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Statement on Final Gainful Employment Rule

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Background: Today the U.S. Department of Education issued a final “gainful employment” rule to enable enforcement of the federal law requiring any post-secondary career education program receiving federal financial aid to “prepare students for gainful employment in a recognized occupation.” The final regulation applies to all career education programs, whether offered by a public, non-profit or for-profit college.

“The final gainful employment rule is a first step towards preventing federal taxpayer dollars from being wasted on career education programs that leave students with nothing but insurmountable debt. Unfortunately the final rule will allow many programs that over-charge and under-deliver to continue to receive federal student aid. It also fails to address the [recommendations](#) of a broad coalition of student, civil rights, consumer, higher education and college access organizations to strengthen the modest draft rule published last July. While the final rule is a step in the right direction, it is substantially weaker than the draft rule and it will take longer to protect students and taxpayers from the worst of the worst programs.

“Since the draft gainful employment rule was issued, evidence of rampant fraud and abuse in the for-profit career college industry has continued to mount: 11 state attorneys general have launched a [joint investigation](#) of the industry; the Justice Department and state attorneys general [joined](#) a whistleblower lawsuit against one of the largest publicly traded career college corporations; a Government Accountability Office [undercover investigation](#) found 15 out of 15 career colleges engaged in deceptive and misleading practices; and a [Senate committee investigation](#) has uncovered company documents encouraging unseemly, high-pressure recruiting [tactics](#).

“This year alone, taxpayers are expected to underwrite more than \$30 billion in federal loans and more than \$9 billion in Pell Grants to students attending for-profit career colleges. However, the evidence is clear that many of these programs are fleecing both taxpayers and students. The industry enrolls about one in ten college students, but it accounts for one in four federal loan and grant dollars and for *nearly half* of all defaults on federal student loans.

“More needs to be done to prevent the waste of taxpayer dollars and protect students, including veterans, from programs that swindle them rather than prepare them to succeed in the workforce.”

An independent, nonprofit organization, the Institute for College Access & Success works to make higher education more available and affordable for people of all backgrounds. For more about our programs and initiatives, including the Project on Student Debt, see <http://ticas.org>. For more information about support for a strong gainful employment rule, see www.ProtectStudentsandTaxpayers.org.