

Rebuilding America's Middle Class

**Meeting with the Office of Information and
Regulatory Affairs: Gainful Employment regulation**

October 2014

Rebuilding America's Middle Class (RAMC) is composed of:

- state-wide community college systems
- community college districts
- individual institutions

Our mission:

To rebuild America's middle class by enhancing student access and success and by promoting the vital role community colleges play in serving Americans – whether right out of high school or later in their careers.

RAMC understands that the Department is interested in ensuring that students benefits from the education and training they receive in college... and as community colleges, **our primary mission is to ensure that our students receive the education and training they need to obtain a well-paying job.**

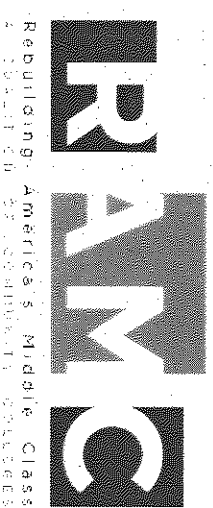
RAMC believes that the gainful employment regulation has unnecessarily caught up community colleges in a rule intended to police for-profit institutions. **We urge the Administration to exempt community colleges from this regulation, or reduce the burdens associated with its implementation.**

Community colleges often serve a population of students who are:

1. Seeking training for a specific occupation
2. Looking for the lowest-cost option
3. Looking for institutions that are geographically accessible to them

The gainful employment regulation does little to answer the real-world situation these students are facing as they seek access to postsecondary education.

Community colleges in partnership with the business community



Community colleges offer many programs that respond to the needs of both students and the employment opportunities in the region, ensuring that students are being trained for available jobs in their communities.

In order to respond to the needs of the local workforce, community colleges need the ability to react and interact with employers – **gainful employment will slow community colleges' ability to respond to the training need of employers and employees and will stifle innovation and employment solutions for students and businesses.**

For example, if a community college wants to implement a new training program that is not currently offered by a community college or that is similar to an existing program that is impacted by gainful employment, the program will need approval from the Department of Education.

Gainful employment will create massive new regulatory and financial burdens for community colleges:

- OMB estimates a cost of \$60 million in just the first year, for implementing the regulation
- Some community college systems estimate that the cost will be even higher, especially in the initial years of implementation
- Community colleges will be required to provide over 20 data points
- The requirement to certify all existing programs is burdensome and costly

These regulatory requirements will:

- Slow down colleges' responsiveness to business and student needs
- Make it difficult to establish new programs
- May result in even fewer institutions that are willing to participate in federal student aid programs, which will harm students by denying them the benefit of Title IV student loans.

Gainful employment's focus on community colleges is misplaced.

- Many community college programs are “low risk,” meaning they result in very low, if any, student debt.
- Borrowing is not at high levels at community colleges
- The Department of Education's own data that was issued with the NPRM shows the rule's questionable value when applied to community colleges

These factors will lead to low, if not nonexistent, debt-to-earnings ratios and few instances of program cohort default rate violations.

- **RAMC recommends raising the minimum number of students needed to trigger compliance with the regulation.**
 - The current threshold of 30 students over a four-year period is too low
 - It has the impact of requiring massive compliance burdens for extremely small numbers of students
- While these changes would help community colleges, our **strongest recommendation is that the Administration exempt community colleges from this regulation.** The regulation is not necessary for community colleges, as they already have a responsibility to students and employers in their region.