

ITT Tech shuts down after federal government withholds student funding

Nick Barrickman
8 September 2016

ITT Technical Institute, one of the country's largest for-profit colleges, announced the sudden closure of its 130 campuses throughout the United States on Tuesday, leaving its more than 40,000 students without a means of obtaining a degree and over 8,000 personnel without jobs.

The closure of ITT marks the second mass closing of a for-profit college program in as many years. In June of 2014, Corinthian College Inc. (CCI) announced the selling-off of 85 campuses after the federal government stopped funding to the college, citing violations of federal law.

The shuttering of ITT came two weeks after officials from the Department of Education (DOE) banned the for-profit institute from receiving any further government-based Title IV student aid. That decision was tied to an investigation launched into ITT by the Accrediting Council for Independent Colleges and Schools (ACICS) in April, which cited the school's organizational integrity, financial viability and academic standards as cause for concern.

In addition, the DOE required that ITT Tech raise more than \$247.3 million, or nearly 40 percent of all government loans received by the education company, to cover any potential student defaults on existing debts.

Speaking to ITT students in a mass email, representatives stated, "Please know we worked diligently to identify alternatives that would have allowed you to start or continue your education at ITT Tech, and earn your degree... But the Department of Education's actions have forced us to cease operations at the ITT Technical Institutes. We are truly sorry to have to make this decision."

ITT spokespeople have accused the government of being "inappropriate and unconstitutional" in stopping

funds "without proving a single allegation."

The DOE declared that it plans to help students currently enrolled or out of school by less than 120 days discharge their loans if they choose to drop out, forfeiting all received credits. The total for discharging loans for all 40,000 students at the for-profit could cost well over \$500 million for taxpayers.

ITT Tech is currently facing legal challenges at the state and federal levels, including two lawsuits from the Securities and Exchange Commission and the Consumer Financial Protection Bureau, for violations regarding its in-house loans program, which the government alleges was used to lure students into taking on debt with draconian and undisclosed penalties if payments were missed. In connection to these lawsuits, the ACICS launched an investigation into the credit-worthiness of the for-profit last April.

The ACICS, a non-profit agency whose stamp of approval is seen as the "gatekeeper" for several billion dollars in federal aid, has itself come under scrutiny from the US government in recent months for lax standards in school accreditation.

In June, the National Advisory Committee on Institutional Quality and Integrity, a federal body, voted to "de-recognize" the ACICS as the agency in charge of accreditation for for-profit and independent institutions for what DOE Under Secretary Ted Mitchell referred to as a "wide and deep failure" in "making the determinations we, you and the public count on."

In addressing the interruption the closure could have for thousands of students, employees and their families, Mitchell stated that he knew it could "cause disruption, confusion and disappointment," but the government's "responsibility is not to any individual institution. It's to protect all students and all taxpayers."

Rising tuition costs and the prospect of graduating without access to decent-paying jobs is a reality for tens of thousands of young people and workers returning to school seeking to receive an education in the US. The current level of student debt in the US is \$1.2 trillion, the largest form of debt among the population.

A study released last year by the Brookings Institute discovered that students leaving for-profit schools and community colleges in 2011 constituted nearly 70 percent of all student loan defaults for that year.

Many for-profit universities maintain political ties in order to ward off investigations into their practices and obtain business opportunities.

A recent investigation conducted by the conservative Judicial Watch found that between 2010 and 2015, former President Bill Clinton received \$17.6 million serving as “honorary chancellor” at Laureate International Universities, a connection which allowed representatives of the for-profit college to attend State Department functions and receive the latter’s support in overseas endeavors, where the majority of Laureate’s campuses are located.

In addition, the school has donated over \$5 million to the Clinton Foundation and owner Douglas Becker is listed as a Hillary Clinton campaign donor. The average tuition costs at Laureate’s US-based schools exceed ITT’s by several thousand dollars and their graduation rates are nearly identical.

A recent *Wall Street Journal* opinion piece noted, “ITT investors must be wishing they had ponied up for political protection like Laureate International Universities, the for-profit college that paid Bill Clinton \$17.6 million to serve as its ‘honorary chancellor.’”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact