NEW AMERICA

Manager of the Strategic Collections and Clearance Governance and Strategy Division
U.S. Department of Education
400 Maryland Avenue, SW, Room 6W203
Washington, DC 20202-8240

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Docket ID #: ED-2024-SCC-0030

To Whom It May Concern,

Thank you for the opportunity to provide comments on the Department of Education's information collection request for new Gainful Employment and Financial Value Transparency Requirements. We applaud the Department's efforts to increase consumer information and protection for students and reduce the chances that taxpayer dollars go to poorly performing and predatory institutions. The new Gainful Employment and Financial Value Transparency regulations will restore trust in our higher education system, ensuring that students don't enroll in programs that leave them worse off than if they had never enrolled in the first place.

New America's higher education program is a team of researchers, writers, and advocates from diverse backgrounds. We are dedicated to making higher education more equitable, inclusive, and accountable so that everyone has the chance to obtain an affordable, high-quality education after high school. We are a voice for students in policy discussions dominated by institutional interests, making us well-suited to respond to this request. We welcome the opportunity to discuss our comments further, and our contact information is included at the end of this letter.

We recognize that the Department has recently announced plans to delay the implementation of these reporting requirements. We want to underscore that the Department must move as quickly as possible to issue this guidance, establish reporting systems, and develop the completer lists. The Department must ensure that, even if reporting is delayed, it sticks to its timeline for producing data in order to hold programs accountable for the warning, attestation, and program eligibility requirements. Haste is warranted—in the intervening years that strong Gainful Employment rules haven't been in place, students have been harmed and taxpayer dollars have been wasted.

Below, we provide comments related to this request. In addition, we are members of the Postsecondary Data Collaborative and have signed on to comments also submitted for this request.

Sincerely,

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As part of the ICR process, the Department has requested that public comment address the following issues: (1) is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the burden of this collection on the respondents, including through the use of technology.

New America's Higher Education Program is well-positioned to provide guidance on (1) and (4).

Is this collection necessary to the proper functions of the Department?

The new GE regulations that the Department has proposed will ensure that graduates of career-oriented programs are on the pathway to a living wage and that their credential offers enough of a return to pay down their student loan debt. By implementing measures that ensure both accountability and transparency, the Department will take a stand against predatory practices and safeguard the futures of students and the hard-earned money of taxpayers.

In the intervening years since GE was dismantled, students have been harmed and taxpayer dollars have been wasted. Take one woman we spoke with, for example, who was a student who enrolled in a program that would have failed GE.[1] She thought her associate degree would help her become an entrepreneur, but she has only been able to find low-wage and hourly employment in the retail sector. She's watched her debt balloon and has landed in default on her student loans. If she had attended the nearby community college, which had a similar passing program at a much lower cost, her trajectory would have likely looked a lot different.

Or consider the experience of Samer who provided public comment to the Department during the rulemaking process.[2] As he described to the negotiating committee and the Department, he enrolled in a certified nursing assistant program that promised him and other students a pathway out of poverty. The school advertised that he would earn good wages helping his community—one instructor even promised $50,000 starting salaries if students "played their cards right." Instead, he found himself working in a low-wage job upon graduation, with no room for growth and lacking economic stability. Samer emphasized, "My story illustrates why the Department of Education should write strong gainful employment rules that prioritize protecting students and hold programs accountable for poor outcomes."

Academic research confirms that low-quality programs *cause* low earnings and poor outcomes it is not simply that low-quality programs accept more disadvantaged students. Many researchers have found that students at for-profit schools have higher default rates and lower earnings, even after statistically controlling for student characteristics like race, family income, and

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[1] Tia Caldwell, "A New Blog Series on Gainful Employment," EdCentral (blog), New America, April 25, 2023, https://www.newamerica.org/education-policy/edcentral/blog-series-gainful-employment/.

