

Statement in Response to Education Department's Announcement on Student Loan Discharges for ITT Tech Students

August 26, 2021

Boston - Today, the U.S. Department of Education announced that 115,000 borrowers who attended and withdrew from ITT Tech will receive more than \$1.1 billion in student loan discharges based on findings that the school engaged in misconduct that allowed it to stay in business while deceiving students and luring them into taking out unaffordable loans. In response, Abby Shafroth, staff attorney with the National Consumer Law Center's Student Loan Borrower Assistance Project, issued the following statement:

"We are pleased to see the Department of Education provide discharges to more borrowers who took out loans at the urging of ITT while the school hid its significant problems—and ultimately left its students high and dry. This action will make a tremendous difference in the lives of the many borrowers who withdrew from ITT once they realized that the school had sold them a bill of goods. Many of these borrowers have been struggling for more than a decade with mountains of student loan debt and no benefit to show for it for years. The Department also made the right call by making this loan relief automatic for most eligible borrowers. As we have long known, red tape and bureaucratic complexity mean that few borrowers entitled to loan cancellation actually get it.

"But today's relief action left out hundreds of thousands more ITT students who were subject to the same misconduct, and the Department's next step must be to cancel the debt for all former ITT students. The Department's rationale for cancelling this subset of ITT students' loans—that the school engaged in "widespread misrepresentations" and "malfeasance [that] drove its financial resources away from educating students"—applies to all ITT students, not just those who withdrew.

"The Department should use its existing authority to cancel all federal student debt taken out to attend ITT. And the Department should not stop there—ITT is hardly the only school that took advantage of the federal student loan system and ITT students are hardly the only borrowers who have suffered from a broken student loan system. Millions of borrowers are still waiting for President Biden to make good on his promise to provide widespread student loan cancellation, and the time to act is now."

Additional resources:

- National Consumer Law Center Advocates Support Education Department Giving Loan Relief for 18,000 Former ITT Students but Urge More Action (June 21, 2021)
- Delivering on Debt Relief: Relief for Borrowers Whose Schools Closed (National Consumer Law Center, Nov. 2020)
- Delivering on Debt Relief: Relief for Borrowers with a Defense to Repayment (Project on Predatory Student Lending, Nov. 2020)

###