutions to enter teach-out agreements with other schools as part of the HEA-required teach-out plan process. A teach-out agreement is a written agreement between institutions that provides for the equitable treatment of students and a reasonable opportunity for

students to complete their program of study if an institution, or an institutional location that provides one hundred percent of at least one program offered, ceases to operate before all enrolled students have completed their program of study.⁴⁵ Because a teach-out agreement is signed by the institutions that are party to it, it functions as a contract and is a far more binding course of action than a teach-out plan.

This chart lays out questions that accrediting agencies can ask in the course of evaluating the suitability of an institution's teach-out agreement, both for basic compliance with federal law and regulation, as well as for its overall quality in terms of protecting student interests.

Evaluating Teach-Out Agreements BASELINE QUESTIONS

Does the agreement meet the standards specified in federal regulation?

- ▶ Does the agreement provide for the equitable treatment of students if the institution, or an institutional location that provides 100 percent of at least one program, ceases to operate before all students have completed their program of study?⁴⁶
- ▶ Does the agreement send students to accredited institutions that have the necessary experience, resources, and support services to:⁴⁷
 - Provide an educational program that is of acceptable quality and reasonably similar in content, structure, and scheduling to that provided by the institution that is ceasing operations either entirely or at one of its locations; and
 - Remain stable, carry out its mission, and meet all obligations to existing students?
- ▶ Can the teach-out institution provide students access to the program and services without requiring them to move or travel substantial distances? Will it provide students with information about additional charges, if any?

Identifying superior teach-out agreements

- ▶ Does the agreement give students a comprehensive disclosure of their closed school discharge options, as well as teach-out options?
- ▶ Does the agreement include a refund of students' tuition and fees for services that were not provided?
- ▶ Does the agreement establish extended, no-cost access to students' academic transcripts and other records?
- ▶ Does the agreement include articulation plans providing for the complete, or near-complete, transfer of credits to the institution where a student is expected to complete his or her course of study?
- ▶ Does the agreement ensure that students can pay the same or lower tuition for the additional credits they need at their transferring institution? This could be accomplished in a variety of ways, but students should not be forced to attend a more expensive institution just because their original school has closed.
- ▶ Does the agreement send teach-out students to institutions that are themselves in good financial standing? If a teach-out institution is at risk of failing, students may be doubly disrupted.

Proposal 2: Ensure transcript availability

For institutions that cease operations entirely, systems must be established to ensure that students maintain access to transcripts and other educational records. In the chaos of a haphazard or sudden closure, the danger is compounded by the possibility that students may even receive incorrect transcripts on plain paper, with no opportunity to fix errors with a defunct registrar. That is precisely what happened to many former Dream Center students, according to press reports.⁴⁸

While the negative consequences can be dire, preventing this outcome is not difficult - there are a variety of options that accreditors could push, and the ideal options will likely vary by state and/or institution. For instance, one

component of a teach-out agreement with another institution could be arranging for the transfer of academic records, with a predetermined payment to cover administrative costs and ensure continued availability.

There are other potential solutions to explore. The Texas Higher Education Coordinating Board ("THECB") maintains records for some closed schools that it had previously authorized.⁴⁹ That is a promising approach, but there are pitfalls. The THECB website lists only two closed schools for which it maintains records, while many more schools have closed in Texas in recent years.⁵⁰ Additionally, a different body, the Texas Workforce Commission, authorizes most vocational schools in the state and does not currently have a similar transcript depository function.⁵¹ Thus, students have different protections depending on which state body authorized their school. Additionally, the THECB only maintains records for closed schools, and in the case of a sudden closure the essential records may still be lost in the chaos. To the extent that state agencies are involved, prudence suggests that institutions share records on an ongoing basis.

Another possible future model is found in the Digital Credentials project, an initiative of nine universities working "to design an infrastructure for digital verifiable credentials of academic achievement."⁵² That initiative, which includes Harvard, MIT, UC Berkeley and UC Irvine, aims to create a standard credentials platform that all educational institutions could use. Technology in this area is moving quickly: in 2018, Central New Mexico Community College began offering blockchain-based diplomas to all of its students.⁵³ In Virginia, the for-profit school ECPI has followed suit, reportedly uploading over 1,000 diplomas to a blockchain service.⁵⁴

Taking a more conventional, but promising, approach, the Education Corporation of America contracted with the online digital credential service Parchment so that former ECA students can order transcripts and diplomas through a web portal.⁵⁵ It is unclear how long the records will remain available via that system, but it appears to be far better than the outcome in the Dream Center closing, for instance. Accreditors can require that such third-party systems be pre-funded - so that institutions are not forced to find additional funding at a time when lack of funding may well be the tipping point to cause the closure.

