

Jason Altmire (00:05):

Hello and welcome to another edition of Career Education Report. I am Jason Altmire. Today we are going to be talking about the regulatory environment for higher education, and in particular, gainful employment, which is an enormously important regulation that is currently pending. And our guest is Jason Delisle, who anyone would know who reads and participates in higher education in any way. He's a non-resident senior fellow for the Center on Education, Data and Policy at the Urban Institute, and he has written extensively on this topics. His work has been featured in The Wall Street Journal, NPR, Washington Post, National Review, all over the place. And he focuses his attention and has published papers on student debt, college enrollment, the for-profit sector of higher education, international higher education.

He's been an expert witness in federal court. He's testified before Congress and our association, Career Education Colleges and Universities has a good relationship with him because he does such great work, very fair, sometimes critical, sometimes not. But unlike a lot of the people who write about for-profit education in particular, he does not come at it with a predetermined outcome in mind. He looks at the facts and lets the data go wherever it goes, and that's what we like about him. So Jason Delisle, thank you for being with us today.

Jason Delisle (01:39):

Well, thank you for having me.

Jason Altmire (01:41):

I wanted to start by talking about just higher education generally, especially as it relates to these regulations that have been coming down on looking at the for-profit sector. We've had a number of things that this Department of Education has done. The Federal Trade Commission, CFPB have looked at different things related to higher education. What is your impression, having done this for a while across multiple administrations and observed multiple Congress, you actually worked in Congress for a while. What's your impression of what we would perceive to be overzealous nature of the scrutiny and the regulatory environment that we face? But have you seen anything like this before and where do you think it's going?

Jason Delisle (02:31):

It's a huge regulatory agenda. I mean, I think the administration really learned from the Obama administration that there's lots you can do without a legislature. By taking very expansive and interpretations of the existing statutes, you have a whole federal agency, the Department of Education that's there helping you come up with these ideas and ways of implementing various policy through regulation. That's really been the Biden administration's approach. There was a brief moment where there was some interest in advancing a legislative agenda through Congress. That was, if you remember the Build Back Better, free community college and all that fizzled very, very quickly early in the administration. And ever since then it's been a sort of regulatory focus. I think the key part is this is a very expansive interpretation of what Congress intended of those laws.

Jason Altmire (03:34):

We talk a lot about the exclusion of most other types of schools from these accountability measures. Generally speaking, they focus almost entirely on for-profit schools with some exceptions. And we make the argument, and you certainly appreciate this as a researcher, that the data now exists in a way it didn't before to allow cross-sector comparisons of outcome. And it becomes increasingly more difficult to justify only applying accountability measures to for-profit schools when you do have the ability under the statute Higher Education Act, but just on the regulatory side too, to apply those measures to all schools. What is your perception of where the department is going and what is your opinion of whether or not it's important to apply the types of accountability measures to all schools?

Jason Delisle (04:31):

The gainful employment statute, as you've alluded to, only applies to certificate programs and to for-profit institutions. I've heard the administration say this and the Obama administration folks said this as well. When you say, well, why isn't it important to also have accountability and outcome measures for the rest of the higher education? And they say, that's very interesting, but that's not in the statute for gainful employment. And so they say, we're just working with what we have. I mean, now square that right with what I've already said, that this is an administration that is inclined to take very broad and expansive interpretations of the law to do what they want to do if we take them at their word that the gainful employment doesn't apply to the sectors. But here's what I think is really interesting is the administration could ask Congress to change the law so that it did apply to all of higher education, but they haven't done that.

So to me, the excuse of, oh, that's not in the statute, sort of falls flat when you ask, well, have you asked Congress to change the statute? And the answer is no. If you look through the president's budget request, it's full of requests that Congress change laws all over the place. I mean, thousands of pages of statements like the administration looks forward to working with Congress. The administration urgently asked Congress to change X, Y, and Z law. I think it is revealing that the administration has not put forth any kind of accountability proposal, at least legislative one beyond gainful employment. I don't think that day is coming.

Jason Altmire (06:14):

And you're very well aware of this because we've personally talked about it before, and I've seen you present on this, but the Higher Education Act does have another section that gives the authority to the department to apply accountability measures through the direct loan program across all sectors. We've talked extensively about that. I won't belabor that point here, but to your point, we are working with gainful employment right now because that is what the department has decided to focus their attention on. You have written extensively on the impact that what has been proposed could have on schools. You have some ideas on maybe better ways that those types of issues could be looked at. What is your view on what that gainful employment rule as written would do across higher education?

