ASSOCIATION OF
PUBLIC &
LAND-GRANT
UNIVERSITIES

September 13, 2018

Ashley Higgins
U.S. Department of Education
400 Maryland Ave., SW
Mail Stop 294-20
Washington, DC 20202

Re: Docket ID ED-2018-OPE-0042, Gainful Employment Regulations

On behalf of the Association of Public and Land-grant Universities (APLU), I write to submit comments in response to the Department of Education's Notice of Proposed Rulemaking (NPRM) on Gainful Employment (GE).

APLU is a research, policy, and advocacy organization dedicated to strengthening and advancing the work of public universities. Annually, its 194 U.S. member campuses enroll 4 million undergraduates and 1.2 million graduate students, award 1.1 million degrees, employ 1 million faculty and staff, and conduct $40.7 billion in university-based research.

APLU strongly opposes the complete elimination of GE and urges the Department to instead work to address legitimate concerns regarding the rule, such as institutional reporting burden, while retaining essential accountability. Were the Department of Education to move forward with its proposal to eliminate the GE rule, it would make students and taxpayers significantly more vulnerable to programs that explicitly or implicitly promise successful employment outcomes, while providing credentials of little value and strapping students with loan debt that cannot be repaid. In its NPRM, the Department proposes no meaningful alternative to the accountability protections that would be lost if GE is eliminated.

The GE rule applies to all for-profit programs and to non-degree programs of non-profits since they are targeted and designed to prepare students for specific roles in the workforce. Such programs can provide real value to students, but they also pose a great risk of failing to deliver their promised benefits. It is appropriate that GE applies to these programs. The evidence available on outcomes is of significant concern and merits the Department taking approaches based on risk.

Just five years into loan repayment, 44 percent of borrowers from for-profit institutions face loan distress, including 25 percent who default[i]. Students of for-profit institutions default on their loans more than three-and-a-half times as often as public and nonprofit borrowers. The trend of struggling students from for-profits is perhaps most alarming. Twenty-three percent of students who started college at a for-profit institution defaulted within 12 years of beginning college in the 1996 cohort compared to 43 percent in the 2004 cohort. By contrast, those who attended a non-profit institution saw an increase from 8 to 11 percent [ii].

These data demonstrate why it is appropriate for for-profit programs to receive close scrutiny and regulation. However, enhanced risk to students and taxpayers is not isolated to the for-profit sector. The GE rule also encompasses nondegree programs of all institutions. Analysis of Department of Education data demonstrates that loan defaults are higher among those who complete a postsecondary certificate than those who drop out of a degree-granting program[iii]. The Department of Education should have unique interest in accountability for such programs.

If GE is eliminated, the integrity of the Title IV federal financial aid system would be severely weakened, further exposing risk to taxpayers in addition to students and their families. The Department of Education's own NPRM provides the evidence. If the GE rescission is promulgated, $4.5 billion in Pell grants would be disbursed over the next decade to students attending programs that would be ineligible under the present rule.

APLU has long advocated for strengthening accountability to protect students and taxpayers' investment in higher education. For example, among APLU's top priorities for the reauthorization of the Higher Education Act is fixing the broken cohort default rate test for all institutions, which fails to effectively hold schools accountable for outcomes.

GE Programs are Different

It is important to consider the context of why a GE rule is so needed. Higher education is an investment that on average unquestionably pays off for individuals and society.

It is no accident that policymakers drew a distinction in the Higher Education Act between public and nonprofit degree programs and those that "prepare students for gainful employment in a recognized occupation." A common refrain from advocates for repealing GE and one used by the Department in the NPRM is that accountability should not apply differently by sector. In the case of GE though, the rule recognizes the fundamental difference between programs designed for specific occupational outcomes and undergraduate degrees that offer a broad education. While undergraduate accounting programs develop accountants and teacher preparation programs prepare teachers, they also do so much more.

Public universities embrace the responsibility to offer an education that develops and enhances skills needed by employers. However, the benefits of a college degree extend well beyond just career outcomes. As examples, goals of a broad education include, "developing the intellect and capacity for lifelong learning; shaping ethical judgment and the capacity for insight and concern for others, our habitats, and the future; increasing understanding of cultures, languages, and societies, and the connections among them; comprehending relationships between landscapes and built environments, institutional systems and conditions of populations; expanding scientific horizons and mastering common scientific literacy and technological competence; and nurturing democratic and global knowledge and engagement[iv]."

