The Higher Education Act (HEA) requires that all career education programs receiving federal student aid “prepare students for gainful employment in a recognized occupation.” The HEA does not define “gainful employment.” The purpose of the Gainful Employment Rule is to provide that definition.

The Gainful Employment Rule Identifies Programs that Routinely Leave Graduates with Unaffordable Debts:

- In 2014, the U.S. Department of Education published the Gainful Employment Rule (“GE Rule”) to define the longstanding federal requirement that career programs adequately prepare their students for gainful employment. Sixty-one percent of the programs that are covered by the GE Rule are offered by public colleges, primarily community colleges, while the majority of remaining programs are offered by for-profit colleges.

- The goal of the GE rule is to identify and address those career programs that charge too much and deliver too little. The rule has two components: accountability and transparency.
  - The accountability component distinguishes between programs that provide affordable training leading to jobs that increase the borrower’s economic security, and those that do not. It measures this by using secure privacy-protected data to look at how much debt typical graduates have compared to how much income typical graduates earn. This is known as the debt-to-earnings measure. Programs that do not meet debt to earnings benchmarks can lose access to federal financial aid.
  - The transparency component requires schools to provide consumer information that is comparable across programs to prospective students and the public. In the past, this has included what the typical graduate earns, how much debt graduates have, and what share of graduates find employment in their field.

- Because it reduces the amount of student aid wasted at low-quality programs, the GE rule saves money. Last year, the Department estimated that eliminating the GE Rule would cost $4.7 billion.

- Organizations working on behalf of students, consumers, civil rights, state attorneys general, and veterans and servicemembers represented by 33 organizations support the rule and oppose any effort to weaken or eliminate it.

The Current Administration Is Refusing to Carry Out the Gainful Employment Rule:

- While the GE Rule is currently in effect, in 2018 the current Administration proposed repealing the rule. After receiving over 14,000 concerned comments, the Education Department missed its deadline for doing so, but is expected to attempt to finalize this effort in 2019. In the meantime, the Department has gutted the consumer disclosures that provide transparency for students and the public to evaluate the quality of career programs, and it has not released data necessary to determine which career programs should be ineligible because they are failing students.

- The GE rule has been upheld by two federal district courts and unanimously affirmed by an appellate court. Eighteen state attorneys general have sued to force the Education Department to implement the GE rule.

- The current Administration is failing to enforce the GE Rule even though for at least five years after it takes effect, programs are held to a less strict debt-to-income measures to help schools transition, and to benefit schools that make immediate reductions in tuition and costs. Schools also may appeal and seek to have a program’s debt-to-income rates recalculated using alternate earnings data from an institutional survey or a state data system, and all failing programs have at least two years to improve before facing loss of access to federal financial aid.

The Gainful Employment Rule Has Reduced the Number of High-Cost Low-Quality Programs:

- In January 2017 the Education Department released the first evaluation of career education using the debt-to-earnings measure set out in the GE Rule. Fewer than 9 percent of career programs failed, with 14 percent of programs falling into the “zone” of at-risk programs. No career programs offered at public institutions, including community colleges, and at Historically Black Colleges and Universities failed, although a few public programs fell in the zone.
• Of the programs that failed, almost 98 percent were offered by for-profit colleges. Encouragingly, schools operating 65 percent of these programs have now voluntarily stopped enrolling new students.

• Students of color account for more than half of the undergraduate enrollment at for-profit colleges, and they are disproportionately impacted by the high-cost, low-quality programs identified and addressed by the GE Rule. Black and Latino students attending two-year for-profit programs pay more than twice as much and leave with over $7,000 more in debt than peers attending a comparable public two-year program.

• Overall, students that attended for-profit colleges account for more than one-third of all student loan defaults although they are fewer than 10 percent of total students. More than 350,000 students have completed programs at schools that failed to meet the guidelines established by the GE Rule. These students hold nearly $7.5 billion in student debt they are unlikely to be able to repay.

• College officials and industry observers acknowledge that the GE rule has driven improvement at colleges, leading to free trial periods, more scholarships, lower tuitions, greater focus on employer needs, and other efforts to improve the value they offer students.