Jason Delisle (07:03):

I think that one part of the gainful employment rule, which is a holdover from the Obama era, is this debt to earnings test, functionally a debt to earnings test. And I think that one of the concerns with that is you're leaving out people who pay with their Pell grants from the accountability, you're leaving out people that pay partially out of pocket, and you're also leaving out programs where fewer than half the people borrow, but maybe 40% of them borrow. They get an automatic pass on that part of the test. I've

been pretty critical of that aspect of it because I think it don't it's really true to what the goal of the gainful employment test is trying to do, but the administration has added this high school earnings threshold as a second test. Here you're sort of, you don't have any measure of what the degree costs or what people borrow or any of that.

It's a straight earnings threshold. I mean, there are advantages to that in that we've moved away from a debt based test, although the administration seems to feel like they need both of them. I'm not entirely sure. I think if you're going to have a test as difficult as the high school earnings test is to pass, and you almost don't even need the debt to earnings test because it's not really doing much. But the high school test, I think is an interesting one, mainly partly because it is very new. I don't think there's a lot of sort of vetting and research and sort of pressure testing what it means to have this high school earning threshold. My sense is from having watched this debate is that this was a very simple idea. And always in public policy, like simple rules of thumb that get enacted are always, I mean, they always sort of frighten me. It's like because they're the easiest ones to get enacted, and they're the ones that I think have some of the biggest unintended consequences.

Jason Altmire (08:57):

It seems very easy to make that policy judgment that well, of course, comparing someone who has pursued higher education being compared to somebody who has not and only has a high school diploma, that that is a fair comparison. And if you're not making more money than you would otherwise have made as only a high school graduate, was it worth it? Was it worth it to the taxpayer to invest in you as a student? The problem is, as you know, is the comparison group includes people ages 25 to 34, could be compared to a 19-year-old cosmetology graduate just getting started compared to a union welder who's been in the workforce for 16 years or a flight attendant or so forth. So I mean, there are problems with the way it's structured to begin with, but just from a practical perspective, you mentioned the unintended consequences of moving forward with these type of calculations. What are you as a researcher worried about as those consequences?

Jason Delisle (09:58):

I'm not at the point where I'm saying, oh, this is completely bad and this is going to fail and it's not going to work. I just have questions that I'm not seeing a lot of immediate answers for in the policymaking process. So one is, for example, the earnings. We can see the incomes of people who pursue these certificates before they enroll. I mean, all of your institution member institutions can. They fill out a FAFSA. And when we look at the FAFSA data, their earnings are well below a high school graduate. So if a certificate moves someone from making about \$10,000 a year, which is what we're taught, that's what they're reporting on their FAFSA, it moves them from making 10 to 22,000. And there are a whole bunch of other, I guess, non earnings based positive factors that go along with getting that credential, then that could be considered a success.

But I mean, I think some people might consider that, many people who are advocating for the high school earnings tests might actually consider that a success if it was presented to them in that way. And I just haven't really seen that make it into the debate. This actually raises a larger issue. The focus on earnings as the metric, as the outcome metric in higher education, I actually think is setting us on a course as a sort of like be careful what you wish for because I see very soon people who've advocated for earnings as the test coming out and saying, whoa, well, higher education isn't all about earnings.

Right. I even will end up in conversations with progressives where I say, I'm concerned about the government subsidizing low earning credentials. And they say, wait, isn't that the job of the government? Depends on what day of the week it is. And so that's why I say, be careful what you wish for because I feel like there's going to be a day very soon where many left of center folks aren't willing to take their own side in this argument.

Jason Altmire (12:03):

Well, that day will come when they start looking across all schools at journalism, anthropology, political science, communications, art history degrees, and looking at the subsequent earnings from that and finding out that many of those programs would fail the very tests they want to impose on for-profit schools.

Jason Delisle (12:22):

And what we see in some of this is the associates degrees, the sort of liberal arts, general studies, associates degrees at community colleges, many community colleges have very low earnings. And so if you start moving into applying these kinds of standards to those kinds of degrees, then yeah, I mean, those are the conversations we're going to have. And I mean, I don't think people want to have them. And I think the gainful employment statute excuse part of this has been very convenient for avoiding those very difficult conversations. And I also think, I mean in terms of the other degrees with the surprisingly low earnings, but there's a lot of bachelor's degrees in psychology that have surprisingly low earnings as well.

Now, they would pass the high school earnings test. But if you imagine some other kind of tests like this, because we're now in this paradigm and that, like I said, I think that's where we'll start to see the arguments about well, maybe earnings aren't that important anymore. And so that's what I'm saying. I just think it's fascinating that the many people on the left have kind of hitched their wagon to this earnings test, and I think it's going to come back to bite them.

Jason Altmire (13:36):

Certainly with a different administration and perhaps a different makeup in Congress, the scrutiny on nonprofit and public schools, certainly community colleges, HBCUs, and these programs that we're talking about would be very different than it is in the current political environment.

