



July 29, 2021

sent via email: paul.gardner@independence.edu

Paul R. Gardner
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Mr. Gardner:

This is to follow up on our conversation earlier today where you confirmed that CEHE is closing all of its locations effective August 1, 2021. As discussed, the Department is requesting that you provide a copy of the exact communication that has been provided to students, and a description of how this information is being disseminated; as well as copies of future planned communications prior to their distribution for Department approval. In addition, the Department is requesting copies of the scripts being provided to staff to assist them with communications to students regarding their options.

As mentioned on the call, the information that we have received from students suggests that CEHE is not providing students complete information regarding all of the options available to them when an institution closes. As you are aware, when an institution closes, students who are attending the institution at the time of closure, and students who withdrew within a set time period prior to the closure, are eligible for a closed school loan discharge. 34 C.F.R. 685.214. As you are also aware, students are not obligated to take a teach-out offered by an institution, and may choose instead to have their loans discharged. Students must be provided the accurate information regarding their options, which includes the ability to have their loans discharged. To the extent CEHE has provided incomplete information to students about their options, CEHE must update and correct those communications immediately, and must first submit the revised communication to the Department for approval.

The Department has also learned that students are being pressured to agree to transfer to South University and Miami International University of Art and Design based on the agreement entered into between CEHE and those entities. Although the Department does not approve teach-out agreements, we did review this unusual arrangement which is not a typical teach-out agreement for anticipated school closures. The Department has concerns about the terms of the arrangement which make it appear that the students will only have the choice of transferring to these institutions in order to continue their education. That is not an accurate representation of student options. Further, the Department has concerns with what appears to be a sale of student

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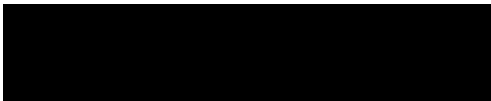
enrollments to the teach-out/transfer entities. This is certainly not the purpose of a teach-out arrangement. Furthermore, this arrangement, which could position CEHE to profit from student transfers, heightens our concern about students not being advised of all options available to them.

The Department has other serious concerns, including that the proposed transfer institutions may not currently offer all of the programs necessary to accommodate all of CEHE's students. The Department is also concerned that there may be privacy issues with student information being transferred without full disclosure and consent of the students. It is also our understanding that the accreditor and state licensing bodies have not approved the arrangement, which is required. Based on all of these factors, the Department does not believe that the arrangement, as currently written, is in the best interest of the students.

Within 24 hours, you must provide the Department, for its approval, a draft of an updated, accurate, and complete communication for impacted students. If you fail to do so, we reserve the right to take further action, including alerting state Attorneys General of potential unfair, deceptive, and abusive acts and practices.

The Department appreciates the full cooperation of CEHE to ensure that students have complete and accurate information, and to assist them in completing their education.

Sincerely,



Michael Frola
Division Director
Multi-Regional and Foreign School Participation Division

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