

BOARD OF HIGHER EDUCATION
REQUEST FOR COMMITTEE AND BOARD ACTION

COMMITTEE: Academic Affairs

NO.: AAC 18-04

COMMITTEE DATE: October 24, 2017

BOARD DATE: October 31, 2017

REVOCATION OF THE DEGREE GRANTING AUTHORITY OF ITT EDUCATIONAL SERVICES, INC.

MOVED: The Board hereby revokes the legal authority of **ITT Educational Services Inc.** to operate ITT Technical Institutes and grant degrees in the Commonwealth of Massachusetts retroactive to December 31, 2016.

Authority: Massachusetts General Laws Chapter 69, Section 30 et seq.

Contact: Winifred M. Hagan, Ed.D.,
Associate Commissioner for Academic Affairs and Student Success

Background

ITT Technical Institutes (“ITT Tech”) a for-profit institution of higher education, was owned and operated by ITT Educational Services, Inc., a Delaware corporation with its principal place of business near Indianapolis. ITT Tech initially came to Massachusetts in 1990 when it opened a non-degree granting professional school in Framingham. In 1994, the Board of Higher Education’s predecessor entity, the Higher Education Coordinating Commission, approved ITT Tech to offer associate’s degrees, and the Board approved ITT Tech to offer bachelor’s degrees in 2007. In 2000, ITT Tech moved from Framingham to Norwood. That same year it opened an additional campus in Woburn, which relocated to Wilmington in 2010. Due to a series of investigations and lawsuits brought by law enforcement agencies, and the U.S. Department of Education’s August 2016 decision to prohibit ITT Tech from receiving any additional federal student financial aid, on September 6, 2016, ITT Tech suddenly announced the closure of all of its campuses nationwide. On September 16, 2016, ITT Educational Services filed for Chapter 7 bankruptcy protection in Indiana. As of September 6, 2016, all instruction ceased, and by the end of September 2016, there were no remaining ITT Tech employees at either institutional location.

Given the sudden nature of the closure, no teach-out period or transfer options were offered to students. However, Department staff worked with representatives of the Attorney General’s Office and the U.S. Department of Education to try to identify institutions to which ITT Tech students might be able to transfer, as well as to inform them of their options for a closed school discharge of their federal student loan debt. The Department also worked to keep former ITT Tech students updated on the status of their transcripts and student records. There are issues that remain regarding the location and availability of some student records which are being presently argued in the Chapter 7 bankruptcy.

In a telephone call with ITT Tech representatives on September 8, 2016, the Department was informed that ITT Tech staff members were working to finish uploading the grades from the prior semester which had just ended, after which they would conduct degree audits and award diplomas to the students who had just completed their courses of study. After this point in time, the Department had no additional communication with ITT Tech representatives. Because of the uncertainty of when the degree audits were completed and when the diplomas for students who had completed their programs were issued, the Department is recommending that ITT Tech’s degree-granting authority be revoked not as of the date of its closure but as of the end of the 2016 calendar year.

Because of the sudden closure of ITT Tech and the subsequent unavailability of either corporate representatives or local campus personnel, there was no person with whom the Department could coordinate to conduct a public hearing.

Staff Recommendation

Staff recommends that the Board revoke the authority of ITT Educational Services Inc. to operate ITT Technical Institutes and grant degrees in the Commonwealth of Massachusetts retroactive to December 31, 2016.