The value of a college education has never been higher. Annual earnings are more than $32,000 higher for bachelor's degree holders than those with a high school diploma. Over a lifetime, this translates to an additional $1.4 million in earnings. The benefits of a college degree extend well beyond earnings though. Graduates are 3.5 times less likely to be impoverished, and nearly five times less likely to be imprisoned. Working-age Americans with bachelor's degrees are 44 percent more likely to report being in good or excellent health. The benefits to all of society are significant. College graduates are less reliant on government programs and services such as Medicaid, housing subsidies, unemployment benefits, and the cost of corrections. Even accounting for government investment in higher education, government sees a $613,000 return on a college graduate through additional taxes and reduced government spending[v].

The College Scorecard and Program-Level Earnings

Although the Department's NPRM proposes the complete elimination of GE, it also seeks feedback on transparency measures. While transparency and accountability often go hand in hand, one is not necessarily a replacement for the other. APLU is particularly proud of its leadership in the area of higher education transparency. APLU leads the Student Achievement Measure (SAM), along with the American Association of State Colleges and Universities (AASCU), to publicly fill the transparency gaps in the Department of Education's first-time/full-time graduation rate by reporting on outcomes for part-time and transfer students across multiple institutions. APLU was deeply engaged in the development of the College Transparency Act, H.R. 2434/S. 1121, which if enacted into law, would allow for much more comprehensive reporting of higher education outcomes, including at the program level.

The Department has proposed publishing program-level earnings data on the College Scorecard. This is an inadequate replacement for GE, which ties outcomes to accountability for programs with the greatest risk to students and taxpayers. However, for transparency purposes, APLU urges the Department to move forward with program-level earnings data for all programs if done the right way.

The Scorecard presently only provides data at the institutional level. The lack of program-level data obscures potential large variations among programs, limits the usefulness of the data, and provides a potentially misleading picture to the public. The Department previously indicated it began collecting some program-level data in 2014 respective to Title IV recipients and was working to update the Scorecard. Program-level data such as earnings and loan repayment rates would help fill a significant gap of information needed by students and families, policymakers, and colleges and universities.

In order to provide a fair and complete picture, the Department should differentiate earnings between those who complete and do not complete. It is also critical to provide data on short and long-term outcomes for students after they leave school. These are two essential components of program-level data that are thresholds for APLU support. While APLU strongly believes data should count all students not just Title IV recipients, we recognize there are statutory limits put upon the Department that need to be addressed by Congress through the College Transparency Act.

Concerns with Potential New Data Reporting Requirements

The Department requested public comment on whether to require institutions to make program-level disclosures on program websites and college catalogues relative to requirements for licensure, net-price, completion rates, withdrawal rates, program size, and/or any other items currently required under the GE disclosure regulations. The Department has also asked whether it should require institutions to provide links from its program pages to the College Scorecard.

It would be much less burdensome to institutions and generally more valuable to students if schools were to link to the Scorecard rather than being required to constantly update program websites and college catalogues. The latter could be very expensive and needlessly burdensome for institutions. One institution reported to us that if the Department imposed these requirements that the institution would need to hire additional full-time staff just to meet the reporting requirements. This is an expense that would detract from the institution's core mission and could be mitigated by rather providing a link to College Scorecard data reported by the Department of Education.

Overall, we note that there is value in reporting some of these data at the institution level. However, going to the program-level would not necessarily provide meaningful information about university programs and could unintentionally present misleading information to students.

Net Price

APLU supports the present requirements of providing a net price at the institution level. Applied to university programs, a net price at the program-level could end up providing misleading information to students though. As an example of potentially misleading information, if a program disproportionately has students from a higher income background, the net price will appear higher thus discouraging low-income students from enrolling in the program. While the same problem can occur at the institution level, going down to smaller sizes of students at the program level will lead to significant variations of net price that will not actually represent meaningful differences among prices of programs. This is especially the case for undergraduate programs at APLU institutions as variation in price within the institution by program is unusual.

Median Debt

Median debt could be helpful information for students who enter a GE program to gain skills that target a specific occupation. However, it may not be accurate or useful at the program level for students who are receiving a degree at a university. There are a number of challenges with calculating median debt for bachelor's degree programs at universities. As an example, about 30 percent of students change their major at least once in their first three years. Program-level debt for many students would thus include debt associated with other programs. While APLU does not think the Department should move forward with median debt at the program-level as applied to non-GE programs, if it does, the Department should utilize the National Student Loan Data System to report on the College Scorecard. Institutions could link to the Scorecard as needed.

