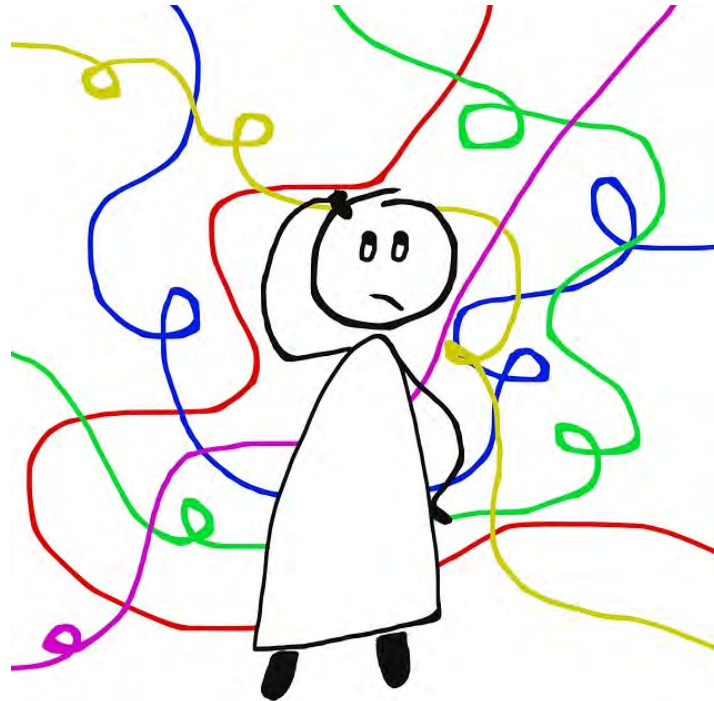


# **CAPPS 34<sup>th</sup> Annual Conference**

October 12, 2018

**Steve Gunderson, President and CEO, CECU**

# We sought Order – and found Chaos!



# We sought Clarity – and found Confusion!



# We sought Outcomes – and found Delay!



# Where Are We At??????????



# What Does This Mean?????????



# What Do We Do Now??????????



# So, where are we at on the Borrower Defense Rule?





# What Will Happen?

- Judge's decision on both "Bauer vs. DeVos" and "CAPPS vs. DeVos."
- Department will either appeal, or comply

## If the Department Complies?

- We could have 5 different versions between now and July 2020
  1. The current BDR using the original rule now in effect
  2. The version ordered by the judge's ruling as of ???
  3. Any short-term changes in implementation the Department makes
  4. A new rule (partially implemented early)
  5. A new final rule as of July 1, 2020!

# The Department can designate a rule for early implementation!

- Providing all “entities” agree
- I predict this means early implementation on Financial Responsibility provisions
- But NOT on Student Defense to Repayment Provisions – because students won’t agree

# So, where are we at on the Gainful Employment Rule?



# What Will Happen?

- The Maryland lawsuit will get new focus. Will it follow the “Bauer vs. DeVos” precedent?
- During this time, GE reporting and disclosure continues
- Department has no MOU with SSA to calculate earnings (expired May 2018)!

## What Will Happen?

- If Maryland suit forces continued implementation of existing GE rule and vacates selected delays
- Department will continue implementation, but loss of title IV based on D/E rates is currently unlikely without signed MOU with SSA
- The Department may provide for early implementation of new rule by end of December 2018
- Every school will have to approve early implementation

**So, where are we at on the next  
set of Negotiated Rulemaking?**

## What Will Happen?

- The Department held 3 field hearings in September. CECU provided public testimony.
- The Department called for committee nominations yesterday! Due November 15th!
- Rulemaking committee focus: Accreditation and Innovation
  - 3 Subcommittees to provide recommendations:
    - Distance Learning and Educational Innovation
    - Faith-Based Institutions
    - TEACH Grants



# Why did the Department fail to finish these rules?

## Their Answer:

- They are waiting for the court ruling on BDR
- They had too many comments to fully consider within the time frame

# My Answer:

- Obama's BDR rule had 50,000 comments vs. 31,900 for Trump's BDR rule (And 18,000 were form letters!)
- Obama's GE rule had 95,000 comments vs. 14,000 for Trump's GE rule (And 11,000 were form letters!)

