Stop The Gainful Employment Regulation: Protect Student Access and Opportunity

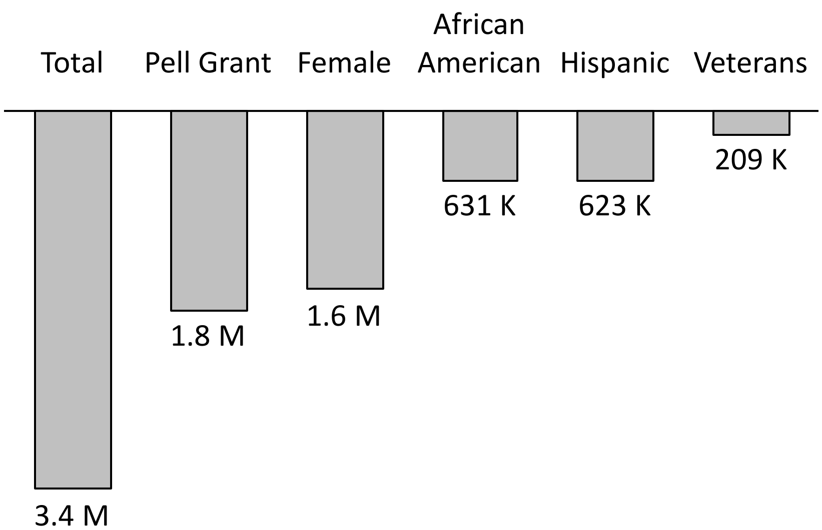
APSCU
ASSOCIATION OF PRIVATE SECTOR COLLEGES AND UNIVERSITIES

The gainful employment regulation would have an immediate and devastating impact on higher education access and opportunity for new traditional students, including minorities and veterans.

The Gainful Employment Regulation Will:

1. Cut off access for millions of students and eliminate thousands of programs.
2. Disproportionately impact programs that serve minorities, veterans, and at-risk students.
3. Run counter to the President's goal of increasing access and opportunity to postsecondary education.

Estimated Number Of Students Impacted By The Gainful Employment Regulation By 2020



Source: Charles River Associates

Higher Education Leaders Agree: Early Year Earnings Are a Poor Measure of Program Quality

Harvard University President, Drew Faust, said a college graduate's earnings in their first job is a poor proxy for measuring the value of a college education. (Politico, 11/20/13)

University of California – Berkeley Chancellor, Nicholas Dirks, said schools should not be rated based on the earnings of their graduates. (Chronicle of Higher Education, 11/5/13)

The gainful employment regulation would impose new outcome requirements on a limited number of institutions that have a long history of providing access to underserved students.

The U.S. Department of Education's Regulatory Approach Is Highly Flawed:

1. The Department does not have the authority to regulate student outcomes in this manner.
2. The Department has failed to fully analyze the regulation's impact on underserved students and in-demand programs. Furthermore, projections based on the limited data released by the Department show an unprecedented level of impact on millions of students and thousands of programs.
3. Any regulation or legislation that addresses outcomes in postsecondary education must be forward looking and encompass all undergraduate students, in all programs, at all institutions, not just a select few.
4. Any system of accountability must take into consideration the level of preparation and the characteristics of entering students, rather than a one-size-fits-all approach.
5. Any data used by the Department to calculate metrics must protect student privacy, and be statistically valid, transparent, and auditable by third parties and the institutions.

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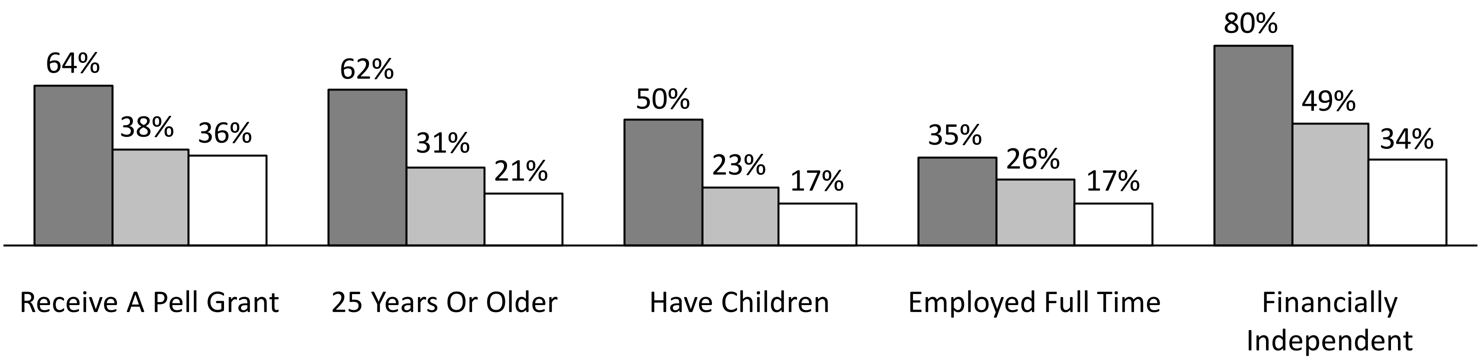
Student Outcomes Are A Matter For Legislation, Not Regulation

Early year earnings are a poor measure of program quality

Programs That Would Fail the Regulation's Debt to Earning (DTE) Metric:

- **George Washington University Law School, Law Degree – 13.9%**
- **Lutheran Theological Seminary at Gettysburg, Master of Divinity – 19.5%**
- **Stephen F. Austin State University, Bachelor of Science, Hospitality Administration – 13.3%**

Private Sector Colleges and Universities (PSCUs) provide opportunity for students who would otherwise have none



Necessary Modifications To The Gainful Employment Regulation

The programmatic cohort default rate must serve as an alternative to the DTE metrics.

- This modification would address the Department's earlier concern about sole reliance DTE metric-based closing of quality programs.
- As the Department's own data show, many programs in certain fields of study fail the DTE metric in the early years, but the students are repaying their loans.
- The Department's latest claim that the regulation only captures failing programs is false. For example, the Department's data include four law schools whose DTE ratios exceed 12%, but their default rates are below 2% and their bar exam pass rates are consistent with the average state pass rates. These are quality programs that fail the Department's arbitrary one-size-fits-all metric.

The annual DTE metric must be set above 12% and the zones eliminated.

- A report by the Department's National Center for Education Statistics (NCES) showed many programs at private not-for-profit and public institutions would fail a 12% DTE metric, yet the Department has arbitrarily proposed an even lower threshold of 8%.
- NCES reported 26% of graduates from four-year public institutions and 39% of graduates from private not-for-profit institutions would fail the 12% DTE metric. Almost one-half of all borrowers have DTE ratios above 8% with almost one-third above 12%.
- The Department's own report argues for a DTE ratio closer to 15% in order to ensure students are not arbitrarily denied access to programs of their choosing.

Source: Department of Education, NCES, IPEDS surveys: Institutional Characteristics, Directory Information 2012-13; Enrollment, Unduplicated 12-month Headcount, 2011-2012; Enrollment, Race/Ethnicity and Gender, 2011-2012; Completions, Awards/Degrees Conferred by Program, Award Level, Race/Ethnicity and Gender, 2011-2012 and Number of Students Receiving Awards/Degrees by Award Level, Race/Ethnicity and Gender, 2011-2012; and Student Financial Aid and Net Price, 2011-2012.