

**Congress of the United States**  
**Washington, DC 20510**

July 29, 2019

The Honorable Betsy DeVos  
Secretary  
U.S. Department of Education  
400 Maryland Ave, SW  
Washington, DC 20202

Dear Secretary DeVos:

We write to urge the U.S. Department of Education (“Department”) to take immediate steps to assist the estimated 183 students affected by the planned August 14 closing of for-profit Midstate College in Peoria, Illinois.

**Closed School Discharge**

Under the Higher Education Act, student loan borrowers who are enrolled at the time of a school’s closure or who withdraw within 120 days of closure are entitled to have their federal student loan debt discharged. The Department must ensure that Midstate is complying with federal regulations to provide all enrolled students with a closed school discharge application and written disclosure describing the benefits and consequences of a closed school discharge as an alternative to completing their educational program through a teach-out agreement.<sup>1</sup> The Department should ensure that any information provided to students by the Higher Learning Commission (HLC) or the Illinois Board of Higher Education (IBHE) also provides students information about eligibility and applying for closed school discharges. In addition, the Department must directly provide affected Midstate students with this information—including the date for closed school eligibility—and closed school discharge applications pursuant to its responsibilities under 34 C.F.R. § 685.214(f).

**Transfer/Teach-out Options**

According to its website, Midstate is working to provide transfer options to students with their “education partners.”<sup>2</sup> The Department must ensure that students are provided transfer options that have been reviewed and approved by IBHE and do not include financially unstable or predatory for-profit or formerly for-profit colleges—especially those facing state or federal investigations or lawsuits, accreditation sanctions, or ongoing monitoring for financial

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<sup>1</sup> 34 C.F.R. § 688.14

<sup>2</sup> Midstate College homepage. <https://www.midstate.edu/>. Accessed 7.29.19.

responsibility. It would add insult to injury to allow Midstate students to be lured or pushed, with the Department's complicity, into the open arms of one of these institutions. Transfer institutions must also guarantee students that students' credits will be accepted and that students will not be charged additional tuition and fees. We urge the Department to ensure transfer options are within reasonable proximity to the closing institution and are not exclusively online institutions. The Department should ask IBHE to provide students with each transfer institution's completion, student debt, and earnings outcomes to help students easily evaluate transfer opportunities.

### **Financial Aid Transfer and Restoration**

If and when students choose to transfer, the Department must coordinate with Midstate and HLC to ensure that all student aid and institutional scholarships will seamlessly transfer over to new institutions. The Department must also notify students promptly of their ability to get Pell Grants restored.

### **Transcripts and Documents**

As Midstate shuts down its operations, it is critical that students still be able to access their own transcripts and records, free of charge, and receive corrections as necessary. We urge the Department to work immediately with the company, HLC, and IBHE to secure Midstate student documents and establish a permanent location for their safekeeping and student access. The Department must ensure that information it provides to Midstate information webpage and any information provided to students by Midstate, HLC, or IBHE provides students information about how to obtain their transcripts and records.

### **Student Complaints and Borrower Defense**

The Higher Education Act entitles borrowers whose schools defrauded them to complete federal student loan discharges under a provision known as borrower defense. The Department must ensure that any information it provides directly or provided to students by Midstate, HLC, or IBHE provides students with information about eligibility and applying for borrower defense discharges, in addition to information about closed school discharge.

Additionally, students deserve to be able to seek redress, directly from Midstate, in a court of law for any misconduct or abuse they may have experienced. Many for-profit colleges have required students to sign pre-dispute arbitration clauses as a condition of enrollment. The practice prevents students from bringing suit against the school for wrongdoing. As a condition of a school receiving Title IV funds, these mandatory arbitration provisions are invalid under federal law.<sup>3</sup> Therefore, if Midstate engaged in this practice, the Department must ensure that students are not improperly denied their legal rights and day in court to pursue any claims they may have against Midstate.

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<sup>3</sup> 34 CFR § 685.300 (2016).

We ask for a response no later than August 12. Thank you.

Sincerely,



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Richard J. Durbin  
United States Senator



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Tammy Duckworth  
United States Senator



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Cheri Bustos  
Member of Congress

cc: Ms. Meredith Bunch, President and CEO, Midstate College  
Mr. Nyle Robinson, Interim Executive Director, Illinois Board of Higher Education  
Dr. Barbara Gellman-Danley, President, Higher Learning Commission