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ITT Tech students refuse to repay loans in protest over government policy

By [Danielle Douglas-Gabriel](#) September 14 at 7:00 AM



ITT Technical Institute offices in Chantilly, Va. (Photo by Jahi Chikwendiu/The Washington Post)

Former students at ITT Technical Institutes are refusing to repay their federal student loans in a protest designed to pressure the government into canceling the debt of everyone who alleges they were defrauded by the now-defunct for-profit chain.

[*\[ITT Technical Institutes shut down after 50 years in operation\]*](#)

In the week since ITT Tech shut its doors, the Department of Education has encouraged students affected by the closure to weigh their options for transferring their credits or applying for loan forgiveness. While education officials say students attending a school that closes stand the best

chance of having their loans canceled, there is no guarantee. And the odds are far worse for people seeking forgiveness on the grounds of fraud, despite laws meant to help them.

Now people who long graduated from or dropped out of ITT Tech with tens of thousands of dollars in student loans are asking for an easier path to relief.

“We’re not irresponsible brats whining about our loans,” said Joseph White, 39, who graduated from ITT Tech in 2008 with more than \$80,000 in student loans. “ITT lied to us. It’s fraud.”

White is one of 100 protestors waging a “debt strike” to bring attention to the plight of students they say were scammed by ITT Tech. The school closed weeks after education officials curtailed its access to federal loans and grants, but ITT spent years battling allegations of fraud, deceptive marketing and steering students into predatory loans. Parent company ITT Educational Services is being investigated by more than a dozen state attorneys general and is facing lawsuits from two federal agencies.

[\[This really might be the end of ITT\]](#)

Evidence unearthed in those cases could be used in what’s known as “borrower defense to repayment” claims. Anyone who can prove a school used illegal or deceptive tactics in violation of state law to persuade them to borrow money for college is eligible for this form of loan forgiveness. But the system is widely considered difficult to navigate and few people have successfully appealed their cases.

Of the more than 26,000 claims received by the Department of Education by the end of June, only about 14 percent have been approved. And all of them come from former students of Corinthian Colleges, a for-profit chain that closed in 2014 amid accusations of widespread fraud. ITT students have submitted 1,500 claims, according to the Debt Collective, an offshoot of the Occupy Wall Street movement working with the strikers.

White said he hasn’t heard anything from education officials about the claim he submitted last September. He amassed debt trying to obtain a bachelor’s degree in software engineering — starting, stopping and finishing in seven years. He had dropped out of ITT Tech hoping to transfer his credits elsewhere, but he couldn’t find any community colleges or universities in the St. Louis area willing to accept his credits. So he returned to ITT.

“There were some really good teachers, but they quit. And the curriculum just kept going down,” said White, who also used his GI Bill benefits from the Army National Guard to pay for school, money he can’t get back. “ITT charged high tuition for an education that is substandard to a high school education.”

Alyse Zachary, 31, also is waiting to hear back from the government about the defense claim she submitted last year. She started taking online courses through ITT Tech in 2008, before signing up for computer networking classes at a campus located outside of Cleveland. It didn’t take long for her to decide that “something was off” about the way the school was run and the education

she was receiving. By the time she dropped out in 2009, she had amassed \$19,000 in federal loans and another \$15,000 in private loans sponsored by ITT.

[*\[SEC charges executives at for-profit college ITT with fraud\]*](#)

Those same private loans are at the heart of two separate federal lawsuits filed by the Securities and Exchange Commission and the Consumer Financial Protection Bureau. According to the CFPB, ITT provided zero-interest loans to students but failed to tell them that they would be kicked out of school if they didn't repay in a year. When students could not pay up, ITT allegedly forced them to take out high-interest loans to repay the first ones.

"If you found a school was defrauding its students, why would you protect that school and not the students? That's backwards logic," said Zachary, who is deferring payments on her federal loans because she is unemployed. "The students weren't the ones in the wrong. The school was. They took advantage, lied about job placements and stole money from the taxpayers."

[*\[A dangerous revolt: People are refusing to pay back student loans\]*](#)

The ITT "debt strike" mirrors a movement Corinthian students started last year, when they called on the Department of Education to wipe away debt they claimed the for-profit school pressured them into taking. The Obama administration ultimately decided to fix the defense to repayment system and create a new standard to judge appeals for debt relief. But the rules are not yet in place.

The Department of Education has granted loan discharges to groups of students, using findings that Corinthian lied about how many of its students at campuses across the country landed jobs after graduation. There is no indication that something similar will be extended to ITT Tech students. Education officials did not immediately respond to requests for comment.

Organizers of the debt strike say they have no interest in seeing ITT Tech students jump through the hoops Corinthian students have, especially when the Department of Education has the authority to grant widespread debt relief.

"If you are going to do a claims-based process, you're not going to provide relief to all students," said Luke Herrine, an organizer working with the debt strikers. "The department is using that process as a way of preventing relief."

Critics of the government's sanctions against ITT have argued that the move put taxpayers on the hook for half a billion dollars in student debt that could be forgiven, an argument that Herrine says distorts the issue. No one's taxes will be raised to offset debt forgiveness, he said, insisting that the profits the government makes off of student loans could act as a cushion against losses, a point that is being debated in higher education circles.

"The worry about taxpayer money being spent only comes when it's time to grant the legally merited relief for defrauded borrowers," he said. "All of these years the department has been

issuing loans to these schools that have been profiting off of people's misery the taxpayer discussion didn't come up."

The debt strike is a dicey move. Not paying back debt can ruin a person's credit, making it difficult to buy a house or car, or to get a job. And defaulting on a student loan puts people at risk of the government taking a portion of their wages, tax refunds or even their Social Security. Organizers of the strike are offering financial literacy workshops on the consequences of not repaying debt.



Danielle Douglas-Gabriel covers the economics of education, writing about the financial lives of students from when they take out student debt through their experiences in the job market. Before that, she wrote about the banking industry.