



## **Is the future of for-profit colleges bright under Trump? Maybe not.**

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The election of Donald Trump, who campaigned on reducing regulation across industries, lifted shares of publicly traded for-profit colleges, a sector that Wall Street shunned as operators contended with tougher federal rules and oversight. But while investors might expect a wholesale roll back of regulations aimed at for-profit educators, higher-education experts said that will not be enough to save the industry.

“The irrational exuberance around the election and the future of for-profits will prove enormously misplaced,” said Barmak Nassirian, director of federal relations and policy analysis at the American Association of State Colleges and Universities, speaking Wednesday on a panel hosted by the Cato Institute. “The government can certainly put the schools on the honor code, wish them luck and not police them. But at the end of the day, they can’t force people to enroll. Victims go back to their communities, speak to their neighbors and the sector runs out of targets.”

Trump has made no mention of his views on for-profit colleges, and the lawsuits over his own Trump University could complicate matters. But he has called for curtailing the powers of the Education Department, if not the outright abolishment of the federal agency at the center of the industry’s complaints. The department has enacted stringent employment and student loan rules that for-profit colleges say are designed to cripple the sector, alongside a rash of state and federal investigations and lawsuits.

“Most for-profit colleges have been fighting for their survival with a regulatory administration who was really emboldened to advance a political agenda,” Eric Juhlin, chief executive of the Center for Excellence in Higher Education, which runs career schools Stevens-Henager College and CollegeAmerica, said at the Cato panel on for-profit education. “And that political agenda from the current administration filtered into the Department of Education.”

Former students, advocacy groups and liberal lawmakers have argued that after years of deceptive marketing, shoddy programs and high loan-default rates, for-profit colleges have no one to blame for the upheaval in the market but themselves. They say government rules and sanctions arrived too late for the tens of thousands of students harmed by Corinthian Colleges

and ITT Technical Institutes, whose behavior did more to hurt the image of the industry than the government.

“What I see from the for-profit sector is an utter failure to recognize that the obstructionism and absolute unwillingness to really work constructively to fix whatever problems exist,” Nassirian said. “That obstruction has created such brand toxicity for the sector that it is going to take them better than a decade to restore some measure of neutrality.”

For-profit colleges have fought to kill rules that would banish them from the federal student aid program when graduates fail to find work earning enough to repay their debt, as well as force them to cover the cost of canceling the loans of students defrauded by their schools. Congressional Republicans have stood by the industry, and Nassirian suspects there will be an effort to undo some regulations, but it won't be easy.

Rules governing the discharge of student loans, for instance, have been finalized. Even though they don't take effect until July, the most the new administration would be able to do is push back the date, he said. Unraveling the gainful employment regulation, which is already in effect, would mean going through the same arduous rulemaking process that produced the rule after years of negotiations. Nassirian said he doubts the incoming administration will have the manpower in place a year from now to get the process going.

Juhlin, of the Center for Excellence in Higher Education, said it would be a mistake for the for-profit industry to push for the wholesale repeal of all regulations enacted in the past seven years. Instead, they should ask for parity in the application of those rules because all sectors within higher education could do a better job graduating students and helping them find work.

“With a new leader in the Department of Education, we'll swing back to a more objective perspective where we're enforcing the rules, but removing some of the most draconian, punitive regulations that exist to target specific sectors . . . simply because there was an intent to drive a political perspective,” he said.

Century Foundation senior fellow Robert Shireman, a former undersecretary of education, said applying the regulations equally would mean a for-profit college must put all of its revenue into education and have leadership without vested financial interests in the school. He has criticized the financial structure of career schools, including those run by Juhlin, who is suing the government for refusing to recognize his chain as a nonprofit organization under the federal financial aid program.