

NCLC Advocates Commend Department of Education's Actions against ITT to Protect Students and Taxpayers

FOR IMMEDIATE RELEASE: AUGUST 26, 2016 || Contacts: Jan Kruse (jkruse@nclc.org) or Abby Shafroth (ashafroth@nclc.org); (617) 542-8010

(BOSTON) Yesterday, the U.S. Department of Education announced that it is taking actions against for-profit educational company ITT Educational Services, Inc. (ITT) to protect students and taxpayers following determinations by the Accrediting Council for Independent Colleges and Schools (ACICS) that ITT "is not in compliance, and is unlikely to become in compliance, with [ACICS] Accreditation Criteria."

The actions announced include banning ITT from enrolling new students using federal financial aid, requiring disclosures to current students, prohibiting certain bonuses and payments by ITT, requiring an increase in the school's surety to the Department to cover costs to students and the government if the school closes, and requiring ITT to develop teach-out agreements to provide students with opportunities to complete their studies should the school close.

"We applaud the Department of Education for taking real action to prevent ITT from recruiting more students to take on federal student loan debt to an institution that was found by its accreditor not to fully satisfy standards in critical areas such as admissions and recruitment, student retention and job placement, and institutional integrity," said Abby Shafroth, a staff attorney for the National Consumer Law Center's Student Loan Borrower Assistance Project. "We are also concerned about current and former ITT students. We encourage the Department to investigate fully ITT's recruitment and enrollment practices and to ensure that current and former students who have been harmed by any misconduct get relief through the borrower defense process or other remedies available."

In its announcement, the Department suggested that students could "pause your education and wait to see how this matter resolves itself." Should ITT close following yesterday's announcement, NCLC advocates also call on the Department to exercise its authority to discharge loans of current ITT students who are enrolled as of yesterday or who were enrolled 120 days prior to the date of any school closure, whichever is earlier.

Related Resources:

National Consumer Law Center (NCLC): Options for Relief from Predatory Schools (May 2015)

NCLC: Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools (June 2014)

NCLC: Making the Numbers Count: Why Proprietary School Data Doesn't Add Up and What Can Be Done About It (June 2005)

Further NCLC information on school-related cancellation of federal student loan debt:
<http://www.studentloanborrowerassistance.org/loan-cancellation/school-related/>

Department of Education: Increased Oversight of ITT and the Impact on Students (ED blog post, August 25, 2016)

Department of Education: Letter of Director of School Eligibility Serv. Group to ITT (August 25, 2016)

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Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training.

NCLC's Student Loan Borrower Assistance Project provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable.