

THE WALL STREET JOURNAL.

THE HUMAN COST OF THE ASSAULT ON FOR-PROFIT SCHOOLS

By Allysia Finley
September 29, 2016

The Obama administration and its progressive friends this month claimed another victory in their war on for-profit colleges when ITT Tech, worn down by a regulatory onslaught, announced its closure on Sept. 6. The collateral damage includes some 8,000 employees left jobless and 40,000 students, including 7,000 veterans.

The school's destruction illustrates how regulators driven by political animus—and without courts or other legal findings – can sacrifice innocents to achieve their objectives.

One victim is Roger Parks. After serving 23 years in the Air Force, in 2013 he enrolled in an electrical engineering program at ITT's campus in Everett, Wash., while working full time as a supervisor at a cement plant. The hands-on training "was a good fit," he says.

Mr. Parks needed a B.A. to advance in his company and was three months shy of graduating when ITT closed. Now he's afraid he will have to redo his education.

Worse, he's lost the tuition benefits he was awarded under the post-9/11 GI Bill, which pays for up to three years of higher education plus a housing allowance. The Department of Veterans Affairs won't allow veterans to recoup their benefits if a school closes, so many will have to take out federal student loans if they start over at another school. "It's a kick in the teeth," Mr. Parks says.

Make no mistake, the kick, like ITT's annihilation, was strategic: The Education Department cut off federal aid for new enrollees, delayed loan disbursements and increased its demand for cash collateral by \$150 million in late August, when the company's cash flow was at its weakest.

Liberals claim they're merely trying to protect students from "predatory" colleges. They highlight stories of disgruntled students and cite mounds of debt that borrowers accrue. Although the administration has tried to blame ITT for leaving students in the lurch, the fact is that without access to federal aid the school couldn't keep operating and had no choice but to shut down.

Current students not able to finish their course of study have been advised by the Department of Education to try transferring their credits to other institutions or to request a loan discharge (not available to those whose credits transfer). But few community colleges will accept their credits.

Like other for-profits, ITT principally served nontraditional students such as single mothers, veterans and people who must work full time. Most come from low-income backgrounds, and many had previously attended community colleges.

Take Lisa Fernald a 38-year-old single mother of two who was a drafting and design student at ITT's campus in Richardson, Texas. She took classes at night and on weekends so she could work part time at Home Depot and at an engineering firm where ITT helped her get a job.

When ITT closed down, she had 12 weeks of classes left before completing her associate degree. Afterward, she intended to pursue a B.A. in project management. Most schools offer degrees in construction or architecture, not design and drafting. So now she must choose between starting from scratch at another school in a different field of study – or not earning a degree. “My life goal has been ripped up from underneath me,” she says, adding that she gave up a promotion at Home Depot to go to school.

Her misery certainly has company. Typical of many vets to whom I spoke is Xavier Ferguson. After serving 15 years in the military, he earned an associate degree in business administration at ITT’s campus in Kennesaw, Ga., last September. ITT’s career-service department helped him get a job as a market recruiting coordinator at a staffing agency.

He was two semesters away from earning a B.A. in project management when the school closed. While the for-profit Strayer has agreed to accept some of his credits, he said that he will have to take a minimum of 12 classes – at least six more than he would have needed at ITT – to graduate.

ITT was never a Harvard or University of Michigan, but it didn’t purport to be. The college offered hands-on training and degrees in high-demand fields which aren’t available at most local community colleges. Its student outcomes by and large surpassed its public competition’s.

The graduation rate at ITT in Richardson, for example, was more than four times higher than at Richland College in Texas, the community college near Ms. Fernald. Two thirds more blacks and Hispanics graduated from ITT in Everett, Wash., where Mr. Parks went, than from the local community college. Only 7% of blacks and 16% of Hispanics graduated from Chattahoochee Technical College in Georgia, compared with 26% and 33%, respectively, at the ITT in Kennesaw, Ga., that Mr. Ferguson attended.

Progressives who helped take down ITT are now parading about as student-debt liberators. The taxpayer toll of the administration’s crusade against ITT could end up in the billions if former students are allowed to discharge their loans, as many liberal groups are demanding. But the human cost – all the sweat and tears – is inestimable.

Ms. Finley is an editorial writer for the Journal.