The types of records that need to be protected may vary by institution or course of study. For instance, students completing a program with a clinical component may need access to evaluations or records maintained by outside parties such as a treatment facility, so record preservation decisions by an accreditor should be made on a case-by-case basis.

Proposal 3: Provide advance warning

The amount of advance warning possible will vary by school and circumstance, but from a student protection perspective, accreditors should push for as much transparency as possible. Hampshire College's ongoing debate over closure represents one extreme, where students have had years to evaluate their options and get their affairs in order.⁵⁶ On the other extreme are closures such as that of Vatterott Colleges, where students and faculty were informed that the school was closing immediately, and had mere hours to retrieve their belongings.⁵⁷ Even in the case of Vatterott, however, while the actual closure announcement was extremely fast, the warning lights had been flashing for years. Since at least 2016 its campuses had been subject to a series of escalating measures by its accreditor, the Accrediting Commission of Career Schools and Colleges ("ACCSC") and were placed on probation seven months prior to the closure.⁵⁸

Recognizing that warnings of closure can become a self-fulfilling prophecy, students still deserve to have as much advance notice as possible. Accreditors should make sure that, when they subject schools to heightened measures to mitigate potential harm from a closure, they are transparent with students about the risks that may be forthcoming. Accreditors must remember that a student on the verge of completion may assess risk differently than a student who is signing an enrollment agreement for the first time.

Because there are so many potential ways for an institution to fail, there is likely no single standard that will anticipate all medium-term closures without either a great deal of administrative burden or many false positives. However, it is a worthwhile topic for further exploration, and individual accrediting agencies likely already have some insights on which schools in their portfolio are at some heightened risk.

Accreditors can and should be more transparent with other members of the triad, as well. Any member of the triad may be the one to initially discover troubling information about

a school's finances or other circumstances. Sharing that information wisely may help forestall some of the worst-case scenarios related to sudden, unforeseen closures.

Proposal 4: Monitor Policies and Practices Regarding Closed School Discharge

Under current regulations, student loan borrowers are eligible for closed school discharges if they submit a sworn statement to the Department that they: (1) received federal student loans to attend a school; (2) did not complete their program of study before the school closed, or withdrew from their program of study within 120 days before the school closed; and (3) did not complete their program of study at another school through a teach-out agreement or by transferring some or all of their credits there.⁵⁹ The Secretary of Education may extend the 120-day window if exceptional circumstances exist,⁶⁰ but extensions are rare. This eligibility applies regardless of whether the closure is of the institution writ large, or at a branch campus that is attended by the impacted student.⁶¹

Accreditors must commit to ensuring that students are truly protected by these regulations—and we note two loopholes that have led students to not receive discharges.

First, the Department's regulations emphasize the date of institutional or campus closure. The regulations define this as "the date that the school ceases to provide educational instruction in all programs."⁶² Once instruction has ceased, the closing school becomes liable for any closed school discharges later granted by the Department.⁶³

Because current regulations tie student loan borrowers' eligibility for debt relief to the school's official closure date, closing schools can game the system, effectively limiting their liability for closed school discharges. Consider what happened at the Charlotte School of Law ("CSL"). On December 19 2016, the Department cut off CSL's access to Title IV, HEA funds.⁶⁴ Because CSL sent "multiple signals" to its students about whether it would reopen for the spring semester in the aftermath of the Department's decision, a large majority of CSL's student body took steps to withdraw by early February 2017.⁶⁵ CSL did not officially close, however, until August 10, 2017—well beyond 120 days from the end of CSL's add/drop period on February 3, 2017.⁶⁶

Simply by remaining open, then, CSL limited its liability for closed school discharges to only those students who had not yet graduated with their law degree, who had not yet transferred to another law school, or who had not withdrawn from further studies at the school until after finishing the spring semester. The Secretary ultimately extended the window for closed school discharge eligibility back to December 31, 2016. Still, students who had withdrawn prior to that date—but after the December 19 announcement cutting off Title IV, HEA funds to CSL—were effectively barred from receiving closed school discharges because the school continued to offer spring classes.

