

January 3, 2019

The Honorable Elizabeth Warren
317 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Elijah E. Cummings
2163 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Suzanne Bonamici
439 Cannon House Office Building
Washington, D.C. 20515

Dear Senator Warren and Representatives Cummings and Bonamici:

As you continue your research into the recent abrupt closing of the Education Corporation of America schools, we write to offer you our interest and cooperation in this important issue. As the national association representing our nation's postsecondary career colleges and universities, we continue to plead with policy makers (both the Department and the Congress) to help us, help students impacted by these closures.

Of all the issues facing higher education, we continue to believe that abrupt school closures is an issue requiring immediate attention on both the legislative and regulatory fronts. The most recent publication of schools on HCM1 or HCM2 by the Department (As of December 1, 2018), listed 526 schools. During December, at least 36 such schools have closed – most of them associated with either ECA or Vatterott College. Of the remaining 490 schools listed, approximately half of the schools are either public or private-nonprofit; and the other half are proprietary schools. HCM2 appears to disproportionately impact proprietary institutions as evidenced by the fact 45 percent of proprietary institutions on HCM2 as of December 1 have since closed while 0 percent of public and non-profit institutions have since closed.

Our sector continues to believe this remains one of the most significant policy issues in higher education today. We simply can, and must, revise the legal and regulatory policies impacting abrupt school closures in ways that prioritize keeping students in class towards a completion of their education. The current system does not allow other schools to step in and continue the students' education. This must be changed!

In 2017, we submitted to the Education Leadership of the Congress a bold proposal to assess our schools a fee of \$5 per student/year to fund a new Office of Continuing Education within the Department of Education. While not a complete answer, this office of professionals trained in managing challenged schools would prioritize the continuation of the students' education.

Statutory and Regulatory Changes Needed:

Section 1002 of the U.S. code defining institutions of higher education currently prohibits a school filing for bankruptcy from continued participation in Title IV. While we never encourage bankruptcy reorganization, the Congressional intention in creating such provisions is to equip a business with the appropriate tools to re-organize in ways that enable such business to move towards profitable operations.

At a minimum, we should provide the Department of Education authority to provide continued access to Title IV financial aid, if necessary, to maintain the continued academic programs serving their students.

Today, in the case of ECA closures we know that many financially stable schools have sought to take over such school operations in ways that maintain staff and continue serving students. But the current federal regulations prevent this from happening!

For example, a new school operator is ineligible for participation in the Title IV programs at any location where the previous owner ceased operations. The only way we can currently continue educational services to the students without interruption is if a new owner/operator; a.) accepts all liability from the previous owner's participation in Title IV; b.) assumes all liabilities of the previous owner to current and former students. We believe it is appropriate for the Department to cease access to Title IV funds for any owner/institution that has ceased operations. However, we believe the Department of Education should be able to authorize continued operations at such site and immediate access to Title IV to continue the students' academic studies through a new owner approved by both the Department and the accreditor.

Quite simply, the current regulations prevent other institutions from immediately assuming the academic operations at a site closed or scheduled for closure. As you will determine in your review of the current closures, when a school abruptly closes the procedures prioritize the Department's and the accreditor's relationship with the closed school ownership. We need to create a process that ensures students' continued education!

For many reasons – not to be discussed here – there have been significant numbers of school closures in recent years. Such numbers should not misrepresent the reality that many high quality, financially stable schools exist today who are ready to step in and keep students in school, completing their academic and career programs.

We look forward to working with you, the entire Congress, and the Department to change both current statutes and regulations in ways that will prioritize the interests of students.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Gunderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steve Gunderson
President & CEO
Career Education Colleges & Universities