

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

THOMAS J. DONOHUE
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000

August 18, 2010

Ms. Jessica Finkel
U.S. Department of Education
1990 K Street, NW
Room 8031
Washington, DC 20006-8502

Docket ID ED-2010-OPE-0012

Dear Ms. Finkel:

As the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, the U.S. Chamber of Commerce has an overarching mission—strengthening the competitiveness of the U.S. economy to increase opportunity and prosperity for all Americans. That is why we strongly oppose the proposed gainful employment regulation released by the U.S. Department of Education on July 26, 2010.

America's number one priority ought to be creating the more than 20 million jobs needed over the next 10 years to reemploy the unemployed and to keep pace with a growing population. Yet, this ill-conceived regulation would result in jobs lost and fewer Americans getting the postsecondary education and training they need to secure a job in today's economy.

There is renewed emphasis on degree completion and positioning the United States, once again, as the global leader in postsecondary attainment. For example, the Obama administration has articulated a "completion" goal of five million more college graduates by 2020. However, this rulemaking runs counter to this goal by targeting a sector of higher education that serves low-income and minority students and has provided an important alternative to traditional higher education for many students that otherwise would not have access.

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Private sector investment and innovation in higher education is critical. For-profit colleges and universities are a proven leader in delivery of instruction and program development that meets the needs of the employer community and students across the country. These institutions serve nontraditional students with highly convenient delivery that addresses the needs of working students, parents, and first generation college goers. Private sector higher education schools are working to help reduce the approximately 10 percent unemployment rate Americans have endured for more than two years. These institutions offer hands-on training and real world experience. For the sector as a whole, during 2008, more than 370,000 graduates were placed into jobs needed to drive the economy forward. However, this rule would have a chilling effect on private sector innovation and would result in reduced access, less opportunity, fewer choices, and less convenience for students.

The for-profit sector will not, and should not, replace traditional higher education; however, public and non-profit institutions can provide only a limited number of opportunities. Capacity at public and non-profit institutions is limited, particularly so in tough economic times when state and local budgets are tight. And in a global knowledge economy, we as a nation must support those who are providing educational opportunities to those who might otherwise be excluded. The for-profit sector is serving millions of low-income and minority students and providing them with a path to employment and success—an opportunity to achieve the American dream. We are concerned the Department lacks the data required to sufficiently understand the true impact of this far-reaching regulation, particularly on the minority community.

This rule is lethal to programs that enroll significant numbers of low income students. Low-income students, regardless of the type of institution they attend, tend to borrow more money than their more affluent peers. The Chamber is concerned that institutions would be forced to reject low-income students in order to ensure compliance with the arbitrary debt-to-income ratio proposed in this rule. In addition, contrary to President Obama's degree attainment goals, this measure, by its nature, would disproportionately affect degree programs that take longer to complete. Virtually no colleges, for profit or non-profit, could meet the eight percent threshold for bachelor's degree programs included in the rulemaking. The Department's message seems to be that if you are a low income student—the very students the Title

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IV program was created to assist—you should leave degree programs and the access they provide to more lucrative careers to more affluent students.

The Chamber will leave the detailed arguments regarding the wrong-headed approach of this regulation to others, but there is one over-arching issue we are compelled to raise: This rule would implement sweeping change with dramatic consequences to students without an adequate and informed assessment of its full impact. The regulation is overly complex and confusing, and the Department did not fully assess the overall economic impact of the rulemaking, nor the reporting burden that would be placed on schools, students, and Federal agencies. While not only underestimating the potential impact on minorities, the data being used by the Department has been called into question for its validity and accuracy. These serious issues should not be ignored.

The focus of the federal government should remain on growing the U.S. economy and creating jobs. Yet, this rulemaking would limit educational and economic opportunities for many Americans. The Chamber urges the Department to withdraw the Notice of Proposed Rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read 'TJ Donohue', written over a horizontal line.

Thomas J. Donohue