Accrediting agencies can and should take steps to limit a closing school's ability to continue to provide accredited instruction, unless an institution is willing to guarantee that all students will get the benefit of a closed school discharge, even if the institution itself is responsible for effectuating and paying for the discharge.

Second, accrediting agencies must ensure that institutional policies regarding leaves of absence protect students in the event of closure. Under the Department's policies, students remain eligible for closed school discharge if they were not enrolled in courses, but were on an approved leave of absence on the date that the school closed.⁶⁷ But an "approved leave of absence" is a term of art defined in the Department's regulations regarding institutional refund policies. For those purposes, an approved leave of absence must be made pursuant to a "formal policy regarding leaves of absence," the student must have followed that policy, the institution must determine that there is a "reasonable expectation"

that the student will return, the request must be made (and approved) in writing, and it must not exceed 180 days.⁶⁸

Irrespective of the merits of this regulation and any resultant incentives, the reality is that students need to be protected. Student Defense is aware of numerous students who attended now-closed institutions of higher education and who believed that they were on leaves of absences at the time of closure. These beliefs were reasonable—as they were informed by communications from the institution prior to closure. But nevertheless, because the leaves of absence were apparently not effectuated through the institution's "formal policy,"⁶⁹ the students were rendered ineligible for closed school loan discharge by the Department of Education.⁷⁰

Thus, we recommend that accrediting agencies work closely with institutions to ensure that leave of absence policies sufficiently maximize student interests both with respect to refund policies and the status of leaves of absence at the time of closure.

Conclusion

The trends driving recent school closures do not appear to be going away, and accreditors have a responsibility to prepare for future failures. Working in concert with state and federal regulators, there is a real opportunity to help affected students navigate these disruptions with less harm to their finances and academic future. A top priority for any accreditor contemplating the closure of a school is to ensure that signed teach-out agreements are in place well before the doors are closed for good.

