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## Robert W. Tucker

President  
InterEd

*An academician with multiple doctorates, Tucker was Senior Vice President at University of Phoenix in the 1980s and as it came into the public's eye in the early 1990s. Since 1995 he has been helping college executives market and manage their public, private and for-profit campuses. In this interview he shares some astute observations of the wars between the Obama administration and America's for-profit colleges.*

### What is the danger of trying to implement nationwide political solutions for higher education?

The proposed 'gainful employment' rules are an overly broad, overly crude brush. Imagine the Secretary of Transportation proposing identical emergency landing rules for Boeing 787s and Cessna 172s. The Secretary of Education is proposing Gainful Employment rules that will apply indiscriminately to family-owned schools as well as publicly traded stock-owned corporations. Some of the affected schools offer only doctorates in medicine or psychology. Other affected schools train 30 truck drivers a year to back up an 18-wheeler. The Secretary proposes one-size-fits-all consumer protection for students who are exclusively 30-50 year old working adults and for 16 year olds who need parental permission to enroll. The proposed rules are fundamentally unintelligent, and their span of control is not even measurable or foreseeable.

### Explain why a graduate of a career college is likely to be gainfully employed.

Current rules that apply only to for-profit career colleges require that their graduates secure jobs. If such a school does not meet the job placement requirements, it loses eligibility for Title IV financial aid funds.

### Explain why gainfully employed graduates default in such relatively high numbers.

Actually, they don't. This lie has been perpetuated by the feds and especially by Senator Harkin. It depends on what schools they are compared with. Here's an example. According to Department of Education data, the average first-year loan repayment rate among the seven largest publicly traded colleges is admittedly low: 32%. The average first-year repayment rate for the seven worst performing public colleges is much worse: 13%. Please note that those are repayment rates - the opposite of default rates.

### Are you saying that loan default does not necessarily reflect on the school attended?

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When you extend this analysis to the 30 worst-performing public colleges and universities, the repayment rates improve somewhat - to 19%, still worse than the for-profits' rate of 32%. But at the core is the federal policy and practice of encouraging loans to economically disadvantaged students – wherever they go to school. The broad brush approach discussed earlier will not turn them into prompt debt payors.

**Can those facts be proven?**

The numbers I cite are from the Department of Education's own data sources.

**Are the best corrective measures political?**

Have the feds been forthcoming about their real goals? I would call everyone's attention to the fact that the feds secured an inordinate measure of control over all of higher education last year when they took over all insured student loans. We might be seeing the tip of the iceberg with respect to what they plan to do with their control.

**Can you suggest corrective measures?**

Yes. We need an intelligent assessment of risk. We should collect actuarial data that accurately measures risk associated with the student borrower. And risk associated with the school he or she will be attending. Take a well-orchestrated home mortgage, for example. It works well when the underwriting includes both the creditworthiness of the borrower and the appraised market value of the home. In fact, mortgage lending created a destructive bubble when established and effective underwriting procedures were compromised by politics and by resulting Wall Street excesses.

**How widespread are the questionable, even fraudulent, admissions office sales practices that were surfaced by the GAO's mystery shoppers?**

My company shops publics, privates, and for-profits. We see questionable practices in all types of institutions. On rare occasions we see outright fraud. The worst abuse I've seen personally occurred in a faith-based university that outsourced its enrollment processes to a third party. Independents and some publics do a lot of that and it's invisible to the feds. More often, questionable behavior is the result of poor training and supervision. I suspect that bad admissions behavior makes up only a small percent of the total. I also suspect that a sizeable share of the intentional misrepresentation has been coming from a relatively small number of schools or campuses within schools. They are probably on their best behavior right now, but the bad behavior will return. Get rid of the serious offenders, and the entire higher education industry will improve overnight.

**Are the best corrective measures political?**

In the case of fraudulent admissions practices, the best corrective measure is enforcement of existing laws. There are federal and state laws and rules already on the books to address every alleged wrongdoing. They are not enforced. Let's not repeat the feds' time-honored behavior of adding another layer of laws and rules as a solution to the perfectly good ones they haven't enforced.

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