

June 24, 2010

The Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

The Honorable Peter R. Orszag
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Re: Need for career education “gainful employment” rule to go into effect in 2011

Dear Secretary Duncan and Director Orszag:

Thank you for proposing important new regulations aimed at ensuring that taxpayer dollars are spent appropriately and effectively on federal student aid. However, as organizations representing students, higher education, consumers and civil rights, we write to urge the Obama Administration to issue draft regulations defining “gainful employment” in time to be finalized by November 1 and go into effect in July 2011, along with rules on the other Title IV program integrity issues addressed in the June 18, 2010 Notice of Proposed Rulemaking.

Each year, students borrow and taxpayers spend billions of dollars to subsidize attendance at programs required by law to “prepare students for gainful employment in a recognized occupation.” Yet current regulations include no definition of “gainful employment.” It is critical that regulations with a strong definition of gainful employment go into effect next year. To be effective, the definition must be measurable, enforceable, not overly burdensome to schools, inclusive of all debt incurred at affiliated schools, based on accurate, consistent and independently verified data, and avoid loopholes.

In the next year alone, taxpayers will likely underwrite more than \$30 billion in loans to students attending programs that are required to prepare them for gainful employment. Students and taxpayers shouldn’t have to wait yet another year to be protected from career education programs that over-charge and under-deliver. Your prompt action will demonstrate the Obama Administration’s commitment to invest in education, cut wasteful spending and strengthen our economy.

Sincerely,

AFL-CIO

American Association of Collegiate Registrars and Admissions Officers

American Association of University Women

American Federation of Teachers

American Federation of State, County, and Municipal Employees International

American Federation of State, County, and Municipal Employees Local 3299

Campaign for America's Future
Campaign for College Affordability
Campus Progress Action
Community College League of California
Consumer Action
Crittenton Women's Union
Demōs: A Network for Ideas and Action
Florida Council of Presidents
Florida State College at Jacksonville
The Greenlining Institute
The Institute for College Access & Success and its Project on Student Debt
National Consumer Law Center (on behalf of its low-income clients)
National Consumers League
Neighborhood Economic Development Advocacy Project (NEDAP)
National Education Association (NEA)
New York Community College Association of Presidents
Public Advocates Inc.
Rainbow PUSH Coalition
U.S. PIRG
United States Student Association
Young Invincibles

Please note: This letter was updated on June 28 to include organizations that asked to sign the letter after it was submitted to Secretary Duncan and Director Orszag on June 24, 2010.