

The Barr Code Blog

About The Barr Code

Where experience, logic and ideas trump political correctness and the status quo every time

Administration targets working-adult degree programs

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Whether a president actually claims the mantle of being the “Education President,” as did George W. Bush, or simply declares education a “top priority,” every recent occupant of the White House has felt the need to tout their education credentials. In his very first speech to a joint session of the Congress in early 2009, President Barack Obama promised that within a decade the U.S. will “have the highest proportion of college graduates in the world.”

Strange it is, then, that this administration is moving to dramatically curtail the ability of a major segment of the country’s post-secondary schools to meet the needs of many students often underserved by traditional colleges and universities; namely, working adults and minorities.

In the crosshairs of a new Department of Education proposed regulation are America’s proprietary private colleges and universities.

The variety of degrees offered by proprietary schools, and the number and size of such schools, have grown dramatically in recent years; largely because they fill an important niche in higher education – offering flexible hours and course programs that meet the needs of working adults. As noted recently by Mark Schneider, visiting scholar at the American Enterprise Institute, four-year, for-profit schools represent the fastest-growing segment of higher education in the country.

Considering the avowed desire by the president to significantly increase the number of citizens graduating from college, and seeing the success proprietary colleges have enjoyed in helping fulfill that goal, one might conclude that the Obama Administration would be working to ensure such schools are not unduly harmed by federal policies. Unfortunately, and somewhat inexplicably however, the administration’s recently proposed regulation would make it extremely difficult, if not impossible, for proprietary schools to continue competing financially with their traditional and more numerous cousins.

The vehicle, by which the administration is proceeding in what appears to be a move to drive a stake through the heart of for-profit colleges and universities, is something called the “gainful employment” rule issued by the Department of Education. Under this proposal, colleges would be prohibited from participating in Title IV financial aid programs (a key source of loans for post-secondary students) if the average debt load carried by their students is greater than 8 percent of the average starting salary those students could be expected to earn.

This essentially arbitrary figure would dramatically and disproportionately affect proprietary schools, because these institutions traditionally attract students who already are in the work force, and who often already have other financial obligations, such as children, not yet burdening younger students who attend public or non-profit private schools.

The net effect of this proposed rule would be to greatly reduce the chances for lower-income students, mainly women, minorities and working adults, to obtain college degrees and substantially increase their long-term earning potential. It would also drive many proprietary schools out of business by significantly reducing the pool of potential students; many of whom must rely on loans, including Title IV loans, in order to meet tuition costs.

The government’s proposal ostensibly is designed to prevent students from incurring post-graduate loan repayment obligations beyond what the federal bureaucrats consider reasonable. However, the government’s reliance on a sterile, statistics-based formula fails to take into account the reasons why many working adults are attracted to proprietary colleges and universities. In addition to questioning the reasoning on which the Department has based its punitive proposal, advocates for the schools argue the government has no authority to issue regulations such as these in the first place.

A top official in the Education Department, who reportedly has served as its point man for anti-proprietary school actions, is stepping down next month. But the battle lines already have been drawn. If working American adults wish to continue enjoying the unique advantages proprietary schools offer for standard degrees as well as specialized degrees like law and nursing, they will have to mount a multi-pronged attack, including legal and political challenges, to defeat what the administration is proposing.