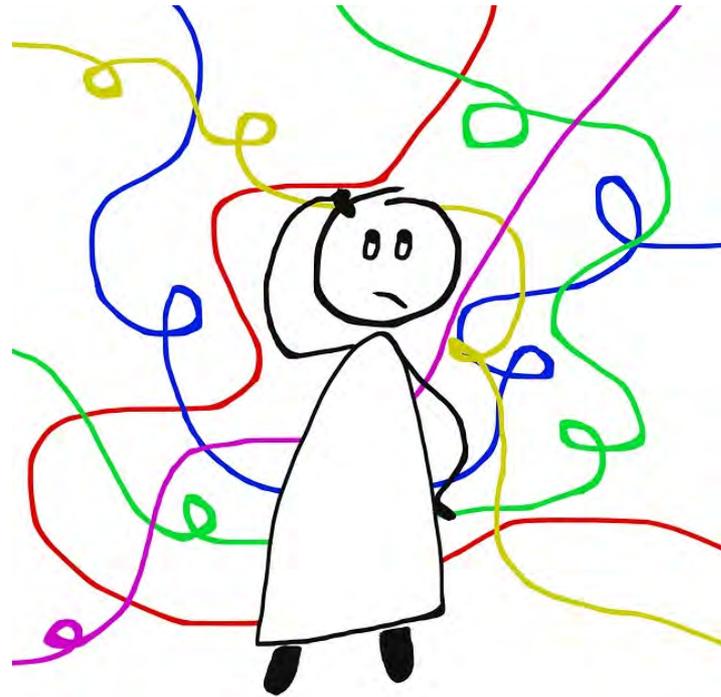


CAPPS 34th Annual Conference

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!



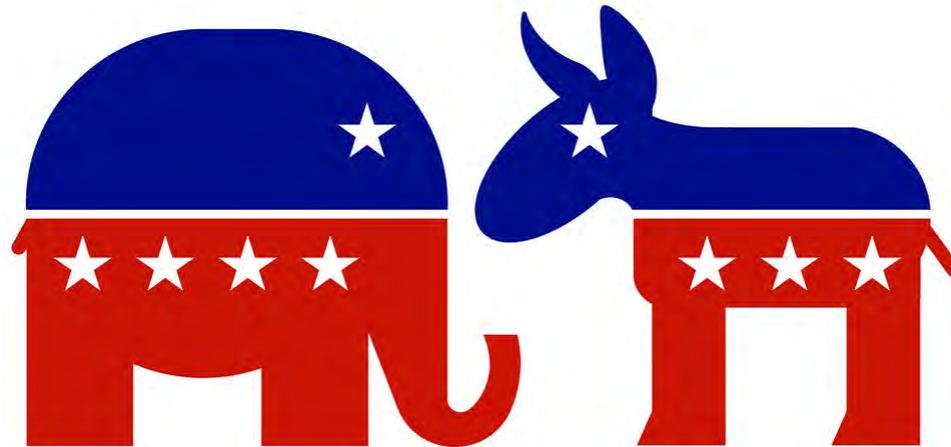
Comparative Federal Investments:

- 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. 3rd)

- 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**



Mark Wilson, Getty Images

Betsy DeVos

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.

DICK DURBIN
UNITED STATES SENATOR
ILLINOIS

ABOUT HOW CAN I HELP? ISSUES **NEWSROOM** CONTACT

Newsroom Press Releases

08.22.18

Durbin, Dem Senators Take Action To Stop Trump-DeVos Elimination Of Student Borrower Protections

Senators Introduce Amendments That Prohibit Secretary DeVos From Eliminating Borrower Defense And Gainful Employment Regulations That Protect Students And Taxpayers From Predatory And Poor Performing Colleges

WASHINGTON – U.S. Senate Democratic Whip Dick Durbin (D-IL), along with several of his Senate Democratic Colleagues, today introduced a pair of amendments to the Labor, Health and Human Services appropriations bill – part of the “mini-budget” appropriations package being considered this week by the Senate – to protect relief for student loan borrowers who have been defrauded by for-profit colleges and universities and hold institutions accountable. The amendments would prohibit Secretary of Education Betsy DeVos from issuing final regulations to repeal, rewrite, or amend the protections contained in the Obama Administration’s Borrower Defense and Gainful Employment rules.

“Secretary DeVos is planning to repeal or rewrite Obama-era Borrower Defense and Gainful Employment rules that help students avoid being cheated by for-profit colleges and universities,” Durbin said. “She’s not holding these schools accountable, she’s making it harder for the students who are lured into their traps.”

Borrower Defense Amendment

Through the Higher Education Act, Congress created a mechanism called Borrower Defense (BD) for students defrauded by institutions of higher education to receive federal student debt relief. The collapses of Corinthian and ITT Tech after years of widespread fraud and abuse led to tens of thousands of students from those and other predatory for-profit colleges to file BD claims with the Department of Education. The explosion in claims resulted in the Obama Department of Education issuing new regulations in November 2016 to create a more fair and efficient process for considering BD claims and new safeguards to protect students and taxpayers from future abuse.

Last month, Secretary DeVos issued a draft rule that would replace the Obama Borrower Defense rule and effectively prevent defrauded borrowers from being able to receive debt relief under Borrower Defense. It cuts \$13 billion in expected relief from defrauded borrowers, requires borrowers to default before they can receive relief, places heavy burdens on borrowers to prove their claims, including providing that their school intended the harm, eliminates group relief, and allows institutions to force students to give up their rights to sue the school in a

➤ 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.

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OFFERED BY Office of Attorney General Maura Healey

PRESS RELEASE

AG Healey and Local Students Win Federal Court Ruling Against Education Secretary DeVos for Axing Student Loan Protections

Judge Rules that U.S. Department of Education’s Delay of the Borrower Defense Rule Violated Federal Law

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

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USA TODAY

NEWS SPORTS LIFE MONEY TECH TRAVEL OPINION 76° INVESTIGATIONS CROSSWORDS VIDEO

Betsy DeVos wants to fail students at for-profit colleges

The Editorial Board, USA TODAY | Published 7:12 p.m. ET Aug. 15, 2018 | Updated 7:17 p.m. ET Aug. 15, 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
