

# Why ITT Tech is facing challenges

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8/14/16

Another major for-profit college system appears to be in trouble.

ITT Technical Institute, which operates 130 campuses in 38 states, including sites in San Bernardino, **San Dimas** and Corona, is struggling in the wake of demands by the Department of Education.

The federal agency has come down hard on a number of for-profit schools in recent years, demanding that they cease misleading recruitment practices and the misreporting of graduation and success rates. Those moves have resulted in major players dropping out of the business. Last year, Corinthian Colleges, which had 28 campuses, including Everest Colleges in San Bernardino and Ontario, shut down after it was fined \$30 million by the Department of Education.

In addition to the regulatory pressure, enrollment at for-profit colleges has reportedly dropped nearly 50 percent in the past six years. That has put a strain on the finances of many schools. ITT's accreditor recently raised concerns about the company's financial health, in part because it has been placed on heightened cash monitoring by the education department.

In June, the department sent ITT officials a letter requiring them to increase their surety on file – a reserve that guarantees the company can cover its debts – from \$80 million to \$124 million.

In a letter to shareholders on June 30, ITT announced it was cutting back on its recruiting budget, and expected that to result in a decline in enrollment at its campuses.

In an email, company spokeswoman Nicole Elam said current students should not be concerned.

“Enrolled students are not affected by the announcement and continue to be served,” Elam wrote. “We’re meeting student needs. Our intentions are to continue doing that as we move forward.”

Elam said that the lower enrollment is a projection by the company and that she doesn’t expect students who wish to attend will be turned away.