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ASSOCIATION OF  
PRIVATE SECTOR COLLEGES  
AND UNIVERSITIES

# Gainful Employment APSCU's Strategy

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# Gainful Employment Rule Comparison



	<b>Final Rule (2011)</b>	<b>Dec. 13, 2013 Draft</b>
<b>Applicable Students</b>	Title IV & non-Title IV Completers & non-completers	Title IV Only Completers & non-completers
<b>GE Metrics</b>	Annual debt-to-income (aDTE) OR Debt-to-discretionary income (dDTE) OR Loan repayment rate	Annual debt-to-income (aDTE) OR Debt-to-discretionary income (dDTE) AND Program level CDR (pCDR)
<b><i>Program Level CDR (pCDR)</i></b>	No equivalent provision	For each fiscal year, the Secretary determines the pCDR of a GE program using the same methodology used to calculate the institutional CDR
<b><i>Loan Repayment Rate</i></b>	Loan repayment rate	Removed before session three
<b>Passing</b>	aDTE $\leq$ 12% OR dDTE $\leq$ 30% or loan repayment rate	aDTE $\leq$ 8% OR dDTE $\leq$ 20% and pCDR <30%

# Gainful Employment Negotiated Rulemaking Session 3 Informational Data Analysis



	<b>2011 Final Rule (w/o repayment rate)</b> metrics: annual DTE*, discretionary DTE* <b>Pass:</b> aDTE≤12% or dDTE≤30% <b>Fail:</b> aDTE>12% and dDTE>30% min program size: 30 amortization: 10/15/20yrs by credential interest rate 3.37%	<b>2013 Draft Regulation (DTE only)</b> metrics: annual DTE*, discretionary DTE* <b>Pass:</b> aDTE≤8% or dDTE≤20% <b>Zone:</b> 8%<aDTE≤12% or 20%<dDTE≤30% <b>Fail:</b> aDTE>12% and dDTE>30% min program size: 10 amortization: 10yr all credentials Interest rate 3.37%	<b>2013 Draft Regulation (pCDR only)</b> metric: program cohort default rate** <b>Pass:</b> pCDR<30% <b>Fail:</b> pCDR≥30% min program size: 30	<b>2013 Draft Regulation (Full)</b> metrics: annual DTE*, discretionary DTE* <b>Pass:</b> aDTE≤8% or dDTE≤20% <b>Zone:</b> 8%<aDTE≤12% or 20%<dDTE≤30% <b>Fail:</b> aDTE>12% and dDTE>30% min program size: 10 amortization: 10yr all credentials Interest rate 3.37% metric: program cohort default rate** <b>Pass:</b> pCDR<30% <b>Fail:</b> pCDR≥30% min program size: 30
<b>Total</b>	<b>5,539</b>	<b>11,050</b>	<b>6,815</b>	<b>11,735</b>
<b>Pass</b>	<b>5,205</b> (94% of programs)	<b>9,305</b> (84% of programs)	<b>5,872</b> (86% of programs)	<b>9,359</b> (80% of programs)
<b>Zone</b>	-----	<b>1,078</b> (10% of programs)	-----	<b>880</b> (7% of programs)
<b>Fail</b>	<b>334</b> (6% of programs)	<b>667</b> (6% of programs)	<b>943</b> (14% of programs)	<b>1,496</b> (13% of programs)

\*Analysis based on Title IV aided (Stafford loan, GradPlus loan, or Pell grant) students who completed a GE program between October 1, 2007 and September 30, 2009 and whose mean and median earnings by program were retrieved from the SSA for the 2011 calendar year (08/09 DTE Cohort).

\*\*Analysis based on Title IV aided (Stafford loan or GradPlus loan) students who attended a GE program and entered repayment on their loans between October 1, 2008 and September 30, 2009 (09 pCDR Cohort). For programs with less than 30 students in the 09 pCDR cohort, analysis also includes students who attended the program and entered repayment between October 1, 2006 and September 30, 2008.

# APSCU's Strategy: December 6, 2013

- Amend through the regulatory process
- Delay promulgation
- Defund, via legislation, enforcement
- Stop implementation through HEA
- If necessary, litigation
- Use “change the conversation” about the role and mission of postsecondary career education

# APSCU's Strategy: January 22, 2014



## Beyond the Neg-Reg process

- Collaborative as a full member of higher ed sector?
- Confrontational and aggressive in the heat of this war?

