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Education Dept. Warns College Operator Not to Mislead Students as Its Campuses Close

Dan Bauman

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As the controversial Center for Excellence in Higher Education prepares to close its remaining college locations, the company is pressuring students to transfer to institutions where it could be in a

position to profit, the Department of Education alleges in a [letter](#) sent Thursday to the nonprofit college operator.

The letter to Paul Gardner, chief executive officer of CEHE, as the company is known, claims that students of its four member institutions are being pushed toward South University and Miami International University of Art and Design “based on an agreement entered into between CEHE and those entities.” How the Education Department came to learn about those allegations is not detailed in the letter.

The department told CEHE it was concerned “about the terms of the arrangement which makes it appear that the students will only have the choice of transferring to these institutions in order to continue their education. That is not an accurate representation of student options.”

In a statement, Rich Cordray, chief operating officer of the Education Department’s federal student aid office, accused CEHE of shutting down its operations to avoid federal enforcement.

“Since April, the department has been conducting a review of CEHE. As a result, the department placed greater restrictions on CEHE’s receipt of federal aid for the last several months,” Cordray said. “The department has recently completed its review, and was preparing to issue its findings and take action on CEHE’s status. CEHE’s decision this week to close its schools appears to have been intended to circumvent the issuance of formal findings by the department.”

CEHE officials did not respond to a request for comment late Friday afternoon.

In the letter, a representative of the department said officials learned of the imminent closures after speaking with CEHE's leadership. California College San Diego, CollegeAmerica Phoenix, Independence University, and Stevens-Henager College will close Sunday, according to the letter. CEHE alerted Utah's Department of Workforce Services in July that the organization would lay off 311 workers.

The department sent an [email](#) to students at CEHE's member institutions with guidance on navigating the closures of those locations.

The closures follow sanctions levied against CEHE and its leadership this spring. In April, the department [suspended](#) Eric Juhlin, who was the center's chief executive and president, and its subsidiary institutions from participating in further transactions with the federal government, including those involving federal student aid funding. The department justified the suspension by citing a Colorado state court ruling that CollegeAmerica, a CEHE member institution, knowingly made "false and misleading representations about the potential wages and types of employment consumers could expect to obtain."

The department has also applied additional surveillance to CEHE

since the spring, when more restrictions were placed on the company's access to federal student aid funds.

CEHE's current troubles with federal regulators [mirror its challenges](#) under the Obama administration, when the center purchased for-profit colleges and then sought nonprofit recognition of those institutions from the Education Department. Skeptical of the continued lucrative financial ties between CEHE and Carl Barney, the former owner of the for-profit colleges, the department declined the change, which would have lowered regulatory scrutiny of the colleges. CEHE subsequently sued the Education Department, and in late 2018 the Trump administration signed off on recognition of CEHE's colleges and universities as not-for-profit institutions — though CEHE was required to put a stop to the various business transactions that the Obama Education Department had cried foul over.

South University and Miami International University of Art and Design — the colleges that CEHE is encouraging the displaced students to transfer to when its member institutions fold — were sold to their current owner, the Education Principle Foundation, in a deal the Education Department's inspector general said was [helped along](#) by political appointees of the Trump administration. The department did not follow federal procedure when the prospect of the sale arose, and it failed to complete its due diligence before approving the transaction, according to the inspector general.

Eric Kelderman contributed reporting.