
New rule could deny up to 7.5m US students access to college education

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A new proposal entitled the gainful-employment rule would force for-profit colleges in the US to disclose data on student default rates, attendance and completion. The regulation would slash federal student aid to courses where too many students defaulted on their loans or were in debt.

This, in turn, would deprive 7.5 million students access to higher education over the next ten years, says a [report](#) by the Association of Private Sector Colleges and Universities (APSCU).

The legislation would put the onus on for-profit higher education institutions to prove the estimated annual loan payment of an average graduate does not surpass 20 percent of their discretionary income. It would also ask for-profit schools to make sure the default rate for graduates doesn't exceed 30 percent.

APSCU's report describes the gainful employment proposal as *"flawed, arbitrary and biased"* and argues it would have a disproportionate effect on poorer students in the US. According to the report, the proposal does not take into account the fact that lower income students more often than not have to borrow more money to pay for their education.

APSCU predicts that 21.8 percent of the courses offered in these institutions would not be able to comply with the new rule and as a consequence it would deprive 44.2 percent of students of their places in for-profit schools.

The Obama Administration originally aimed the rule at slicing federal aid to under-performing vocational programs at for-profit institutions. The government has criticized for-profit schools for charging extortionate amounts and leaving students with high debts and difficulties finding a good job.

The US Department of Education estimates that for-profit schools make up around 13 percent of the American higher educational population. The institutions also tend to attract larger amounts of minorities such as mature students, single parents and veterans.

Student debts in the US now amount to over [1 trillion](#), catering for more than 37 million college students and graduates. According to statistics from The College Board's Trends in Higher Education, the average cost of a Bachelor's degree in a private college or university is \$45,000.

"This exploding debt is also dragging down our economy. With monthly loan bills that can easily exceed a mortgage payment, it's no surprise that homeownership among thirty-year olds has declined steeply," Sen. Elizabeth Warren told the Huffington Post last September.

The Congressional Budget Office has estimated the US government will earn \$184 billion from student loans over the next ten years.
