



Understanding the Education Department's Involvement in the Collapse of Dream Center Education Holdings

On July 16, Committee on Education and Labor Chairman Bobby Scott sent a [letter](#) to Department of Education Secretary Betsy DeVos expressing deep concern over the Department's role in the abrupt closure of Dream Center Education Holdings—a recently defunct, for-profit higher education company.

The letter was supported by nearly 80 pages of documents obtained by the Committee, which include communications between Dream Center executives that appear to directly contradict information provided to Congress. The documents also raise further questions about whether the Department gave special treatment to a failing for-profit school.

Four Key Questions Raised by the Letter

When did the Department of Education know that two Dream Center schools had lost accreditation status?

The Department Says...

The Department told Congress that July 10, 2018, was the first time that Principal Deputy Undersecretary Diane Auer Jones learned that two Dream Center schools – the Art Institute of Colorado and the Illinois Institute of Art – were no longer accredited and were no longer eligible for taxpayer funds.¹

Documents Reveal...

There were at least four different instances prior to July 10, 2018, in which senior Department officials were made aware that these schools were losing accreditation. These include two specific instances in which Dream Center executives report speaking with Undersecretary Jones herself about its accreditation status.

1. **November 16, 2017** – College accreditor Higher Learning Commission warns in a letter that it will revoke accreditation status from the Art Institute of Colorado and the Illinois Institute of Art if Dream Center purchases the schools. Two senior Department officials are copied on the letter.
2. **January 12, 2018** – Following Dream Center's purchase of the schools, college accreditor Higher Learning Commission releases a public notice that it is revoking accreditation from the two schools as of January 20, 2018.
3. **July 3, 2018** – In an internal email, a Dream Center executive documents a conversation with the Department, specifically naming Undersecretary Jones. The executive reports that the Department is working to help Dream Center solve its challenges regarding accreditation.
4. **July 11, 2018** – In a presentation to 50 faculty and staff at a Dream Center campus, a different Dream Center executive recounts a different conversation with Undersecretary Jones, which took place July 5, 2018, and says the Department has "been working with us really well. They have been unbelievably cooperative."

¹ Responses to Questions for the Record submitted by Sen. Dick Durbin (Exhibit 14, Page 55),

Did the Department provide false information to Congress regarding its communications with Dream Center?

The Department Says...

The Department told Congress that there were only two meetings between Department personnel and Dream Center representatives regarding impending closures of many of its campuses.²

Documents Reveal...

Two different Dream Center executives report separate conversations with Undersecretary Jones – one on July 3³, the other on July 5 – in which Undersecretary Jones reportedly promises the Department’s support in achieving “retroactive accreditation.”⁴

Rather than pushing Dream Center to notify students of its loss of accreditation, did the Department change its policy to help Dream Center get “retroactive accreditation?”

The Department Says...

In testimony to Congress, Undersecretary Jones stated that the Department’s shift in policy to allow retroactive accreditation had nothing to do with the Dream Center.⁵

Documents Reveal...

In a meeting with 50 faculty and staff at a Dream Center campus, a Dream Center executive says: “We have met with the [Department of Education] ...the [Department of Education] is working with HLC (the college accreditor) to get this accreditation issue gone. They went so far as to change a regulation at DoE to make it easy for HLC to help us.” The executive also said that if Dream Center schools regained accreditation, it would be retroactive because “the [Department of Education changed their regulation over here to open the door to letting it happen.”⁶

Why did the Department of Education continue providing taxpayer funding to Dream Center schools from January 2018 to July 2018, when they were no longer accredited institutions eligible for taxpayer money?

The Department Says...

The Department told Congress that it believed Dream Center schools remained in accredited status throughout that time period.⁷

Documents Reveal...

On January 12, 2018, Dream Center’s accreditor provided a public notice that it was stripping accreditation of two Dream Center schools as of January 20, 2018.⁸ Starting that day, the schools should have been shut off from taxpayer money, but Dream Center received roughly \$10 million in taxpayer money between January 2018 and June 2018.

² Responses to letter submitted by Sen. Dick Durbin, signed by Assistant Secretary Peter Oppenheim, responding on behalf of Principal Deputy Under Secretary Diane Auer Jones (Exhibit 15, page 63)

³ Email from Randall Barton to Ronald Holt (Exhibit 12, Page 51)

⁴ Leaked Recording of Meeting Between John Crowley and Dream Center Faculty and Staff, July 11, 2018.

⁵ Diane Auer Jones Statement to the Subcommittee on Economic and Consumer Policy, May 22, 2019.

⁶ Leaked Recording of Meeting Between John Crowley and Dream Center Faculty and Staff, July 11, 2018.

⁷ Responses to Questions for the Record submitted by Sen. Dick Durbin (Exhibit 14, Page 55)

⁸ Public Disclosure Notice from the Higher Learning Commission (Exhibit 12, Page 18)

Timeline of Events

Fall 2017

Dream Center engaged with Education Management Corporation to purchase three chains of for-profit schools – Art Institutes, Argosy and South University. **Dream Center requested pre-approval of the sale from the Department** and accreditors.

November 16, 2017

Higher Learning Commission (HLC), one of Dream Center’s accreditors, notified Dream Center that if it purchased the schools, **HLC would revoke accreditation for the Art Institute of Colorado (AIC) and the Illinois Institute of Art (IIA)**. Department of Education officials were included in this notification. Dream Center proceeded with the purchase.

January 12, 2018

HLC sent a **public disclosure** notice requiring Dream Center to inform students of these institutions’ loss of accreditation by January 20, 2018. Department of Education officials were included in this notification. **Dream Center did not meet this deadline.**

June 6, 2018

Disturbed by Dream Center’s deliberate misleading of students, a Dream Center official **resigns**.

June 20, 2018

Dream Center **finally notifies** students regarding AIC and IIA’s loss of accreditation.

July 3, 2018

A Dream Center executive sends an internal email stating **“we just got off the phone with DOE.”** The executive says that Undersecretary Jones will **support Dream Center’s bid for retroactive accreditation** for AIC and IIA.

July 5, 2018

A Dream Center executive has a **conversation with Undersecretary Jones**, and later recounts this conversation with the understanding that the **Department is working with accreditors to help Dream Center receive retroactive accreditation.**

July 10, 2018

The date Undersecretary Jones **claims to have first learned** about Dream Center's accreditation problems, despite July 3 and July 5 communications documented by Dream Center executives.

July 25, 2018

The Department **officially changes** its policies to allow for retroactive accreditation.

December 2018

The Art Institute of Colorado (AIC) and The Illinois Institute of Art (IIA) **close** operations.

May 22, 2019

A senior Department official **testifies before Congress** that the Department believed that Dream Center's schools maintained accreditation until their collapse, and that the Department first learned of Dream Center's accreditation problems on July 10, 2018. Additionally, the official testifies that guidance allowing for retroactive accreditation had **"nothing to do with Dream Center."**