

## Representative Kline Eyes Way to Stop Rule Restricting For-Profit Colleges

By John Lauerma - Dec 17, 2010

[John Kline](#), the incoming leader of the House of Representatives education committee, said he is considering measures to block an Obama administration plan to tighten for-profit colleges' access to student aid.

The Department of Education has proposed tying for-profit colleges' eligibility for U.S. student aid to graduates' incomes and loan repayment rates. In September, after receiving more than 90,000 comments, the department delayed making public the final rule until early next year.

[Kline](#), a Minnesota Republican who will become chairman of the education committee in January, said he would rather that nonprofit and for-profit colleges be required to disclose graduation rates, costs, and graduates' debt burdens to all applicants. The so-called gainful employment rule is scheduled to go into effect in 2012, and Kline said he has been looking at ways of "stopping" it.

"At the very least, you need to push this thing back," he said yesterday during an interview with reporters in his office. The rule has been getting "an enormous amount of pushback and getting it in a bipartisan way."

Democratic Representatives [Alcee Hastings](#) of Florida and [Donald Payne](#) and [Robert Andrews](#) of New Jersey have voiced opposition to the gainful employment proposal, Kline said. At least 80 members of Congress have said they oppose the rule. ‘

### Broad Opposition

"You've got what I'd think of as a pretty broad spectrum," Kline said.

Senator [Tom Harkin](#), an Iowa Democrat and chairman of the Senate education committee, state prosecutors in Kentucky and Florida, and the U.S. Government Accountability Office have been investigating the education companies' recruitment practices and use of government funds.

Phoenix-based [Apollo Group Inc.](#), the biggest U.S. for-profit college and operator of the University

of Phoenix, gained 45 cents, or 1.2 percent yesterday in Nasdaq Stock Market composite trading, and has [lost](#) 37 percent this year. An index of 13 [for-profit colleges](#) gained less than 1 percent yesterday.

The rule is [intended to measure](#) the quality of for-profit colleges' by tracking former students' incomes and ability to repay loans. Schools that fail to hit benchmarks risk losing eligibility for student financial aid that can account for up to 90 percent of revenue at for-profit colleges. Those measures don't provide an accurate picture of how well the colleges educate their students, Kline said.

"I'd say you're measuring the wrong thing here," he said.

For-profit colleges are an important part of the educational system, because they can quickly develop programs to prepare students for expanding job opportunities, Kline said. The regulation needlessly hinders an industry that's working well, he said.

The rule may be blocked by including language in a spending bill that would prevent the department from implementing it, Kline said. He said he would prefer to work with Secretary of Education [Arne Duncan](#) soften or eliminate the proposal.

To contact the reporter on this story: [John Lauer](#) in Boston at [jlauer@bloomberg.net](mailto:jlauer@bloomberg.net)

To contact the editor responsible for this story: Jonathan Kaufman at [jkaufman17@bloomberg.net](mailto:jkaufman17@bloomberg.net).

---

©2010 BLOOMBERG L.P. ALL RIGHTS RESERVED.