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REPLY TO:
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October 9, 2018

VIA ELECTRONIC AND US MAIL

The Honorable Diane Jones
Acting Assistant Secretary
Office of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Re: Dream Center – Request to Extend Closed School Discharge Eligibility Due To Exceptional Circumstances.

Dear Acting Assistant Secretary Jones:

On July 12, 2018, we wrote you with our concerns that the uniquely slow closure of all North Carolina schools owned by Dream Center Education Holdings, LLC (“Dream Center”) was threatening displaced students’ eligibility for loan relief. We believe our concerns were well-founded and again ask Secretary DeVos to take action to protect these students by extending them eligibility for closed school discharge relief.

Throughout the process, the lack of clarity for Dream Center students on the key issue of Closed School Discharge (“CSD”), 34 C.F.R. § 685.214, has been concerning. To remedy the confusion of the last few months and the novelty of the schools’ prolonged closure, we therefore ask that the Secretary simplify the situation for students by declaring any student enrolled at a North Carolina Dream Center school as of July 2, 2018 eligible for CSD.

Dream Center Announces Its Closure Sending Students Scrambling

On July 2nd, Dream Center announced that it would stop enrolling students. It was made immediately clear to North Carolina Dream Center students that their schools would be closing. But in the weeks following its July 2nd announcement, Dream Center was ambiguous about whether students would be eligible for CSD. While Dream Center waffled, hundreds of North

Carolina Dream Center students left school endangering their CSD eligibility. To be eligible for the full loan forgiveness provided under CSD, these students would need to be enrolled within 120 days of the school's closure. This was made complicated in Dream Center's case because it would not announce a firm closure date until months later. The hundreds of Dream Center students who made decisions about their future in the weeks following the announcement did so without this critical piece of information.

Only after we and other authorities expressed concern, did Dream Center provide students more information. But by this point, many students had already made their decisions. When Dream Center finally did give CSD information to students, it did so in an inadequate way.

Dream Center's communications with students prominently featured the internal teach out options it offered. However, the CSD option – which could result in sizeable liability for Dream Center to the Department – was referenced separate from the other options and not fully explained. Most importantly, these initial communications did not warn students how their immediate actions could affect their CSD eligibility.

Closed School Discharge Should be Available to Students Enrolled on July 2nd

This is a case where the rote application of CSD's 120-day eligibility period would hurt Dream Center's students, through no fault of their own. We therefore ask the Secretary to exercise her discretion under Section 685.214(c)(1)(i)(B) to extend the CSD eligibility period to include any student enrolled as of July 2, 2018. We think this only fair. Dream Center has keyed the availability of the other options presented to students to a similar date. Dream Center was given the option of joining in this request, but they declined.

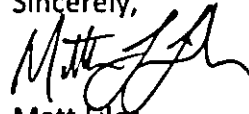
Based on information from Dream Center, 40 percent of North Carolina students would have to move to a campus in another state to complete their degrees with a Dream Center school. This would force around 245 students to move between three and twelve hours away to finish their education. In situations like this, some students will inevitably prefer to accept CSD and begin their education anew.

Pursuant to 34 C.F.R. § 685.214(c)(1)(i)(B), a student at the Art Institutes would have to have remained enrolled for several months following the July 2nd announcement to be eligible for CSD. South University-High Point students would have to stay enrolled at a dying school for almost 15 months until September 2019 to be eligible for CSD, unless the Secretary exercises her discretion to extend the eligibility period. *Id.* Time is valuable to students. A student should not have to remain enrolled in a school that they know will fail for over a year just to get CSD and move on with their education.

Our request to extend the CSD eligibility period is informed by the Charlotte School of Law case where the Secretary expanded eligibility in a similar situation. With Charlotte School of Law the Secretary extended eligibility after recognizing that the school's slow demise had forced many students to leave outside of the eligibility period. Students of Dream Center likewise are entitled to an expansion of eligibility for closed school discharge relief. Dream Center created a slow demise situation where it announced it was going to close at some undefined point well into the future. The exact closure dates were not even confirmed until months later. This announcement understandably ran many students away immediately, much the way losing eligibility to Title IV funds did Charlotte School of Law students. These students should not be penalized for taking swift deliberate action for their futures.

We would welcome the opportunity to explain in more detail why this situation presents the type of exceptional circumstances that warrant extending the CSD eligibility period.

Sincerely,



Matt Liles

Assistant Attorney General

cc: Josh Stein, Attorney General of North Carolina (*via e-mail*)
Swain Wood, General Counsel, North Carolina Department of Justice (*via e-mail*)
Daniel Harrison, Associate Vice President for Academic Planning and State
Authorization, University of North Carolina General Administration (*via e-mail*)
Dr. Kevin Sightler, Director of Substantive Change, Southern Association of Colleges and
Schools Commission on Schools (*via email*)
Thomas J. Perrelli, Jenner & Block, Settlement Administrator, *State v. Ed. Mgmt. Corp. et al.*, Case No. 15-CV-015426 (Wake Sup. Ct., filed Nov. 16, 2015) (*via email*)
Sen. Richard Burr, U.S. Congress
Sen. Thom Tillis, U.S. Congress
Rep. Alma Adams, U.S. Congress
Rep. Ted Budd, U.S. Congress
Rep. G.K. Butterfield, U.S. Congress
Rep. David Price, U.S. Congress
Rep. Virginia Foxx, Chairwoman, House Committee on Education and Workforce
Sen. Lamar Alexander, Chairman, Senate Committee on Health, Education, Labor, & Pensions
Sen. Patti Murray, Ranking Member, Senate Committee on Health, Education, Labor, & Pensions