[2] Department of Education, Office of Postsecondary Education, Institutional and Programmatic Eligibility Committee Meeting (transcript), Session 3, Day 4, Afternoon, March 17, 2022, https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/transcrmar17pm.pdf.

standardized test scores.[3] Researchers at the Federal Reserve recently used a new method to isolate the causal effect of attending a for-profit school instead of a public school.[4] They found that for-profit enrollment caused the default rate among four-year students to almost double.

The defaults occur because for-profits saddle students with higher debt and, as confirmed in other studies, lower post-graduate earnings.[5]

The flipside of the fact that poor-quality programs cause worse outcomes is that students who attend higher-quality programs will have better outcomes. A study of the last time the government cut off federal aid to low-quality schools in the 1990s found that people who would have enrolled in for-profit schools instead attended their local community college, where they went on to have fewer defaults and higher earnings.[6]

Low-financial-value career-oriented programs have been allowed to flourish too long. The new rules proposed by the Department will go a long way in protecting students and taxpayers. And the data elements the Department is proposing to collect are absolutely essential to implementing the rules.

How might the Department enhance the quality, utility, and clarity of the information to be collected?

New America's Higher Education Program is part of the Postsecondary Data Collaborative. The Collaborative submitted a letter to the Department as part of this request and we support the comments within that letter including providing clear and comprehensive information to institutions within the Department's announced implementation timeline, providing robust

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[3] Please see Yuen Ting Liu and Clive Belfield, *Evaluating For-Profit Higher Education: Evidence from the Education Longitudinal Study* (New York, NY: Center for Analysis of Postsecondary Education and Employment: September 2014), https://eric.ed.gov/?id=ED549157; and Judith Scott-Clayton, *The Looming Student Loan Default Crisis Is Worse Than We Thought* (Washington, DC: Brookings Institution, January 2018), https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/; and Adam Looney and Constantine Yannelis, *A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions they Attended Contributed to Rising Loan Defaults* (Washington, DC: Brookings Institutions, 2015), https://www.brookings.edu/bpea-articles/a-crisis-in-student-loans-how-changes-in-the-characteristics-of-borrowers-and-in-the-institutions-they-attended-contributed-to-rising-loan-defaults/.

[4] Luis Armona, Rajashri Chakrabarti, and Michael Lovenheim, "Student Debt and Default: The Role of For-Profit Colleges," *Journal of Financial Economics* 144, no. 1 (April 2022): 67-92. https://doi.org/10.1016/j.jfineco.2021.12.008.

[5] Please see Stephanie Riegg Cellini and Nicholas Turner, *Gainfully Employed? Assessing the Employment and Earnings of For-Profit College Students Using Administrative Data* (Cambridge, MA: National Bureau of Economic Research, January 2018), https://www.nber.org/system/files/working_papers/w22287/w22287.pdf; and David Deming, Noam Yuchtman, Amira Abulafi, Claudia Goldin, and Lawrence F. Katz, "The Value of Postsecondary Credentials in the Labor Market: An Experimental Study," *American Economic Review* 106, no.3 (March 2016): 778-806,https://www.aeaweb.org/articles?id=10.1257/aer.20141757.

[6] Stephanie Cellini, Rajeev Darolia, and Lesley Turner, "Where Do Students Go When For-Profit Colleges Lose Federal Aid?" *American Economic Journal: Economic Policy* 12, no.2 (May 2020): 46-83, https://www.aeaweb.org/articles?id=10.1257/pol.20180265.

support and technical assistance to institutions, and providing publicly available metrics no later than January 2025.

In addition, New America believes that there should be additional clarity to institutions on the Cost of attendance provisions required for implementation of these regulations. For today's students, the cost of going to college includes much more than tuition. Cost of attendance (COA) measures the total education and living expenses for a student at a particular college or university and in particular programs, making it a key estimate of how much a student must budget for their program.

