



FACT SHEET

House Committee on Education and Labor
Chairman Robert C. "Bobby" Scott

DeVos Education Department Improperly Handed Out Nearly \$400 Million in Taxpayer Dollars to For-Profit College Executives

Education Department Watchdog General Confirms Findings of Committee Investigation

On June 30, 2021, the Education Department's Office of Inspector General (OIG) released a report confirming that Secretary Betsy DeVos's Education Department took extraordinary and improper actions to prop up a failing for-profit college chain at the expense of students and taxpayers. The report focuses on the actions of Under Secretary Diane Auer Jones, who was found to have exceeded her authority and wasted hundreds of millions of taxpayer dollars to benefit executives and owners at Dream Center Education Holdings.

In total, the OIG found that the Department wasted \$387 million in taxpayer money and directly attributed at least \$289 million of this waste to abuses of authority by Under Secretary Jones.

\$40 Million – Under Secretary Jones personally signed nine orders to release taxpayer dollars to fund Dream Center's operations.

\$12 Million – ED authorized \$12 million in improper student aid payments to unaccredited Dream Center schools in 2018

\$86 Million – Financially risky institutions must provide money as insurance (letter of credit) in case the institutions close so taxpayers aren't on the hook for closure costs. ED improperly reduced Dream Center's insurance requirement by \$86 million, which taxpayers ultimately had to pay when it closed.

\$42 Million – Dream Center sold some institutions to a newly formed company, Education Principle Foundation (EPF) with no education background. Under Secretary Jones abused her authority and **overruled career staff** to reduce the amount EPF had to provide as insurance from what ED regulations required by \$42 million.

\$207 Million – Under Secretary Jones abused her authority by improperly approving federal student aid funds to flow to EPF before taking basic steps like ensuring the schools were accredited, resulting in \$207 million in improper payments.

TOTAL: DeVos Education Department misspent at least \$387 million in taxpayer money.

Additional ED OIG Report Revelations

- As confirmed by the Committee, the Secretary’s advisory committee on accreditation, and now OIG, Dream Center’s accreditor informed Dream Center and ED that Dream Center was no longer accredited on January 20, 2018. ***Despite this, Dream Center executives knowingly misrepresented its accreditation status to students, and, instead of sanctioning Dream Center, Under Secretary Jones worked to obtain retroactive accreditation in violation of ED regulations and her own authority.***
- ED “took the unprecedented action” of retroactively approving Dream Center as a non-profit and, in doing so, **allowed millions more in taxpayer dollars to flow to the institution.**
- ED also broke with longstanding precedent by allowing Dream Center to redirect surety funds—which are designed to protect students—to instead pay for institutional operating expenses. Before Dream Center, ED had **never** allowed the use of surety funds to pay the operating expenses of closing schools. The ED OIG report concludes that “The unprecedented decision to allow Dream Center to use surety funds to pay the operating expenses of school locations it was closing left the Department less protected against liabilities resulting from the closures.”
- Closed school loan discharge liabilities from Dream Center and affiliates have already cost taxpayers \$128 million and ED estimates that closed school loan discharge liabilities from these schools may cost taxpayers at least \$500 million more.