Endnotes

- 1 Michael Vasquez & Dan Bauman, How America's College Closure Crisis Leaves Families Devasted: When Colleges Shut Down, People Get Hurt, *The Chronicle of Higher Education* (Apr. 4, 2019), <https://www.chronicle.com/interactives/20190404-ForProfit>.
- 2 Id.
- 3 Federal Student Aid, 2017-2018 Grant and Loan Volume by School Type, available at <https://studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/SummarybySchoolType.xls> (last visited: July 11, 2019).
- 4 Id.
- 5 See generally Luis Armona et al., How Does For-Profit College Attendance Affect Student Loans, Defaults and Labor Market Outcomes? (Nat'l Bureau of Econ. Research, Working Paper No. 25042, 2018), <https://www.nber.org/papers/w25042>.
- 6 Scott Jaschik, Are Prospective Students About to Disappear?, *Inside Higher Ed* (January 8, 2018), <https://www.insidehighered.com/admissions/article/2018/01/08/new-book-argues-most-colleges-are-about-face-significant-decline>
- 7 Id.
- 8 Laura Krantz, Mount Ida College to close; UMass to acquire Newton campus, *Boston Globe*, (April 6, 2018), <https://www3.bostonglobe.com/metro/2018/04/06/ida-college-close-umass-acquire-newton-campus/18ts5Fh25yneOKBPGRyu4M/story.html>
- 9 Fred Thys, Mount Ida's Troubles Began When It Lost Half of the Entering Class of 2012, *WBUR* (May 17, 2018), <https://www.wbur.org/edify/2018/05/16/mount-ida-senate-hearing>.
- 10 Id.
- 11 Id.
- 12 Former Students Sue Mt. Ida College Over Abrupt Closing, *Lowell Sun* (Nov. 27, 2018), http://www.lowellsun.com/breakingnews/ci_32295203/former-students-sue-mt-ida-college-over-abrupt.
- 13 Id.
- 14 Shira Schoenberg, Judge Dismisses Lawsuit Brought by Former Mount Ida Students Over College's Sudden Closure, *MassLive* (May 28, 2019), <https://www.masslive.com/news/2019/05/judge-dismisses-lawsuit-brought-by-former-mount-ida-students-over-colleges-sudden-closure.html>. Perhaps more troublingly, the court also declared that the institution was not engaged in trade or commerce for purposes of Massachusetts' statutory consumer protection laws, Chapter 93A § 9.
- 15 Press Release, University of Massachusetts Dartmouth, Mount Ida Reaches Agreement with UMASS Regarding Educational Continuity for Students (Apr. 6, 2018), <https://www.umassd.edu/news/2018/umassd-and-mount-ida.html>.
- 16 Mount Ida College Closing A Wake-Up Call, *Daily Hampshire Gazette* (Mar. 29, 2018), <https://www.gazettenet.com/Editorial-More-state-oversight-needed-of-colleges-potential-closings-mergers-or-acquisitions-17816848>.
- 17 Fred Thys, Massachusetts Board Of Higher Education Considers Identifying Failing Colleges, *WBUR* (January 22, 2019), <https://www.wbur.org/edify/2019/01/22/massachusetts-board-of-higher-education-considers-identifying-failing-colleges>
- 18 Ashley A. Smith, New Nonprofit Owner for EDMC, *Inside Higher Ed* (Mar. 6, 2017), <https://www.insidehighered.com/news/2017/03/06/large-profit-chain-edmc-be-bought-dream-center-missionary-group>.
- 19 Id.
- 20 Daniel Moore, Deal under scrutiny as Art Institutes face accreditation setbacks, *Pittsburgh Post-Gazette* (June 19, 2019), <https://www.post-gazette.com/business/career-workplace/2018/06/19/Deal-under-scrutiny-Art-Institutes-accreditation-setbacks-dream-center/stories/201806140022>
- 21 Ashley A. Smith, Nonprofit Dream Center Institutions Placed in Receivership, *Inside Higher Ed* (Jan. 21, 2019), <https://www.insidehighered.com/news/2019/01/21/nonprofit-dream-center-institutions-placed-receivership>.
- 22 Id.
- 23 Stacy Cowley and Erica Green, A Chain of Schools Is Cut Off From Student Loans, Leaving Thousands in Limbo, *The New York Times*, (Feb. 27, 2019), <https://www.nytimes.com/2019/02/27/business/argosy-university-education-department.html>