# The key components of our Strategy during Rulemaking:

- Constructive Improvements (Sector survivability)
- Communications
- Solidify Republican Opposition
- Seek Democrat Support (targeting)
- Research
- Grassroots



# Flaws

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.
4. Any system of accountability must take into consideration the level of preparation and the characteristics of entering students.
5. Any data used by the Department to calculate metrics must protect student privacy, be statistically valid, transparent, and auditable by third parties and the institutions.

# Modifications

1. The programmatic cohort default rate should serve as an alternative metric to the debt-to-earnings metrics, consistent with the Department's own concerns about sole reliance on debt-to-earnings leading to the closing of quality programs.
2. The annual debt-to-earnings metric and discretionary debt-to-earnings metric should be set at levels supported by research rather than an arbitrarily selected metric. The Department's National Center for Education Statistics released a report showing that a 12 percent threshold is too low, yet the Department has arbitrarily proposed an 8 percent threshold.
3. The amortization time period for the debt-to-earnings calculation should be at least 15 years for certificate/associate degrees and 20 years for bachelor's degrees consistent with standard repayment patterns.
4. The program cohort size should be 30, not 10, in order to protect against wide swings in results due to small numbers and to ensure statistical validity.
5. Graduate programs should be excluded. Given the maturity of graduate students and their prior extensive experience with postsecondary education, graduate students are a completely distinct class of students compared to students enrolled in associate degree, bachelor's degree, or certificate programs.



# The Benefits of Proposing Modifications

- Continue Opposition to the regulation:
  - Bad Public Policy
  - Should be addressed in HEA
  - Earnings NOT measure of academic quality
- Gives us a solution/remedy to advance!
- Department may adopt some – from awful to survivable!
- Allows message of One rule for all schools (HEA Proposal)
- How can opponents oppose this?

# Engaging the Modification Conversation

- Administration (if legally allowed)
- Congressional meetings
- Grassroots Ask
- Third Party Alliance Building
- Opinion Outreach
- Media Engagement

# Communications

## The Timetable (segments)

- Hill Day
- Publication of Proposed Rule
- Public Comment Period
- Third Party Voices
- DC Media
- Publication of Final Rule
- Further steps (legislative or legal)

# Defining the Reality – in Stark Terms

- Good Intentions Gone Bad!
- Limiting College Access to the Wealthy and Elite!
- Eliminating Access, Choice and Opportunity!
- Impact on Veterans!
- Impact on Minority Students!
- Impact on Women!
- Impact on Low-income Students!
- Impact on Skilled Workers for America's Employers!
- Academic Redlining!

# Third Party Voices

- Private outreach to Administration
- Public communication to Administration
- Communications to Congress
- On-the-record and background w reporters
- Op-eds
- Event Participation
- Blog content
- Comments for APSCU use in media
- Testimony

# Government Relations Strategy

**Hill Day**

**Target Democrats**

**In-District Meetings**



# Grassroots

- Proposal of on-ground engagement of our sector/employers
- Produce comments on proposed reg equal to last time!
- Engage national associations on GE reg



# Research: (General)

- General Facts on Sector
- Fact vs. Fiction
- Hill Day Fact Sheets
- Economic Impact Statement (state/  
congressional districts)
- Credentials Study



# Research: (GE Specific)

## **Economic Theory of Education Investment**

- Income increases over time, versus year 3
- Impact of rule on demographic factors
- Economic Study discrediting use of 10 completers as base
- Look at family's ability to pay vs just student
- Potential shift, and costs to public of students moving to public system

# Research: (Literature Reviews)

- Administration voices on “Value of college education”
- College Board’s work on value of Life-long Learning Economic Gains
- Labor Participation Rates by gender, impact on life earnings
- Debt-related metrics are not appropriate determination of academic quality.

# In Summary

## **Our Strategy for GE seeks the following outcomes:**

- Amend/weaken/improve the regulation
- Defund/delay the rule
- Stop/amend the rule through HEA Reauthorization
- If necessary, litigate
- Use this experience to “change the conversation” about the role and mission of postsecondary career education

