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Proposed Changes to Gainful Employment Regulations

HIGHER EDUCATION

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On August 10, the Department of Education (DOE) [announced](#) a proposal to rescind gainful employment regulations. This is part of the on-going initiative by the Trump administration to review existing federal requirements with the goal of reducing regulation across all types of industries. As outlined in 34 CFR part 668, subpart Q, regulations require that educational programs lead to a degree at a nonprofit or public institution, or prepare students for gainful employment in a recognized occupation, in order to be eligible for Title IV funds. As such, all programs offered by [for-profit](#) institutions must prepare students for gainful employment, supported by records of the ratio of loan debt-to-earnings of alumni, in order for enrolled students to be eligible to receive Title IV funds. These rules were enacted under the Obama administration in response to concerns that students were not attaining meaningful employment upon graduation. Nonprofit and public institutions don't have to overcome this hurdle, which has provided a competitive advantage.

If gainful employment regulations are rescinded, Title IV funds would become more readily available to prospective students of for-profit programs, thus removing the existing advantage for not for-profit and public institutions. The change may also spark increased competition for students amongst all institutions of higher learning. The DOE believes that "data such as debt levels, expected earnings after graduation, completion rates, program costs, accreditation and consistency with licensure requirements is important to consumers, but not just those students who are considering enrolling in a gainful employment program." As such, the DOE is considering implementing regulation that requires each program, regardless of tax status, to disclose this information on its website to allow prospective students to evaluate all programs on a level playing field.

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