- 24 Letter from Michael J Frola, Director of Multi-Regional and Foreign Schools Participation Division, Federal Student Aid, to Mark Dottore, Receiver, Dream Center Education Holdings, and Randall K. Barton, Chairman of the Board, Dream Center Education Holdings (Feb. 27, 2019), available at <https://studentaid.ed.gov/sa/sites/default/files/argosy-cio-denial-redacted.pdf>.
- 25 Ben Unglesbee, Timeline: How Dream Center's higher ed bid went off the rails, *Education Dive* (Mar. 19, 2019), <https://www.educationdive.com/news/timeline-how-dream-centers-higher-ed-bid-went-off-the-rails/550339/>
- 26 Asia Fields & Scott Greenstone, 'I Was Scammed': Art Institute of Seattle Will Close Abruptly Friday, Two Weeks Before End of Quarter, *Seattle Times* (Mar. 12, 2019), <https://www.seattletimes.com/seattle-news/i-was-scammed-art-institute-of-seattle-will-close-abruptly-friday-two-weeks-before-end-of-quarter/>.
- 27 Press Release, American Psychological Association, APA Affirms Plans to Support Transition of Psychology Doctoral Students Affected by Argosy University to Accredited Programs in Receiving Institutions (Mar. 10, 2019), <https://www.apa.org/news/press/releases/2019/03/argosy-closure>
- 28 Press Release, PR Newswire, Academy of Art University Launches Teach-Out Agreement for Arts Institute Students (Mar. 15, 2019), <https://www.prnewswire.com/news-releases/academy-of-art-university-launches-teach-out-agreement-for-art-institute-students-300813310.html>.
- 29 Vanessa Romo, For-Profit College Chain, Education Corporation of America, Announces Shutdown, *NPR News* (Dec. 6, 2018), <https://www.npr.org/2018/12/06/674343283/for-profit-college-chain-education-corporation-of-america-announces-shut-down>
- 30 Id.
- 31 Andrew Kreighbaum, Collapse of For-Profit Chain Long in the Making, *Inside Higher Ed* (Dec. 6, 2018), <https://www.insidehighered.com/news/2018/12/06/closure-education-corporation-america-raises-questions-about-oversight-and-support>
- 32 Complaint for Declaratory and Injunctive Relief and Appointment of Receiver at 9, *Education Corporation of America v. U.S. Dep't of Educ. No. 2:18-cv-01698-AKK (N.D. Ala. 2018)*, available at <https://assets.documentcloud.org/documents/5008265/Education-Corporation-of-America-Lawsuit.pdf>.
- 33 Andrew Kreighbaum, Collapse of For-Profit Chain Long in the Making, *Inside Higher Ed* (Dec. 6, 2018), <https://www.insidehighered.com/news/2018/12/06/closure-education-corporation-america-raises-questions-about-oversight-and-support>
- 34 Richard Ruleas & Rachel Leingang, Why a Polling Station at a Chandler Golf School Was Closed on Election Day," *AZ Central* (Nov. 6, 2018), <https://www.azcentral.com/story/news/politics/elections/2018/11/06/chandler-polling-site-closed-after-golf-academy-america-foreclosure/1808917002/>.
- 35 Ashley A. Smith, Few Options for Argosy Graduate Students, *Inside Higher Ed* (Mar. 22, 2019), <https://www.insidehighered.com/news/2019/03/22/graduate-and-professional-students-now-closed-argosy-university-campuses-struggle>
- 36 National Center for Education Statistics, Table 303.40: Total Fall Enrollment in Degree-Granting Postsecondary Institutions, By Attendance, Status, Sex, and Age: Selected Years, 1970 through 2027, available at: https://nces.ed.gov/programs/digest/d17/tables/dt17_303.40.asp.
- 37 WASC Senior College and University Commission, For-Profit Assessment Framework (last updated May 23, 2018), available at <https://www.wscuc.org/content/profit-assessment-framework>.
- 38 Massachusetts Dep't of Higher Ed., Request for Board Action No. BHE 19-04: Receipt of Report Issued by the Transitions in Higher Education: Safeguarding the Interests of Students (Thesis) Working Group and Charge to the Commissioner to Develop Implementation Recommendations (Jan. 22, 2019), available at https://www.mass.edu/bhe/lib/documents/BHE/03_BHE%2019-04%20THESIS.pdf.

