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New rules on student debt shouldn't be limited to for-profit colleges

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The Obama administration wants for-profit career colleges to better prepare students for gainful employment and to improve debt-repayment rates. The government is threatening to pull access to federal student aid for colleges that fail to show progress.

Under the administration's proposed rules, if a program graduated a large share of students with excessive debt compared with potential earnings in their chosen fields, it would be required to disclose this information to current and prospective students.

I love this idea, but why don't we take it further and require *every* college that receives federal financial aid to discuss with incoming students who are applying for loans how much they can expect to earn in the degree areas they are pursuing?

Career counselors or financial aid personnel would show students data on the average starting salary for certain fields. Then the counselor would calculate -- based on the total amount of money the student planned on borrowing -- how much projected monthly income would be needed to service the student loans. This process would be a reality check before any federal student loan check is cut. I would also require this for students relying heavily on private student loans. Is it too much to hope that students and their families would rethink the amount of debt they would be taking on at a particular school after actually considering -- before enrollment -- how much they will earn?

Certainly there are problems in the for-profit education sector, which offers degrees and certifications in programs ranging from auto mechanics to business administration to massage therapy. The Government Accountability Office [reported](#) recently that in an undercover [investigation](#) of 15 for-profit colleges, four of the schools allegedly encouraged fraudulent practices and all 15 made deceptive or otherwise questionable statements to undercover applicants. In some cases, personnel encouraged undercover applicants to lie about their financial situation so they could qualify for federal aid.

I should point out that The Washington Post Co.'s Kaplan Higher Education unit, which operates for-profit colleges, would be affected by the proposed requirements. Kaplan College was involved in the GAO undercover investigation, and Post Co. executives said they would work to eliminate misconduct at its educational institutions.

It's clear there are significant debt-repayment issues at for-profit colleges. Students who attended for-profit schools were more likely to default on federal student loans than students from more traditional colleges, the GAO said last year.

Only 36 percent of students at for-profit schools were paying down their student loans in 2009, according to an analysis of Education Department data by the Institute for College Access and Success, a nonprofit group whose mission is to help make higher education more affordable. At public colleges, 54 percent of borrowers were paying down the principal on their loans, compared with 56 percent of those from private, nonprofit schools. These are not great percentages, either.

"While career colleges play a vital role in training our workforce to be globally competitive, some of them are saddling students with debt they cannot afford in exchange for degrees and certificates they cannot use," said Education Secretary Arne Duncan.

The administration says new rules for career colleges are needed as enrollment, debt loads and default rates have risen. The department would define whether a program is preparing students for gainful employment by using a two-part test. It would measure the amount of debt students have compared with their potential income once they've graduated. And the department would measure the rate at which all enrollees, regardless of completion, repay their loans on time.

The Education Department is asking for public comment on the proposed regulations by Sept. 9. Final regulations are due by Nov. 1 and will take effect in July 2011. If you want to read more about this issue or comment on it, go to <http://protectstudentsandtaxpayers.org>, a new Web site sponsored by several nonprofit organizations including the Institute for College Access and Success. A recent study conducted for Sallie Mae by the Gallup organization found that both parents and students are stretching themselves to pay for higher education. We know that for many, a college education is necessary for financial upward mobility. But in our zeal to make sure people get a degree or degrees, we've communicated to them that they need to do so by any means necessary -- even if it means taking on decades of debt.

The administration is on to something, but it's not just career colleges that leave students with a heavy debt load and no gainful employment to service that debt. *Readers can write to Michelle Singletary at The Washington Post, 1150 15th St. NW, Washington, D.C. 20071.*