

# **Please Join our Letter to the Department of Education on Gainful Employment Regulation**

**From: The Honorable Alcee L. Hastings**

**Sent By: [David.OpongWadee@mail.house.gov](mailto:David.OpongWadee@mail.house.gov)**

**Date: 12/9/2013**

**NEW DEADLINE: COB - December 12, 2013**

December 9, 2013

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Dear Colleague:

We write to request that you join us in sending the following letter to Secretary of Education Arne Duncan, expressing concern with the U.S. Department of Education's latest efforts to rewrite its "gainful employment" (GE) regulations.

The regulations that are currently being discussed by the Department would condition federal student aid for career-training programs at community and for-profit colleges on their ability to meet certain standards. The Department is proposing metrics that would judge graduates' earnings relative to their respective schools' costs, the rate at which former students default on their student loans, and whether former students are at minimum repaying the interest on their loans. However, there is concern that the Department's metrics for institutional success are too narrow in their scope, as the number of schools that would be considered as "failing" is significantly greater than would be expected.

Recently, the National Center for Education Statistics (NCES) released a report entitled, "Degrees of Debt: Student Borrowing and Loan Repayment of Bachelor's Degree Recipients 1 Year After Graduating: 1994, 2001, 2009," that has proven that there is more to the equation when determining how successful a school is in preparing its students for the workforce. The report found that, in 2009, 26 percent of bachelor's degree recipients at public four-year institutions, who were repaying their loans, faced monthly loan payments greater than 12 percent of their monthly income. More explicitly, the report found that for private non-profit institutions, 39 percent of graduates exceeded the 12 percent debt-to-earnings threshold. Meanwhile, 35 percent of graduates from private sector colleges exceeded the threshold.

These findings are of particular concern because the Department's proposed regulation effectively requires an eight-percent debt-to-income ratio in order for a program to pass. Using this report, it is foreseeable that tens of thousands of programs would likely fail the proposed GE regulation, which would negatively impact millions of students nationwide. Therefore, it appears that there is not enough data that has been made available to fully understand the impacts that the Department's regulation of GE will have.

Under the Department's proposed regulation, countless students may lose access to the educational opportunities vital to their economic success. And, in particular, the Department's suggested approach could disproportionately harm non-traditional and lower-income students who have no choice but to rely on student loans to pursue a post-secondary education and need the flexibility career colleges provide.

Furthermore, as you know, the President recently proposed a college scorecard for all higher education institutions, so that prospective students would have more information when choosing the right college. We believe that it makes little sense to

enact a major GE rule, just as Congress begins to consider whether to maintain or change current law in this area during the Higher Education Reauthorization process.

In light of the uncertainty of the impacts that these regulations may have, we urge you to join us in sending a letter requesting that the Department provide data to help better understand their latest proposal. Specifically, the letter will request data that will help clarify the following:

- (1) The impact of regulation on all programs at all institutions of higher education, rather than the limited subset of institutions and programs targeted by the Department.
- (2) The impact on students by demographic.

Thank you for your consideration and attention to this important matter. If you have any questions or would like to co-sign this letter, please contact David Opong-Wadee (Rep. Hastings) at [David.OpongWadee@mail.house.gov](mailto:David.OpongWadee@mail.house.gov) or 5-1313.

Sincerely,

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Alcee L. Hastings  
Member of Congress

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Robert E. Andrews  
Member of Congress

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Carolyn McCarthy  
Member of Congress

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Patrick Murphy  
Member of Congress

December XX, 2013

The Honorable Arne Duncan  
Secretary  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington DC 20202

Dear Secretary Duncan:

We write concerning the Department of Education's latest efforts to rewrite its "gainful employment" (GE) regulations. While we share your desire to ensure that both student interests and tax-payer funds are adequately protected, we are concerned by the process by which the Department has addressed these issues, and believe every effort should be made to limit adverse impacts on individuals who face limited access to educational opportunities.

Therefore, we hope that you can provide us with data to help in better understanding the Department's latest proposal. In particular, we request the following information:

- (1) We would like to see the impact of the regulation on all programs at all institutions of higher education, rather than the limited subset of institutions and programs targeted by the Department.

(2) We also ask that you provide us with data regarding the impact on students by demographic.

We believe that your most recent comments on President Obama's proposal to create a rating system for colleges imply that this information will be an important component to any eventual solution. As a result, if the GE regulation being proposed by the Department is the new quality measure for program eligibility, we presume that this will become a primary metric on how the President's rating system will be structured.

As you know, in October, the National Center for Education Statistics (NCES) released a report entitled, "Degrees of Debt: Student Borrowing and Loan Repayment of Bachelor's Degree Recipients 1 Year After Graduating: 1994, 2001, 2009." The report found that, in 2009, 26 percent of bachelor's degree recipients at public four-year institutions, who were repaying their loans, faced monthly loan payments greater than 12 percent of their monthly income. More specifically, the report found that, for private non-profit institutions, 39 percent of graduates exceeded the 12 percent debt-to-earnings threshold. Meanwhile, 35 percent of graduates from private sector colleges exceeded the threshold.

The NCES findings are of particular concern to us because the Department's proposed regulation effectively requires an eight-percent debt-to-income ratio in order for a program to pass. Using this report, it is foreseeable that tens of thousands of programs would likely fail the proposed GE regulation, which would negatively impact millions of students nationwide.

Given that Congress is beginning the Higher Education Reauthorization process, it is our sincere hope that we can work with the Administration in a bi-partisan manner to examine the current law in an effort to ensure accountability and accessibility for all higher education institutions.

We therefore believe that it makes little sense to enact a major GE rule, just as Congress begins to consider whether to maintain or change current law in this area during the Higher Education Reauthorization process.

We thank you for your attention to this matter, and look forward to continuing our work to enact responsible measures that preserve access to post-secondary education and expand career choices for all Americans. We hope that you will respond to our request for information promptly.

Sincerely,