Program Size

There are many ways to identify program size at a university. One way is the number of faculty teaching in the program. Another is to identify the number of students taking courses in that discipline. Yet another is the identification of the number of majors in the program, and yet another is how many students get a degree in that major. There are multiple ways to describe program size, but apart from context and explanation they make little sense and provide little or no valuable guidance to the individual student.

If the Department wants to move forward with a program size measure as consumer information, it should consider adding degrees produced by each program to the College Scorecard.

Withdrawal Rates

Determining accurate, fair, and useful withdrawal rates from universities is fraught with difficulties, but withdrawal rates from programs are even further complicated. Students often begin college without having a major in mind with just the goal of earning a college degree. This is evidenced by the frequent rate at which students change majors or begin undeclared. Within three years of enrollment, about 30 percent of undergraduates who declared a major changed that major at least once. About 10 percent of students change majors more than once[vi].

This is very different than a GE program in which students typically enter the exact program from which they want to earn their credential. A program-level withdrawal rate for universities does not provide useful information for students and comes with many complicating factors.

Completion Rates

The Department of Education produces graduation rates for first-time, full-time students for the university as a whole on its Scorecard. These rates have major data gaps (part-time and transfer students) thus providing misleading information.

In attempting to establish a completion rate for programs, the Department would be faced with many of the same issues in attempting to track withdrawal rates for programs.

In the university context as opposed to GE programs, completion rates at the institution level make the most sense.

Job Placement Rates

Presently, GE regulations only require institutions to disclose job placement rates if they are mandated by a state or an accreditor. Most undergraduate degree programs do not have a state or accreditation requirement to disclose job placement rates, so for many institutions this would be an extremely burdensome and complicated reporting requirement.

Among the many complexities involved is that nearly 25 percent of bachelor's degree recipients have a job unrelated to their major. In some majors, such as social sciences and humanities, at least 33 percent of degree recipients do not work in a field related to their major. This is not surprising as majors such as these do not have defined career fields like vocational programs such as aviation maintenance or construction management. As such, reporting placement rates across all institutional programs would, at best, yield information of little use to prospective students and, at worst, provide misleading information regarding potential employability by program.

A more informative approach would be to provide an overall institutional employment rate of graduates using data from the Social Security Administration or the Census Bureau. While job placement rates may not be the best metric for many degree programs, short and especially longer-term data on earnings could provide valuable insight to students.

Licensure

The NPRM seeks comment on whether the program "…meets the requirements for licensure in the State in which the institution is located and whether it meets the requirements in any other States for which the institution has determined whether the program enables graduates to become licensed or work in their field."

Rarely does completion of a program enable students to become licensed to work in a field. Programs primarily prepare students to take a licensure examination typically administered by a state board or agency. Institutions should report whether completion of the educational program qualifies students to take licensure examinations.

Standard Occupations

GE regulations require institutions to disclose any occupations (by name and Standard Occupational Classification code) associated with the training provided by the program. Applying this requirement to all degree programs could present misleading information to students. As mentioned previously, in some majors at least 33 percent of degree recipients have a job unrelated to their major. This is a function of many degree programs' ability to prepare students for success in a wide variety of fields. For example, most students who major in Business will likely secure a job at least somewhat related to their major. However, students in majors such as Philosophy, Psychology, English, and Social Sciences secure successful employment in a wide variety of occupations. This would make it both burdensome and potentially misleading for institutions to disclose all occupations associated with those majors.

We urge the Department to shift from its proposal to end GE and instead focus on improving the rule to address legitimate concerns while retaining accountability needed to protect students and the taxpayers' interests.

Sincerely,

Peter McPherson
President
Association of Public and Land-grant Universities

---

[i] https://www.nytimes.com/interactive/2018/08/25/opinion/sunday/student-debt-loan-default-college.html?smid=nytcore-ios-share
[ii] https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/
[iii] https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/
[iv] https://www.aacu.org/publications-research/periodicals/making-case-liberal-education
[v] https://www.weeklystandard.com/peter-mcpherson/is-college-worth-it
[vi] https://nces.ed.gov/pubs2018/2018434.pdf