

Department of Education Proposes to Abandon Rule Protecting Students and Taxpayers from Schools that Fail to Deliver Value

FOR IMMEDIATE RELEASE: August 10, 2018 || **Contact:** Jan Kruse (jkruse@nclc.org); (617) 542-8010

BOSTON - **Abby Shafroth, attorney with the National Consumer Law Center's Student Loan Borrower Assistance Project**, issued the following statement regarding the U.S. Department of Education's proposal to abandon the "gainful employment rule":

"The gainful employment rule is a basic, commonsense safeguard designed to protect students and taxpayers by ensuring that federal dollars do not flow to schools that consistently fail to deliver sufficient value to students to enable them to afford their student loans. The rule protects millions of Americans enrolled in career training programs and provides incentives for schools to reduce their costs and increase their value. Today the U.S. Department of Education proposed to abandon the rule entirely.

The Department's proposal would demolish safeguards that prevent low-value schools from taking advantage of the federal aid system to line their pockets with taxpayer dollars at the expense of students working to build better lives for their families. Remarkably, in attempting to justify its proposal, the Department claims that doing so will benefit students by providing more educational choices, particularly for women, students of color, and low-income students. As an attorney who works with low-income student borrowers, primarily women and people of color, I could not disagree more strongly. Students don't need access to more failing schools; they need a student loan system that doesn't set them up to fail.

Taxpayers will also be harmed by abandoning the rule: The Department estimates repealing the rule would cost taxpayers over \$5 billion over the next decade, and that estimate fails to account for all the costs associated with loading students up with loans that they are unlikely to be able to afford. Who *would* benefit? The for-profit college industry and its wealthy investors who have been lobbying the government to rescind the rule to keep the federal aid spigot flowing."