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NEWS FOR IMMEDIATE RELEASE

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Attorney General Kaul Joined 24 States and the District of Columbia in Urging US Department of Education to Forgive Loans of Certain ITT Tech Students

MADISON, Wis. – Attorney General Josh Kaul last week urged the U.S. Department of Education to cancel federal student loan debt of those who attended ITT Technical Institute. The now defunct for-profit school defrauded thousands of individuals by encouraging them to enroll and borrow loans based on false and misleading information about the value of an ITT degree and empty promises of high-paying jobs after graduation.

“Students who were defrauded by predatory for-profit colleges should be able to obtain debt relief,” said Attorney General Kaul. “The U.S. Department of Education should use its authority to cancel the student loan debt owed by former ITT Tech students.”

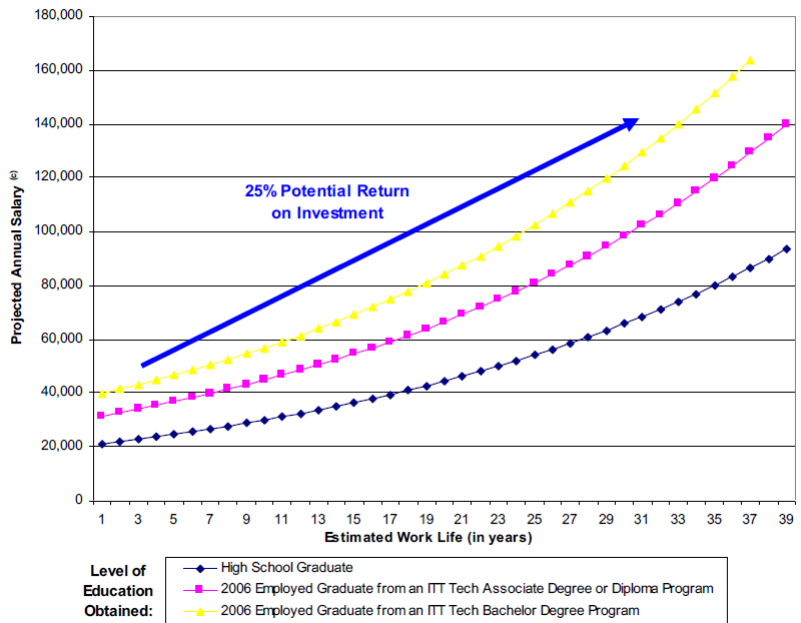
A bipartisan coalition of 24 states and the District of Columbia filed a borrower defense application, which includes students who attended ITT Tech between at least 2007 and 2011 when these deceptive tactics were used to convince students to attend the school and borrow federal student aid. This widespread and pervasive misrepresentation violated state consumer protection laws.

Federal law permits the Department of Education to forgive federal student loans when borrowers were deceived in obtaining loans. The attorneys general are demanding full relief to ITT students, including refunds of the money students already paid on those loans.

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Based on a [2012 congressional report](#), ITT enrolled roughly 282,000 students across the country between 2007-2010. During this enrollment period, ITT showed a document, “Value Proposition for Employed Graduates,” to prospective students to convince them to enroll and, in most cases, borrow thousands of dollars in federal student aid. Analysis of the Value Proposition chart (Figure 1) in the document,

Figure 1. ITT Value Proposition for 2006 Employed Graduates (Reproduced)



revealed that ITT misrepresented the value of its education, claiming it would be substantial, and that students who enrolled would get high-paying jobs upon graduation with a constant rate of earning growth.

ITT’s Value Proposition chart shows a projected annual salary over an estimated work life, misrepresenting the projected annual earnings for ITT graduates at \$100,000 more than the average earnings of workers with the same credentials.

Dr. Jordan Matsudaira, an Associate Professor of Economics and Education Policy at Columbia University, analyzed and evaluated the accuracy of this chart and ITT’s claims. Matsudaira found that ITT massively overestimated the financial gains that borrowers could reasonably expect from an ITT program.

The letter was led by Colorado Attorney General Phil Weiser and Oregon Attorney General Ellen Rosenblum, who were joined by the District of Columbia, and the states of Connecticut, Hawaii, Idaho, Illinois, Iowa, Kansas, Maine, Maryland, Massachusetts, Minnesota, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Pennsylvania, Tennessee, Vermont, Virginia, Washington, and Wisconsin.