

Invest in America! - Support a Strong and Effective Final Gainful Employment Rule

From: The Honorable Maxine Waters

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November 16, 2013

Dear Colleague:

I write to caution you about the misuse of the National Center for Education Statistics (NCES) study's findings to undermine moving forward on the Department of Education's gainful employment regulation. The "apples-to-oranges" comparison leads to the faulty conclusion that for-profit institutions are unfairly targeted by the proposed gainful employment regulation.

In "[Beware This Gainful Employment Comparison](#)," Senior Education Policy Analyst Ben Miller presents a detailed analysis on the flawed comparison between the NCES study's finding and the measurements within the new proposed gainful employment regulation. In his analysis, Ben finds that the NCES calculations and gainful employment calculations are different in many significant ways, including:

1. **Different groups of students:** NCES is a snapshot of students who have graduated with a bachelor's degree and had borrowed loans. In contrast, the proposed regulation measures outcomes for career education programs at all credential levels, and includes all students who received any type of federal aid.

2. **Estimate Measurement Window:** The NCES study only looks at students' earning the first year after graduation, when recent college graduates probably have the least earning power. The proposed regulations looks at program completers' earnings in the third and fourth year after graduation, when they should have reached a satisfactory earning potential after completing a career education program that is supposed to specifically prepare them for "gainful employment in a recognized occupation."

3. **Income Source:** The NCES study only looks at students' income from their primary job, which is defined by where the student works the most hours. Since the NCES study excludes some sources of income, it appears that many students have greater debt burdens than they do when all their income is accounted for. Students who had the highest debt-to-earnings were more likely to have multiple jobs, and their high debt-to-earnings ratios may be due to the fact that only a portion of their earnings were included in the measurement. The debt-to-income metric in the proposed regulation includes all income and jobs reported to the Social Security Administration, making it more likely that multiple job wage earners will be able to meet the threshold.

The fundamental differences between the NCES study and the new gainful employment regulation are clear. The political theatrics and industry-made barricades surrounding the gainful employment regulation must come to an end. It is time we finalize this rule, enforce the law, and hold career-education programs receiving taxpayer funding accountable for properly training students for the careers of today and tomorrow.

As a nation of innovators, our viability weighs heavily on our ability to equip students with the skills needed to compete in the global economy. In order to make this happen, we must make educating Americans beyond high school a top priority. A strong Gainful Employment rule supports this priority by guaranteeing our nation's career-education programs hold up their end of the bargain by properly training students to be gainfully employed upon graduation. Please join me in full support of the Department of Education in finalizing a strong and effective Gainful Employment regulation and investing in America's future.

Sincerely,

s/

Maxine Waters