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Commentary

## Do for-profit colleges need to be reined in?

By Louis Lombardi

I graduated from Pennsylvania State University in 1986, when the cost to attend for four years was about the same as it is for one year today. In a little more than two decades, in other words, the cost of an education at Penn State has quadrupled. And what has happened there is the norm.

Meanwhile, in today's job market, many students are unable to find employment in their chosen field - if they can find a job at all. That makes it that much harder for them to pay off huge college debts.

In an apparent effort to protect students from debts they won't be able to pay off, the Obama administration is seeking to enact the so-called gainful-employment rule. This rule would punish institutions whose students end up with consistently large debts compared to their salaries after graduation - that is, whose graduates' are spending too much of their income on loan payments.

The punishment for wayward institutions is a reduction in federal financial aid to their students - a heavy penalty given that an institution that cannot extend student loans cannot survive.

In theory, the federal government is looking to protect unsuspecting students from predatory institutions. But on closer inspection, this rule looks unfair and likely to hurt those it aims to protect.

The greatest problem with the proposed rule is that, as drafted, it would affect only for-profit colleges, which are often vocational. These institutions play a major role in helping young people learn skills and enter the workforce. They fill a void left by traditional universities and colleges, reaching out to those who are not able to attend them for academic, financial, or other reasons. Many of these students are the first in their families to go to college.

If not for the vocational schools where I live, in central Pennsylvania, many students would be shut out of higher education altogether. Besides Penn State and a few other four-year universities, there are few other opportunities for prospective students.

The gainful-employment rule's targeting of these for-profit schools is patently unfair. Students can incur high debt burdens at expensive nonprofit and public institutions just as easily as they can at for-profit institutions, many of which are relatively affordable. So it's illogical to draw a distinction between the two kinds of schools and make only one of them subject to student debt restrictions.

Another major problem with the proposed rule is its failure to take into account the reasons graduates are not making enough to pay back their student loans. People may fail to earn sufficient wages for myriad reasons, and many if not most of them have nothing to do with the education they got.

Under the proposed rule, if graduates of these institutions stop working to raise families or take care of loved ones, that will be a strike against their schools. If they graduate in the midst of an economic downturn with little work available, another strike against their schools. These schools will face sanctions for any number of possibilities beyond their control.

Far from helping students, the gainful-employment rule will diminish their educational prospects. Many private institutions will be forced to close their doors as scarce funding is funneled to public institutions. And college options will disappear for many students who can't find a place within the traditional higher-education system.

The implementation of this proposed rule has been delayed until early next year. In the meantime, the Obama administration should either revise it so that it actually helps prospective students or do away with it altogether. And if the administration does not change course, the new Congress must intervene.

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