# Here is the Real Answer:

<u>Schedule C Appointments</u>	<u>Obama</u>	<u>Trump</u>
Office of Under Secretary:	25	6
Office of Planning, Evaluation and Policy Development:	12	4

# So, where are we on HEA Reauthorization?

- Everyone says it will happen next Congress
- Foxx vs. House Dems vs. Senate



# HEA: The Nation's Workforce Investment Strategy!



# Comparative Federal Investments:

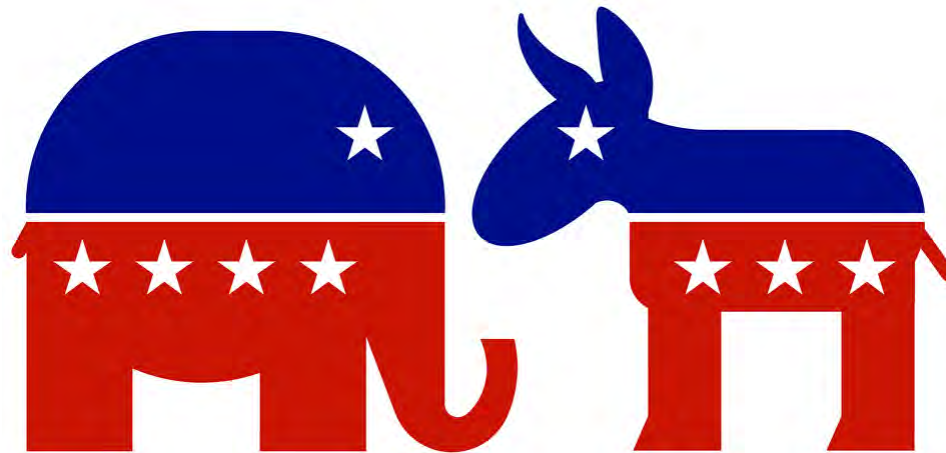
- Perkins Career & Technical Ed: \$1.1B
- ETA/WIOA: \$3.3B
- GI Benefits: \$4.8B
- HEA: \$125.7B

# **“Aim Higher Act” – House Dems Proposal**

- 85/15 including GI Benefits
- ½ of Tuition Revenue must be spent on Instruction
- Prohibit Binding Arbitration
- Must comply with Obama BDR
- Must comply with Obama GE
- Students filing claims must get full refunds
- CDRs, not Repayment Rates with special support for certain colleges



# So, where are we at with the Mid-term Elections?



# The Senate:

- 2 vote Republican Control
- 23 Democratic Seats
- 2 Independent Seats (Caucus with D's)
- 8 Republican Seats

## The House: (Oct. 3<sup>rd</sup>)

- 56 Open Seats!
- 24 Seats to Change Control
- Democrat Solid/Lean: 207
- Republican Solid/Lean: 197
- Toss-Up: 31 (only 2 are D)

