

FOR IMMEDIATE RELEASE:

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Attorney General Balderas Urges U.S. Department of Education to Protect New Mexico Students and Victims of ITT Tech

Balderas also requested the New Mexico Delegation investigate and remedy concerns surrounding ITT Tech's sudden closure

Albuquerque, NM - Today, New Mexico Attorney General Hector Balderas urged the U.S. Department of Education to protect the students and victims of the for-profit education institution ITT Technical Institute. In a letter sent today to the Secretary of Education, Attorney General Balderas expressed his alarm that the Department acted without concern for the welfare of students. In a separate letter, Attorney General Balderas urged New Mexico's Congressional Delegation and the chairs of the House Education and the Workforce and Senate Health Education, Labor and Pensions committees to investigate and remedy the concerns surrounding ITT Tech's sudden closure.

"My first priority is to protect New Mexicans as they try to better their lives and the lives of their families by seeking higher education," said Attorney General Balderas. "We will continue to fight to protect the integrity of education in New Mexico so that those who are seeking to advance their careers have legitimate options."

Yesterday, the company behind ITT Technical Institute announced that it will permanently close its 130 campuses located across 39 states. The closure is expected to impact approximately 35,000 students and 8,000 employees across the country. ITT's decision to close its doors comes after the U.S. Department of Education levied significant financial oversight measures on ITT after twice finding it to be out of compliance with the standards of its accreditor, the Accrediting Counsel for Independent Colleges and Schools (ACICS). ITT's closure leaves students who are in the middle of their course work without a degree and in substantial debt.

In his letter, Attorney General Balderas said, "The Department should have devised sanctions that would have required the institution to responsibly phase out its operations and meet its commitment to the students. Instead, the Department levied financial sanctions and should have anticipated ITT's sudden collapse." Attorney General Balderas went on to urge the Department "to examine what the Department can do to eradicate and prevent the abuses we have seen and continue to see in the predatory practices of for-profit education institutions who put profits above the success of their students. These students were harmed by the lack of oversight of the for-profit education industry. The Department must do more to protect students who are simply trying to better their lives and the lives of their families."

The Office of the New Mexico Attorney General has been pursuing litigation against the company since 2014 when the office filed its lawsuit alleging the use of unfair, deceptive, and predatory business practices by ITT toward students seeking to enroll and currently enrolled at ITT.

Attorney General Balderas' office is working with state and federal agencies to provide affected students information about their options.

It is extremely important that New Mexicans be aware of federal loan discharge scams targeting current and former ITT students. These scams may crop up on social media, by telephone, and by mail. Do not provide your personal identifying information to anyone. If you are contacted by someone in reference to federal loan

discharge, report it to the New Mexico Office of the Attorney General at our toll free number: 1-866-627-3249 or file a complaint at our website: www.nmag.gov.

The U.S. Department of Education will post updates on ITT-related federal student loan discharge at: <https://studentaid.ed.gov/sa/about/announcements/itt>. There is also a team of U.S. Department of Education employees ready to answer telephone questions at 800-4FEDAID.

See attached for a copy of the letter Attorney General Balderas sent to Secretary King this afternoon.

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September 7, 2016

U.S. Department of Education
John B. King, Secretary of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Secretary King,

I write to express my concerns on behalf of the hundreds of New Mexico citizens who were in the middle of their studies at ITT Technical Institute ("ITT") when they suddenly learned of the school's closure yesterday. Although I applaud the Department of Education ("the Department") for cracking down on the abusive practices of ITT and other for-profit schools and their accrediting bodies, the actions of the Department failed to consider the welfare of the students of these predatory schools. The Department must enact bold protections for these students as swiftly as possible to prevent any further harm beyond what they already have incurred.

In 2014 my Office sued ITT for violations of New Mexico's Unfair Trade Practices Act alleging use of unfair, deceptive, and predatory business by ITT toward students seeking to enroll and enrolled at ITT. We have been actively pursuing this litigation because protecting New Mexico's students, who are doing nothing more than trying to better their lives and the lives of their families, is a top priority for me.

The for-profit education industry has boomed over the last few decades and the federal government has continued to subsidize the industry, while federal oversight has moved in the wrong direction. Under this and previous administrations, regulation of this industry has been inadequate to curb the abuses of students that continued to grow out of the industry's exclusive focus on its bottom line. Under Education Secretary Duncan, the Department implemented largely toothless regulations that allowed institutions to maintain eligibility for federal financial aid absent extreme circumstances, such as when fewer than 35 percent of graduates were repaying their loans within two years of graduating. The result of these years of lax regulation is that for-profit schools receive up to 90% of their revenue from the federal government, and these taxpayer dollars flow directly to a business model that exploits and abuses an already disadvantaged subset of Americans.

I have been encouraged by the Department's recent steps towards increasing its regulatory oversight of the for-profit education industry, as well as its accountability for essentially having funded this abusive industry for many years. I joined many other states' Attorneys General in urging the Department to strengthen and simplify the process for defrauded students to assert claims for defense to repayment of their federal loans. Additionally, I joined other states' Attorneys General to urge the Department to cease recognition of the Accrediting Council for Independent Colleges and Schools ("ACICS") as an accrediting body, such that ACICS-accredited schools no longer would be eligible to participate in Title IV programs. This was because

we recognized that accreditation from ACICS had become nearly meaningless and served as nothing more than a rubber stamp on the abuses that are ubiquitous in the for-profit education industry.

Notwithstanding these actions, I believe the Department must do substantially more to protect the students whose abuse and exploitation has been possible only through the Department's financial support of for-profit institutions. Specifically with respect to ITT, the Department should have devised sanctions that would have required the institution to responsibly phase out its operations and meet its commitment to the students. Instead, the Department levied financial sanctions and should have anticipated ITT's sudden collapse.

As the Department is well-aware, students of for-profit colleges typically face challenges that are distinct from those who attend non-profit and public colleges and universities. Many are first-generation college students from low-income backgrounds. Many must maintain part- or full-time employment while pursuing their studies, and many are single parents or otherwise have substantial family responsibilities. These demographic factors create a situation that is ripe for abuse from unscrupulous, predatory institutions. Students are promised a quality education as a path to higher learning and financial stability, but all too often receive a substandard educational experience that does not open up career prospects. Moreover, students are saddled with debt that exceeds that of community college and public university graduates by orders of magnitude.

Now, we are faced with a situation where nearly 40,000 ITT students nationwide are stranded. Although the Department has issued a number of statements and press releases that state its commitment to helping these students, the fact of the matter is, every single option available to students has its drawbacks. While students who had not progressed too far in their programs can apply for closed school loan discharge, the fact remains that they have lost all the time and effort that went towards what they hoped would be a college degree. Perhaps those students who were close to completion can take advantage of a teach-out opportunity and receive their degree from a program willing to accept them, but most likely they will end up with a degree from another substandard, for-profit school, and on top of this, they will lose eligibility for closed school discharge. Most significantly, the vast majority of students in both groups will remain saddled with private debt—an issue about which the Department has remained silent since ITT's closure—and no plan for paying off these loans.

I urge you to examine what the Department can do to eradicate and prevent the abuses we have seen and continue to see in the predatory practices of for-profit education institutions who put profits above the success of their students. These students were harmed by the lack of oversight of the for-profit education industry. The Department must do more to protect students who are simply trying to better their lives and the lives of their families. In addition to this letter, I am also urging the New Mexico Congressional Delegation to investigate these concerns.

Sincerely,



HECTOR H. BALDERAS
Attorney General of New Mexico

cc: Ron Bennett, Director, US Department of Education