June 20, 2023

The Honorable Miguel Cardona
Secretary of Education
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

VIA ELECTRONIC SUBMISSION


Dear Secretary Cardona:

The Bipartisan Policy Center (BPC), a mission-focused organization helping policymakers work across party lines to craft bipartisan solutions, appreciates the opportunity to comment on the administration’s proposed rule: Financial Value Transparency and Gainful Employment, Financial Responsibility, Administrative Capability, Certification Procedures, Ability to Benefit (May 19, 2023).

BPC has worked for years to develop policy recommendations that would make postsecondary education more affordable, accessible, and efficient, while increasing accountability for institutions. We firmly believe that students should have access to clear and comprehensive information about educational programs’ costs and post-graduation outcomes so that they can adequately gauge the value of those programs. In this vein, we recently released a report evaluating the return on investment (ROI) for students and taxpayers at various higher education institutions across the country. This report introduced a new comprehensive metric of student ROI that improves on existing metrics and addresses concerns about accounting for disparate labor market outcomes across gender, race, and ethnicity.

The existing federal system for institutions of higher education that are annually receiving tens of billions of taxpayer dollars is weak and insufficient. BPC applauds the Department’s efforts to improve on these structures, and the proposed rule is a substantive step in the right direction. It aims to disqualify programs that are either saddling students with unwieldy amounts of student debt or failing to lift their students’ employment outcomes above those of an average high school graduate. The rule’s fair value transparency would also help more students “know before they go,” because even many public and non-profit institutions are offering programs that are dubious propositions for their students. At a high level, the rule’s goals are commendable and essential.

We do, however, believe that greater consideration of geographic and demographic diversity in the Gainful Employment rule is warranted. In particular, earnings metrics calculated at the state level may fail to adequately capture variation in wages and economic conditions within states, with significant potential implications for equity. State-level averages also fail to account for student populations that may have expected earnings well below the mean.
BPC’s ROI model goes further than previous efforts to address some of these concerns by adjusting a baseline earnings metric estimate for the fact that not all the apparent benefit of attending an institution is attributable to that institution. Instead, some of the benefits reflect advantages held by the students who attend, as well as geographic differences in lifetime earnings. Our model adjusts for labor market discrimination based on the race and gender of students attending each institution. In addition, BPC’s model could be refined to reflect regional differences in the labor market within states. This would yield a more conservative—but also more accurate—earnings metric, allowing, for example, for a more nuanced comparison of the value of enrollment at predominantly white institutions and enrollment at minority-serving institutions.

Greater accountability is needed in postsecondary education and the proposed rule would provide significant progress on that front. The revisions to the Gainful Employment regulation, however, may demand further consideration of the value institutions provide. Without further scrutiny of geographic and demographic disparities, the Department may inadvertently harm institutions that are effectively educating underserved or historically disadvantaged communities.

Additionally, the Department alone cannot rectify the accountability shortfall in the higher education system. Legislative solutions must be part of the mix, and recommendations from BPC’s Task Force on Higher Education and Student Outcomes provide a good starting point.

Again, we appreciate the opportunity to provide comments on this proposed regulation and look forward to its finalization with these considerations in mind.

Sincerely,

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