# So, where are we at with our Opposition?

THE CHRONICLE OF HIGHER EDUCATION

NEWS **OPINION** ADVICE STORE JOBS

SECTIONS

FEATURED: 6 Tips to Shape Up Your Writing

The Fall of a College Sports Powerhouse

Get the Quick Tip Newsletter

COMMENTARY



## Betsy DeVos's For-Profit Strategy Is Risky — for Betsy DeVos

By Robert Shireman | OCTOBER 01, 2018 ✓ PREMIUM



Betsy DeVos

Mark Wilson, Getty Images

# Politicians

## ➤ Senator Dick Durbin (D-IL) – August 22

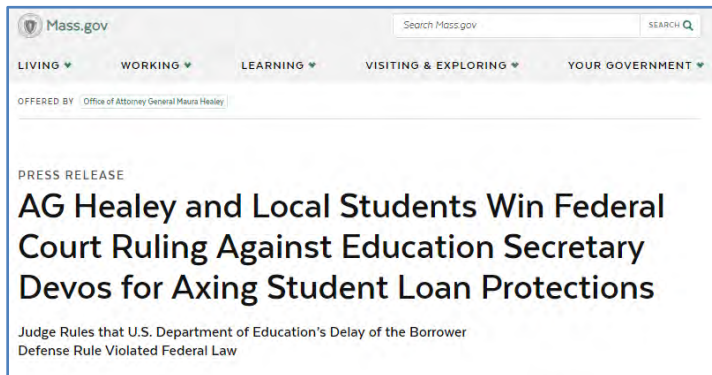
Senator Dick Durbin issued a press release stating that the proposed changes to BDR and GE rules will make it harder for students who are deceived by for-profit colleges to get debt relief, removing industry accountability. The new proposals cut the funds available for students seeking relief, and requires them to default before they can seek relief.

Changes to GE rules will make it easier for poor performing schools to take in taxpayer money, the elimination of GE will cost taxpayers \$5.3 billion.



## ➤ AG Maura Healey (D-MA) – September 13

Massachusetts Attorney General Maura Healey issued a press release following a ruling by a federal judge that Betsy DeVos’ delay of BDR was “unlawful and improper”. Healey claimed that the proposed changes would fail to hold schools accountable cheating students and costing taxpayers billions of dollars.



# Newspaper Editorials

## ➤ The New York Times – August 26

An editorial by the New York Times cites a report by [The Century Foundation](#), which showed that 99% of claims were made against for-profit colleges. It further repeats the attack that for-profit colleges use deceptive marketing and high-pressure recruitment tactics to dupe vulnerable students into taking on large debts in pursuit of a worthless degree.

The Education Secretary's claims that she wishes to root out bad actors are a lie because DeVos dismantled the team tasked with investigating fraud and ended cooperation with the Consumer Financial Protection Bureau. The repeal of the Obama-era rules will cost \$5.3 billion over ten years.

Opinion

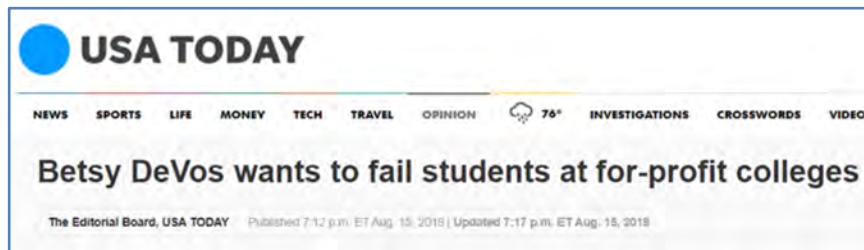
## The DeVos School for the Promotion of Student Debt

The education secretary is working hard to protect the scandal-ridden for-profit education industry from accountability.

By The Editorial Board

The editorial board represents the opinions of the board, its editor and the publisher. It is separate from the newsroom and the Op-Ed section.

Aug. 26, 2018



## ➤ USA Today – August 15

USA Today published an op-ed arguing that Betsy DeVos is making life easier on predatory for-profit colleges suggesting that proposed reforms will make the industry rich, leave students suckered, and taxpayers will end up paying millions of dollars in defaulted loans. It further adds that DeVos is “jettisoning industry accountability”.



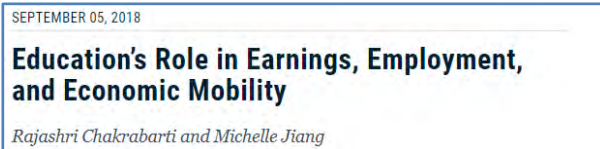
# Independent Studies

## ➤ New America Foundation – September 13

State-mandated licenses or certifications could be reinforcing labor-market inequality, according to the analysis, which also calls for more and better data collection on nondegree credentials and student outcomes.