- 39 Fed. Student Aid, Financial Responsibility Composite Scores, <https://studentaid.ed.gov/sa/about/data-center/school/composite-scores> (last visited July 11, 2019).
- 40 Ben Unglesbee, Sudden death: Can the most damaging kind of for-profit closure be prevented?, *Education Dive* (Apr. 24, 2019), <https://www.educationdive.com/news/sudden-death-can-the-most-damaging-kind-of-for-profit-closure-be-prevented/553299/>
- 41 *Id.*
- 42 34 C.F.R. § 668.14(b)(31) (2019).
- 43 34 C.F.R. § 602.24(c)(4).
- 44 34 C.F.R. § 602.24(c).
- 45 34 C.F.R. § 602.3.
- 46 34 C.F.R. § 600.2.
- 47 34 C.F.R. § 602.24.
- 48 Michael Vasquez, 'They're Not Even Making Sure They're Correct': Botched Transcripts Add Insult to Injury for Students Abandoned by Dream Center Closures, *The Chronicle of Higher Education* (Apr. 24, 2019), <https://www.chronicle.com/article/They-re-Not-Even-Making/246173>.
- 49 Texas Higher Educ. Coordinating Bd., Student Academic Records Maintained by the Texas Higher Ed. Coordinating Bd., <http://www.thecb.state.tx.us/index.cfm?objectid=4116E7F0-20C0-11E8-BC500050560100A9> (last viewed July 11, 2019).
- 50 *Id.*
- 51 Texas Workforce Commission, About Texas Workforce, <https://twc.texas.gov/about-texas-workforce> (last viewed July 11, 2019)
- 52 Digital Credentials, <https://digitalcredentials.mit.edu/> (last visited July 11, 2019).
- 53 Hallie Busta, Innovator of the Year: Central New Mexico Community College, *Education Dive* (Dec. 3, 2018), <https://www.educationdive.com/news/innovator-of-the-year-central-new-mexico-community-college/542143/>.
- 54 Jacob Demmitt, Blockchain Diplomas Land in Virginia at ECPI, *The Roanoke Times* (Nov. 11, 2018), https://www.roanoke.com/news/education/higher_education/blockchain-diplomas-land-in-virginia-at-ecpi/article_211a7a4d-3bd8-5157-8445-5ee1052ff2d4.html.
- 55 Parchment, Order Education Corporation of America Student Records, <https://www.parchment.com/education-corporation-america/> (last viewed July 11, 2019).
- 56 Nick Anderson, 'It's Precarious': Can Hampshire College's Experiment in Higher Education Survive?, *The Washington Post* (Apr. 19, 2019), https://www.washingtonpost.com/local/education/its-precarious-can-hampshire-colleges-experiment-in-higher-education-survive/2019/04/19/05f660bc-50b5-11e9-88a1-ed346f0ec94f_story.html.
- 57 Celeste Bott, Vatterott Immediately Closes All Campuses, *St. Louis Post-Dispatch* (Dec. 18, 2018), https://www.stltoday.com/news/local/education/vatterott-immediately-closes-all-campuses/article_4c0ea18a-3feb-5e51-bc78-5d1e6f3d6831.html.
- 58 Letter from Michael S. McComis, Executive Director, Accrediting Commission of Career Schools and Colleges, to President of Vatterott Educational Centers, Inc. (Oct. 19, 2018), available at http://www.accsc.org/UploadedDocuments/2018/Probation-Letters/Vatterott-SAL-05-2018-SW-FRC_Redacted-10.pdf.
- 59 See 34 C.F.R. § 685.214(c)(1). Borrowers can also receive relief without an application "if the Secretary determines, based on information in the Secretary's possession, that the borrower qualifies." 34 C.F.R. § 685.214(c)(2).
- 60 34 C.F.R. § 685.214(c)(1)(i)(B).
- 61 34 C.F.R. § 685.214(a)(2)(ii)
- 62 34 C.F.R. § 685.214(a)(2)(i).
- 63 See 20 U.S.C. § 1087(c); see also 34 C.F.R. § 682.402(d). If a school or its parent company fails to pay that liability, there can be a corresponding impact on any other institutions owned, now or in the future, by that same owner or parent company. See, e.g., 34 C.F.R. § 668.1741(b)(1).
- 64 Press Release, U.S. Dep't of Ed., Charlotte School of Law Denied Continued Access to Federal Student Aid Dollars (Dec. 19, 2016), <https://www.ed.gov/news/press-releases/charlotte-school-law-denied-continued-access-federal-student-aid-dollars>.
- 65 Letter from Josh Stein, North Carolina Attorney General, to Betsy DeVos, Secretary of Education (Apr. 12, 2017), available at https://www.insidehighered.com/sites/default/server_files/files/2017_04_12%20Ltr%20to%20Betsy%20DeVos%20re%20CSL.PDF.
- 66 See Fed. Student Aid, Closed School Search Page (May 31, 2019), available at <https://www2.ed.gov/offices/OSFAP/PEPS/docs/closedschoolsearch.xlsx>; see also Letter from Josh Stein, North Carolina Attorney General, to Betsy DeVos, Secretary of Education *supra* note 65.
- 67 See 30 C.F.R. § 682.402(d)(3)(ii)(B). This policy is also reflected on the Department's Closed School Discharge Loan Application (OMB Form No. 1845-0058) available at: <https://ifap.ed.gov/dpcretters/attachments/GEN1418AttachLoanDischargeAppSchoolClosure.pdf>.
- 68 See 34 C.F.R. § 668.22(d) (defining "approved leave of absence").
- 69 34 C.F.R. § 668.22(d)(3)(iii).
- 70 Danielle Douglas-Gabriel, Cancer, an abrupt school closure and a bureaucratic nightmare, *Washington Post* (August 23, 2019) <https://www.washingtonpost.com/education/2019/08/23/cancer-an-abrupt-school-closure-bureaucratic-nightmare/>



National Student Legal Defense Network

1015 15th Street NW, Suite 600

Washington, D.C., 20005

202-734-7495

info@defendstudents.org