

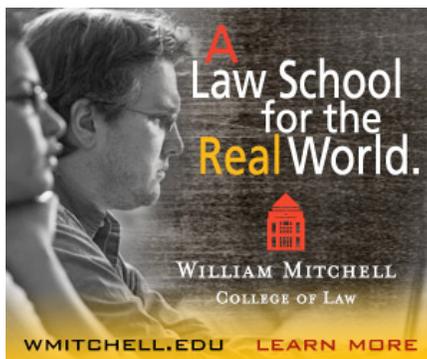
New federal student-loan rules should be based on outcomes, not anecdotes

By John Slama and Renée Herzing | Thursday, Oct. 7, 2010

In case you missed it, 2,500 private-sector college students gathered on the west lawn of the Capitol in Washington, D.C., last week to support their choice in postsecondary education. We were also there, fighting for the future of our students at Herzing University — and for the future of our role as an educational choice in America's higher education system.

At issue is a new federal Department of Education rule that proposes to hold only private-sector colleges responsible for the future earnings and loan repayment rates of all their students. In reality, the rule looks like a fairly well-laid plan to cripple for-profit colleges and universities like Herzing.

If enacted, the rule could eliminate meaningful programs by denying our students federal financial aid. As potentially damaging as this rule is to private-sector colleges, no data is available to determine the future outcome of the proposed rule, so we don't even know which programs will be affected.



Let's be clear. We agree with the concern the department is trying to address. The idea is that students should graduate with jobs that pay enough to enable them to repay their loans. We're committed to students' successes, so we would like to be part of any solution that helps further their success.

So what has gone awry?

Based on anecdotal information

The Department of Education proposed a rule based on anecdotal information from 16 unnamed for-profit colleges — information that no one is allowed to examine for accuracy. Worse, the "study" does nothing to compare graduation outcomes or debt levels of our students with public or nonprofit institutions serving similar student populations. It does nothing to reflect the scientific thinking the Department of Education itself is supposed to champion.

Both the "study" and the proposed rule to "fix" the problem ignore what we feel is so obvious:

• Our outcomes at Herzing and most other for-profits are better than the outcomes of many of our public and not-for-profit brethren serving similar students. As a for-profit, Herzing has to be better to stay in business. We aggressively update curriculum so we're offering cutting-edge degrees in health care, technology, business and public safety. We know our graduates do well because we track their success, where most public institutions do not.

• Our students' debt-to-salary ratios are reasonable. We take great care to help guide our students in their educational pathways so they are successful when they graduate. And because we're career and job-oriented, our student's debt-to-salary ratios are significantly better than that of many institutions. In fact, many private nonprofits charge unfathomably high tuition that has little or no correlation with after-graduation income. Indeed, Harvard Medical School graduates could not pass the Department's "test."

• We successfully serve many high-needs students such as adults trapped in low-end jobs, adults working full time, women with children at home — the very people our country would like to see lift themselves up. Our university changes people's lives, giving them new self-confidence and hope.

• For taxpayers, we're the best educational deal in America. We don't require huge taxpayer subsidies or massive tax breaks. Just the opposite. We pay millions of dollars of sales, property and income taxes.

Apply outcome-based rules uniformly

We were in Washington to state the obvious. We were there to push for rules that will help all students.

We need rules based on the outcomes at every type of institution — and rules that are applied uniformly to Harvard, Minnesota State University, our technical colleges as well as for-profit schools.

Without universally applied rules based on good scientific data, it is hard to see that this is little more than ruling by press release. We need to do better — and we're willing to be part of the solution.

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