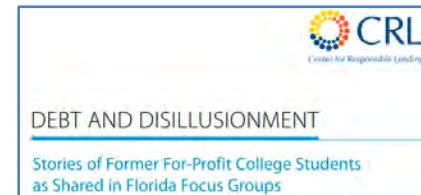
The findings are relevant to current federal policy discussions, New America said. They suggest that women are more likely to shell out money for risky credentials as the Trump administration has dropped program-level regulations aimed at career preparation programs -- the so-called gainful employment rule.

"As policy makers consider whether to extend eligibility for federal student financial aid (grants and loans) to short-term certificate programs, they should consider whether they can adequately protect students from providers of certificates that have little or no labor market value," the report said.



## ➤ Federal Reserve Bank of New York – September 5

The study reveals that not only do graduates of for-profit colleges have a lower probability of employment but that their earnings are markedly lower than their counterparts at non-profit colleges. Taking this data into account, for-profit colleges widen the earnings gap top and bottom family income deciles.



## ➤ Center for Responsible Living – August

A report by The Center for Responsible Lending shows how these institutions hound people to enroll, and then leave them with little besides a pile of loans they often can't pay back." Focus groups revealed "students who have little to show for their time in college besides a pile of debt".

# Additional Coverage

## ➤ PBS NEWSHOUR – September 11

The new regulation takes the teeth out of gainful employment rule. Additional changes to borrower defense repayment will make it harder for students to seek relief especially poorer students, veterans and working people, who are common at for-profit colleges.



## ➤ Bloomberg – September 12

Education Secretary Betsy DeVos lost a lawsuit brought by 19 state and the District of Columbia challenging changes to BDR. A federal judge ruled that the delay of implementation of the rule was “procedurally improper”. The article claims that many of the certifications weren’t recognized leaving students saddled with debt and no job prospects.

Politics

### **Betsy DeVos Loses Student Loan Lawsuit Brought by 19 States**

By [Andrew M Harris](#) and [Daniel Flatley](#)

September 12, 2018, 5:42 PM EDT

Updated on September 13, 2018, 12:39 PM EDT

- ▶ Judge says department’s postponement of rule was improper
- ▶ Hearing on remedies in case scheduled for Friday in Washington



# Preparing for the Next Congress?



# Preparing for the Next Congress

## A. Grassroots

- 500 campus contacts
- 70 pre-election targets
- Campus visit required for PAC Donation

## B. Research

- Gallup
- NDP Analytics

# Soooo, what is the Future?



# 2017 California Job Demand and Completion Data

**Program Name:** Licensed Practical/Vocational Nurses

**Total Completions:** 4,769 (73% from sector)

**Job Openings:** 6,100

**Unfilled Jobs:** **1,331**

# 2017 California Job Demand and Completion Data

**Program Name:** Pharmacy Technicians

**Total Completions:** 1,961 (72% from sector)

**Job Openings:** 3,330

**Unfilled Jobs:** 1,369

# 2017 California Job Demand and Completion Data

**Program Name:** HVAC Tech

**Total Completions:** 1,675 (41% from sector)

**Job Openings:** 4,330

**Unfilled Jobs:** 2,665

# 2017 California Job Demand and Completion Data

**Program Name:** Dental Assistants

**Total Completions:** 3,433 (81% from sector)

**Job Openings:** 6,470

**Unfilled Jobs:** 3,037

# 2017 California Job Demand and Completion Data

**Program Name:** Auto Mechanics

**Total Completions:** 4,640 (31% from sector)

**Job Openings:** 8,390

**Unfilled Jobs:** 3,750



## Why This Matters:

- By 2026: 38.7 Million New Workers!
- 65% of all jobs; 85% of all new jobs require some post-secondary Ed.

## Why This Matters:

Our Sector can own  
“Post-Secondary Career Education!”

**CECU** | Career Education  
Colleges and Universities