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September 9, 2010

The Honorable Arne Duncan  
Secretary  
U.S. Department of Education  
400 Maryland Ave., SW  
Washington, DC 20202

Dear Secretary Duncan:

Given the significant investment of taxpayer resources in postsecondary education, the federal government has an obligation to prevent waste, fraud, and abuse in the student aid programs. One important way to protect the integrity of federal student aid is to ensure participating institutions provide a high-quality education to their students. Any institution misusing federal funds or failing to provide a quality education should not be eligible to participate in the federal student aid programs.

In an effort to provide proper oversight of federal student aid, we strongly support measures that require all institutions of higher education to provide students clear information regarding the quality of postsecondary education programs. The Department should ensure consumers have access to meaningful measures of student outcomes, including graduation rates, persistence rates, and in-field job-placement rates. Transparency is a stronger and more sensible approach than the complex and burdensome gainful employment regulation published by the Department in the *Federal Register* on July 26, 2010.

We believe the draft proposal would harm individual students and the institutions that serve them. Specifically, the proposed regulation may violate student privacy by insisting on the collection of student income data from the Social Security Administration. Additionally, the retroactive nature of the proposed regulation punishes institutions for actions taken by students who started their education prior to the rule's existence by incorporating data from students who graduated in 2007. Further, because of the immediate effective date, institutions will not have time to make the necessary changes to ensure compliance with the law.

We are also troubled by the proposed regulation's definition of successful loan repayment. Over the years, Congress has recognized that students' financial situations fluctuate over the life of their loan repayment; to provide flexibility, Congress authorized a variety of repayment plans to meet differing borrower circumstances. Through some of these plans, including the recently implemented income-based repayment plan, a borrower may be legally permitted to make interest-only payments for the first few years after graduation. Unfortunately, the proposed regulation deems such congressionally approved repayment options invalid. Accordingly, former students' use of these benefits threatens future students' access to federal student aid programs.

As a result, the proposed regulation incentivizes institutions to push students into only those repayment plans in which loan principal is being reduced, rather than the plan that best fits the students' needs. Likewise, we are concerned the proposed regulation imposes arbitrary debt-to-income caps. The result will be virtually the same as federal price controls, rewarding low-cost institutions regardless of quality and limiting students' access to higher-cost institutions. Another perverse consequence of this proposed regulation could be the elimination of specialized programs or the closure of schools in underserved regions – both of which would limit postsecondary options for students.

Before introducing a convoluted and untested new regulatory scheme, we urge the Department and all federal authorities to make full use of the tools already in place to ensure institutions are in compliance with the law. We also call on the Department to delay any regulation on gainful employment until the Government Accountability Office completes relevant studies requested by several Members of Congress, which will provide a more complete picture of the industry and reveal whether students are appropriately informed of expected education costs.

In conclusion, we understand and support efforts to bolster the integrity of postsecondary education, but we disagree on the path for oversight. The Department should focus on enhancing transparency to ensure students can make informed choices about their postsecondary education. In the face of high unemployment and a changing economy, postsecondary education can be the path to prosperity for millions of Americans. To achieve President Obama's goal for America to lead the world in the proportion of college graduates by 2020, we need a diverse system of higher education that will serve students of all ages, income levels, and backgrounds.

We thank you for considering our comments, and we look forward to working with you to enhance postsecondary education.

Sincerely,

John Kline

Brett Muthie

Glen GT Thompson

Todd R. Platts

Erin M. Blumkin

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