

Opinion | EDITORIAL

Rules for Gainful Education

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The Obama administration has already adopted several new rules that will give the Department of Education more authority to rein in corrupt practices by for-profit universities. But the most crucial rule, the “gainful employment” provision, is still awaiting approval, and the industry is pushing back hard.

Under the provision, the department would examine for-profit colleges and nonprofit trade programs to see how much debt their students accumulated in paying for schooling, and whether the jobs they secured after graduation allowed them to repay their loans. Programs that had particularly high debt ratios combined with very low repayment rates could become ineligible for student aid.

The department calculated earlier this year that about 5 percent of the programs covered under the proposed rule would be forced to shut down.

The finalized rules go into effect early next year, and they will provide important protections to students. Schools will be barred from paying recruiters based on how many students they enroll. For-profit colleges and nonprofit vocational programs will be required to inform prospective students of graduation and job placement rates and do a better job of validating an applicant’s high school credentials and ensuring that he or she has the ability to benefit from the program.

The need for stronger regulation is underscored in a new study by the Education Trust, a nonpartisan foundation. It found that, on average, four-year for-profits graduated only 22 percent of their students within six years, compared with 55 percent for public schools and 65 percent at private nonprofits. The for-profit students also left school with significantly more debt.

The Education Department is still studying the “gainful employment” provision to make sure that it does no harm to well-run for-profits that offer a genuine service to students who are not eligible for traditional colleges. That makes sense. It needs to ensure that the final rule is strong enough to protect students from unscrupulous schools that strip them of aid, saddle them with crippling debt, and give them nothing in return.

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