

United States Senate

WASHINGTON, DC 20510-1304

July 19, 2024

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

Dear Secretary Cardona:

I urge the U.S. Department of Education (Department) to take immediate action to assist students in light of the American Academy of the Art's (Academy) and Northwestern College's (Northwestern) decisions to close abruptly this month.

On July 2, 2024, the Academy posted on its website that it was closing effective immediately. After 101 years of training artists in Chicago, the school cited declining enrollment as the reason for closure. A few days later, on July 6, 2024, Northwestern emailed students without any prior warning to inform them that, effective immediately, the school was closing after 122 years of operation in the Chicago suburbs. The school, which had various programs in high-demand medical fields, claimed that it closed due to financial difficulties. These precipitous closures have left approximately 100 Academy students and 500 Northwestern students with debt and no degree.

TEACH-OUT AGREEMENTS/TRANSFERS

Students must have quality options for completing their education elsewhere. The Department must work with the Academy and Northwestern; the Higher Learning Commission, the accreditor for both institutions; and the State of Illinois to immediately execute teach-out agreements that provide options reviewed and vetted by the state for students to continue their studies at high-quality programs at public or nonprofit institutions.

I particularly am concerned with reports that Northwestern College lied to students about their ability to transfer to other colleges. In Northwestern College's email to students, it outlined various colleges with "comparable academic programs" that "indicated they will accept [Northwestern College] students, provide credit for coursework completed on a satisfactory academic basis and will expediate the admission and enrollment process." However, news outlets have reported that all of the institutions of higher education that Northwestern College listed have not been contacted by Northwestern College, nor do they have plans for a transfer agreement. One school even set up a webpage to refute Northwestern College's claims.

The Department must ensure students can access valid teach-out and transfer agreements that ensure institutions are in good standing, not on heightened cash monitoring or other

restrictions, and not facing state or federal investigations or lawsuits so that students can complete their education. Further, the Department must ensure that teach-out and transfer institutions guarantee that students' credits will be accepted, will not charge students additional tuition and fees, include options for all colleges with similar programs within a reasonable proximity to the closing campus, and exclude exclusively online institutions.

CLOSED SCHOOL DISCHARGE

The Department must communicate with students to properly inform them of their closed school discharge options. Under federal law, student loan borrowers who are enrolled at the time of a school's closure or who withdraw within 180 days of closure are entitled to have their federal student loan debt discharged.¹ Federal regulations require that the Department mail a closed school discharge application and an explanation of the qualifications and procedures for obtaining a discharge to eligible borrowers.² The Department also must suspend any effort to collect on the student's affected loan. The Department should begin fulfilling this responsibility immediately, and it should make public all general information sent directly to students.

Further, according to the Department's website, a student automatically is eligible for closed school discharge one year after the school's closure if the school closes on or after July 1, 2023.³ Since the Academy and Northwestern fall within this timeframe, I urge the Department to discharge federal student loans for all borrowers who do not apply for closed school discharge or are not able to be reached by the Department.

I also urge you to use your authority, provided under the Department's "exceptional circumstances" regulation,⁴ to extend the closed school discharge eligibility period to any Academy student who withdrew during or after March 2017 and any Northwestern student who withdrew during or after June 2019.⁵ These are the dates when the Academy and Northwestern were first placed on Heightened Cash Monitoring (HCM), which can demonstrate that a school needs additional financial or federal compliance oversight. The Department should not penalize these students for taking the reasonable step of abandoning a sinking ship by denying them federal closed school discharge eligibility.

DISCLOSURES/WEBINARS

As it has done in the case of other closures, the Department must immediately create an information page for students and announce a series of Department-led webinars to publicly answer student questions—including providing information, through direct outreach to students, about options to continue their education at quality public and nonprofit institutions and information related to student aid funds owed to students. The Department should not rely on these failed schools to provide accurate information to students.

¹ 20 U.S.C. § 1087(c)(1)

² 34 C.F.R. § 685.214(g)

³ <https://studentaid.gov/manage-loans/forgiveness-cancellation/closed-school>

⁴ 34 C.F.R. § 685.214(c)(1)(i)(B)

⁵ <https://studentaid.gov/data-center/school/hcm>

The Department also must coordinate with other federal and state agencies to ensure students are fully aware of all options for the restoration of tuition payments or benefits. Students also should be informed of whether their state has a tuition recovery fund, and if so, how to apply.

Lastly, the Department must work with the U.S. Departments of Defense and Veterans Affairs to ensure accurate information is provided to Tuition Assistance and GI Bill beneficiaries regarding students' remaining benefits, including housing and their options to have their benefits restored for the current term.

TRANSCRIPTS/STUDENT RECORDS

In cases of precipitous closures or in which a school is under heavy financial and administrative distress, students often report difficulty securing their transcripts and student records. The Department must work to ensure that all students have access to their transcripts and personal records free of charge and that those materials are secured for future retrieval.

I appreciate your immediate attention to these concerns and look forward to your prompt reply.

Sincerely,



Richard J. Durbin
United States Senator

cc: The Honorable Lloyd Austin, Secretary, U.S. Department of Defense
The Honorable Denis McDonough, Secretary, U.S. Department of Veterans Affairs