Jason Delisle (13:54):

I'm sensing a shift among Republicans that they're interested in tougher accountability for higher education, broadly speaking, than I've ever seen. I don't know if it goes anywhere. I mean, many of times these conversations, there's broad based support for concepts, but actual policy that supporters tend to melt away when you talk about what's actually involved. And I actually think this new income driven repayment plan that the Biden administration has is going to also implement through regulation, which is a very generous plan. We're going to have a lot of programs where the earnings are too low to pay off the loans. And that is going to become very, very clear when we start seeing the massive amounts of unpaid debt, particularly among associates degrees at community colleges. That's a big one. And that I think is going to become an impetus for saying for folks on the right. So I think that's going to be an impetus for them to say, Hey, we need accountability around the earnings in these degrees. I don't know where that goes, but I think that's one of the next stages here.

Jason Altmire (15:06):

I think you're exactly right. It is just too easy to sort data and look at outcomes and come to any other conclusion then we cannot, as a country continue to allow only one sector to be held to these accountability measures when there are equally problematic outcomes across other sectors. And I was wondering with regard to gainful employment, and generally, you talked about income driven repayment and other things, but this general idea of earnings after graduating in some of these programs. What is this societal role in creating the problem and solving the problem? And by that, I mean these are high valued professions. If you look at gainful employment, the professions are likely to be the hardest hit, cosmetology, perhaps culinary, certainly medical assistance, dental assistance, the for-profit sector produces almost 60% of medical assistants in this country.

Huge demand, very big gaps across the country depending on where you live and accessibility to those type of jobs. And they don't pay a lot. They're a very high value, but they just don't pay a lot. So what role does society play in this problem of people graduating with certificates and degrees in these programs, but then they go out in the workforce, they're feeling high demand needs, but they're not making a lot of money.

Jason Delisle (16:39):

I see a very sort of subjective application of when is it okay that the government subsidize a low earning credential? To me, this is like a bedrock policy for people on the political left, that the government is supposed to subsidize low earning credentials. But here, when it comes to these particular credentials, they're saying no, it shouldn't. I don't know necessarily, again, this is where my sort of be careful what you wish for, if this is going to be the criterion now. I actually think both the think tank world and the researchers, and maybe this will sound like a wishy-washy researcher answer, but I really think that the debate needs a way of answering when is it okay for the government to subsidize a low earning credential, and when is it not? Right now, what we have for that is, well, did it come from a for-profit college?

I mean, that's really, that's the metric we're using, and I think we can do better than that. I think we can make policy better than that. I mean, I have these debates with my colleagues about subsidizing lower earning credentials. So yeah, I think there's a piece of it of like, that's the fundamental question. And I think it's worth your members and your sector asking why isn't it okay for the government to subsidize and I would like to hear folks lay out a set of criteria on when it's okay and when it's not. I mean, like teachers, I've showed people that teachers earnings are low relative to the amount of debt that they have, and social workers earnings are very low relative to the amount of debt that they have. And everyone seems okay with that. And to me, it seems like a kind of intellectual inconsistency.

Jason Altmire (18:34):

I wanted to close by talking about what it's like to be a researcher in this field at a think tank and Urban Institute, of course, one of the most prominent Washington based think tanks, very highly respected. You are one of the most widely read higher education researchers. I've mentioned it in brief at the beginning as I was starting this podcast, but we've talked extensively to some of the funders, even people critical of the for-profit sector and why they choose to focus their resources on that type of research. How do you as a scholar determine what subjects you're going to focus on, and why is it

important to you to be involved in this field and moving forward in your career, what are you thinking with regard to the major topics in higher education that need the most research and scrutiny?

Jason Delisle (19:28):

I'm always looking for the opportunities to put new information on the grid that is missing from a policy debate. So I'll give you an example of something we did related to gainful employment, is when the high school earnings test came out, the preliminary results were that a lot of community college certificate programs were going to fail that test, which was a new development. We hadn't really seen community college programs failing gainful employment test. I thought that was really interesting, but it was a question I didn't see the rest of the researchers really wanting to answer of who are those programs? Where are they? What's happening there? So that's one of the things we did. We put out a piece at the Urban Institute. We said we can look at the data and just answer what are these institutions and what are the programs? And sort of fill a void and put some information on the grid that lets policymakers decide how do we feel now about the gainful employment regulation.

Jason Altmire (20:28):

Our guest today has been Jason Delisle. Jason, if somebody wanted to get in touch with you, how would they do it?

Jason Delisle (20:36):

They can email me at Urban Institute. I'm jdelisle@urban.org.

Jason Altmire (20:44):

Jason Delisle, non-resident senior fellow in the Center on Education, Data and Policy at the Urban Institute. Thank you for being with us.

Jason Delisle (20:52):

My pleasure.

Jason Altmire (20:54):

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