These new reporting requirements offer an opportunity for prospective students to better understand at a granular level not just how much a certain college will cost (which is how current data are reported on websites like College Scorecard), but how much a particular *program* will cost. As the Department noted in the preamble of the Gainful Employment and Financial Value Transparency final regulations, "the framework will improve on the information currently available to students by generating program-level information on cost of attendance and available aid for all types of students and by ensuring the information is delivered to students."

As the Department collects more granular COA data, it should clarify that the "Total Cost of Attendance (COA) for Award Year being reported" should be the COA that was used by the institution to package the student's financial aid. This will ensure that COA will be clear, comparable across and within institutions, and will ensure that the Department is truly getting at programmatic costs.

In addition, if a goal of the Department is to improve data transparency on programmatic costs, there are several components of COA that are currently missing. Total COA is one of the data points being collected, and in addition there will be separate break outs for tuition and fees, allowance for books, supplies, and equipment for the award year being reported, and housing and food. We urge the Department to also consider collecting information on transportation and miscellaneous personal expenses (for those students who are enrolled in enough credits to have this calculated)—two other important components of COA and ones that are a part of every student's total cost of attendance.[7] Given that one in five students are student parents, the Department may also want to consider collecting COA data related to dependent care allowances.[8]

Beyond these changes to cost of attendance data collection, the Department should double-check it has all the necessary information for several other data elements:

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[7] https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2023-2024/vol3/ch2-cost-attendance-budget

[8] Lindsey Reichlin Cruse, Tessa Holtzman, Barbara Gault, David Croom, and Portia Polk, Parents in College: By the Numbers (Washington, DC: Ascend at the Aspen Institute and the Institute for Women's Policy Research), https://iwpr.org/wp-content/uploads/2020/08/C481_Parents-in-College-By-the-Numbers-Aspen-Ascend-and-IWPR.pdf.

Section 1: Annual Program Information:

- The Department should add a field recording the occupation for which the program prepares students using the Standard Occupational Classification (SOC) code. An existing CIP-to-SOC crosswalk, published at https://www.onetonline.org/crosswalk/CIP/, could help verify the data.
- Institutions will have trouble giving a "Yes/No" response to whether the "program meets licensure requirements," because licensure requirements vary by state. Instead, the form could ask whether any state in the program's MSA requires licensure for the occupation for which the program prepares students. This screener question could allow programs that select "No" to skip further questions about licensure in nearby states.
- The Department should consider how it will figure out which states are in an institution's MSA and how to collect information both on whether the state has a licensure requirement and whether the program meets any requirement. The best solution would be to provide institutions with a list of the states in the MSA based on the college's location. Colleges could then fill out a drop down option for each of the relevant states. The drop down could allow schools to report whether the program meets licensure requirements in a given state, or whether there is no requirement, using the options "Yes"/"No"/"No licensure requirement." If the Department does not plan to pull a list of states in a school's MSA, it could ask colleges to report the states in the MSA in which the program *does* prepare students for licensure and the states in the MSA for which there is no requirement, in addition to reporting the states in which the program does not prepare students.
- The final Gainful Employment and Financial Value regulations specify data collection on "whether the program meets licensure requirements or prepares students to sit for a licensure examination,"[9] but this docket only asks about whether the "program meets licensure requirements." The Department should clarify how colleges should handle programs that prepare students to sit for a licensure examination.

Section 2: Annual Student Information for All Enrolled Students:

- The Department should clarify exactly how "assessed tuition and fees" should be recorded. For instance, does the Department expect schools to subtract grant aid from sources other than the college?
- The Department should ask institutions to report the program's published tuition and fees as well as the tuition and fees the student actually paid the college. In our experience with IPEDs data, institutions often misreport tuition costs. By collecting net and published tuition and fees, as well as institutional and other grant aid, the Department could flag if published tuition minus grant aid did not equal the amount the student paid.

[9] 88 FR 70004, https://www.federalregister.gov/d/2023-20385/p-2150.