



STATEMENT OF PAULINE ABERNATHY
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Statement on Initial Closing of Sale of Corinthian Colleges to ECMC

“The sale of Corinthian campuses to ECMC continues to raise serious concerns, but the terms announced today include significant new debt relief for tens of thousands of Corinthian students and new safeguards to protect students and taxpayers from fraud in the future. In particular, the sale provides \$480 million in private loan debt relief to current and former students, applies the new ‘gainful employment’ regulations to all ECMC programs, prohibits mandatory arbitration clauses in enrollment agreements, and requires the posting of all faculty names and credentials on the Web.

“TICAS and 49 other organizations in a December 2014 letter [called for](#) any prospective sale to include such provisions. Specifically, the coalition’s letter demanded that any sale provide ‘significant relief for current and former students’ and contain ‘enforceable safeguards to protect students and taxpayers from future abuse,’ including applying the gainful employment regulations to all ECMC programs, prohibiting mandatory arbitration, and requiring the posting of faculty information, as well as other protections.

“While the deal announced today is far better than what was announced in November, we continue to have grave concerns about this sale. In particular, most current and former Corinthian students will not be offered relief on their federal loans, and ECMC has insisted on maintaining Corinthian’s ban on class action lawsuits. ECMC is a student debt collection agency known for [abusive operations](#) and has no experience running a college, much less one with 30,000 students at more than 50 campuses. ECMC programs will still cost many times more than higher quality programs available at existing colleges and include many of Corinthian’s worst performing programs, some with default rates over 30 percent and graduates earning less than \$17,000 per year.

“For years, Corinthian inflated job placement rates and engaged in other unscrupulous practices to induce students to enroll and take out federal and private loans. Stronger rules, enforcement and oversight are needed to protect students and taxpayers from this kind of waste, fraud, and abuse. And when students are harmed, the companies and executives that profited from fraud must be required to make students and taxpayers whole.”

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An independent, nonprofit organization, The Institute for College Access & Success (TICAS) works to make higher education more available and affordable for people of all backgrounds. Our Project on Student Debt works to increase public understanding of rising student debt and the implications for our families, economy, and society. For more information see www.ticas.org and www.projectonstudentdebt.org or follow us on Twitter at [www.twitter.com/TICAS_org](https://twitter.com/TICAS_org).