

# Losing protection from predatory colleges

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Two weeks ago, Education Secretary Betsy DeVos made an announcement that can have serious implications for students registering for classes at for-profit institutions of higher education in particular, and colleges and universities in general.

In a written statement posted on the Department of Education's website, DeVos

announced plans to eliminate the so-called gainful employment rule created during the Obama administration in 2011. That rule was aimed at holding for-profit and career college programs accountable for graduating students with poor job prospects and overwhelming debt. The rule penalized programs if their graduates had student loan payments that exceeded a specific percentage of their incomes. The teeth behind that rule was to revoke federal funding and access to financial aid for poor-performing schools.

For almost a decade now the federal government has been trying to hold schools accountable for promising to prepare students for specific

careers but failing to prepare them for the job market, leaving taxpayers on the hook to pay back their taxpayer-backed loans. One of the catches used by these for-profits was that they offered financial aid — aid that did not come from their coffers, but from taxpayers.

For-profit institutions of higher education are the main culprits for the increasing student-related debt crisis we have been facing for years. Another is diminishing financial support from state governments for public institutions. The for-profits are also the most involved in scandals regarding the disparity between what they claim to offer and what they actually deliver.

After a 30-day comment period, the gainful employment rule is expected to be eliminated July 1, 2019.

This move was not unexpected. DeVos has been a great cheerleader for for-profit institutions. Since she took office, she has also been stuffing the ranks of the Education Department with people who have connections to the for-profit higher education industry, resulting

in the de facto halting of government oversight over them. In fact, after Trump was elected, the value of the shares of the for-profit companies owning these institutions saw a surge after years of decline directly related to the attention federal oversight brought to their abuses. Many of those for-profits, such as ITT Technical Institute and Corinthian Colleges, went bankrupt because of mountains of complaints and lawsuits for using misleading and deceptive practices.

These DeVos policies are facing some legal challenges. Eighteen state attorneys general have sued the department for delaying the enforcement of the Obama rule based on the premise that the Education Department's duty is to protect students from exploitation and taxpayers from the waste of federal funds.

Yet, in order to cover her tracks, DeVos claimed in her announcement that the new rules would provide students with more data about all of the nation's higher education institutions (and not just career and for-profit college programs), including rates of student debt, expected earnings after graduation, completion rates, program

costs, accreditation and other measures. In other words, she is putting both for-profits and non-profits in the same basket although there is no way you can convince anyone that both sectors operate the same way or have the same mission. The sole purpose of for-profits is to make money for shareholders.

"Students deserve useful and relevant data when making important decisions about their education post-high school," said DeVos. "That's why instead of targeting schools simply by their tax status, this administration is working to ensure students have transparent, meaningful information about all colleges and all programs. Our new approach will aid students across all sectors of higher education and improve accountability."

The strategy followed by the Obama administration had been to encourage the expansion of community colleges, which are cheaper (and in many cases even free) and more serious when it comes to academic quality. During the Obama years, the federal government forgave at least \$450 million in taxpayer-funded student debt for for-profit graduates who could not

find decent jobs with the degrees or certificates they had earned.

Although as many as half of all for-profit colleges closed during the Obama years because of the gainful employment rule, the fact of the matter is that we should not be stunned if we see a resurgence of these predatory colleges. They know that they can make money off of taxpayer-funded student loans, and will no longer be watched over by the federal government.

The move by DeVos, to no one's surprise, has received totally different reactions from Congress, pretty much along party lines. Republicans have applauded it. Democrats have condemned it. There is even talk that the Republican majority is working on eliminating the gainful employment rule by law out of fear that they may lose their majority standing after the upcoming November mid-term elections.

Given recent actions by the Trump Administration against private institutions of higher education for alleged discrimination, as well as its criticism over their handling of their endowments, it is not inconceivable that they may use this new policy to

castigate private colleges and universities which they see as "too liberal." This will be consistent with their aversion toward higher education in general.

These new policies are consistent with others by the administration that tend to favor the executives and shareholders of predatory for-profit institutions of higher education over protecting students and taxpayers from abuses. The reason we all should be concerned is that now federal funds will go to benefit these for-profit colleges through federal subsidies and loans to students who will be ill prepared to get a decent job after graduation. In fact, the reputation of these for-profits is so bad, many employers refuse to even consider applications from their graduates.

At the end of the day the anti-tax party, which has always denounced "big government," is ok with taxpayers footing the bill for subsidizing private businesses that deliver a poor product.

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