

CENTER FOR COLLEGE AFFORDABILITY AND PRODUCTIVITY

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Gainful Employment: A Slippery Slope

by Daniel L. Bennett

Ben Miller is a fan of the gainful employment proposal from the Department of Education that would impose a debt-to-income limit on vocational programs using actual debt of program participants and occupational wage data from the BLS (specifically, the bottom 25% of earners). While I agree with Miller's assessment that asking for actual programmatic outcomes and earnings...could be immensely useful to either warn away consumers or help them make more informed decisions.

I respectfully disagree when he asserts that the sky isn't falling. It's a big opportunity for better consumer transparency that's on the horizon...

Gainful employment is not an improvement in transparency, it is a slippery slope towards more government interference in education and the private enterprise system. It will essentially establish a ceiling on tuition, for which many for-profit schools will struggle to meet thanks to the 90/10 rule which limits the percentage of revenues that a for-profit school can receive from federal aid programs to 10 percent. My **hypothesis** is that many schools set their tuition above the federal aid thresholds to ensure compliance with the rule. Having faceless bureaucrats dictate how much a private business can charge for its products or services is a slap in the face to the market system and will likely lead to adverse effects similar to those experienced with other government price control schemes (e.g. - supply shortage, price increases for alternatives).

Gainful employment will likely be a stepping stone towards central command of all of postsecondary education. How long before the feds start dictating prices of bachelor degrees or how many can be awarded? How long before the government decides who can study what at which college? This is precisely the reason that even non-profit representatives **opposed** the proposal during the negotiated rule-making session, and why our higher ed system has fought for so long to retain its autonomy. More government involvement will create even more market distortions in an already dysfunctional education system. While maintaining the status quo in higher ed is not acceptable, imposing a regulation that requires schools and programs to disclose valuable information is one thing, but putting federal bureaucrats behind the decision-making wheel is quite another -- and destined for failure.

See my recent *Career College Central* [article](#) for more reasons why the gainful employment proposal is problematic.