

## **Betsy DeVos' Repeal Of The Gainful Employment Rule Made It Easier For For-Profit Colleges To Saddle Graduates With Massive Debt While Failing To Help Their Employment Opportunities.**

**In June 2019, Betsy DeVos Repealed The Gainful Employment Rule – A Rule Designed To Stop Student Aid Money From Going To Colleges Whose Graduates Could Not Find Good-Paying Job – Despite Costing The Federal Government An Estimated \$6.2 Billion Over Ten Years.**

**The Gainful Employment Rule Was Created By The Obama Administration To Make Sure Only Institutions With Graduates That Found “Gainful Employment” Would Be Eligible To Receive Federal Student Loan Money.**

In 2014, The Obama Administration Instituted The “Gainful Employment” Rule Which Would Hold “Career Training Programs Accountable For Putting Their Students On The Path To Success.” “To protect students at career colleges from becoming burdened by student loan debt they cannot repay, today the U.S. Department of Education is announcing regulations to ensure that these institutions improve their outcomes for students—or risk losing access to federal student aid. These regulations will hold career training programs accountable for putting their students on the path to success, and they complement action across the Administration to protect consumers and prevent and investigate fraud, waste and abuse, particularly at for-profit colleges.” [Press Release, [10/30/14](#)]

- **The Rule Said Schools That Forced A Typical Graduate Into An “Estimated Annual Loan Payment” That Exceeded “20 Percent Of His Or Her Discretionary Income Or 8 Percent Of His Or Her Total Earnings” Would Be At Risk Of Losing The Ability To Accept Federal Student Loan Dollars.** “To qualify for federal student aid, the law requires that most for-profit programs and certificate programs at private non-profit and public institutions prepare students for “gainful employment in a recognized occupation.” Under the regulations finalized today, a program would be considered to lead to gainful employment if the estimated annual loan payment of a typical graduate does not exceed 20 percent of his or her discretionary income or 8 percent of his or her total earnings. Programs that exceed these levels would be at risk of losing their ability to participate in taxpayer-funded federal student aid programs.” [Press Release, [10/30/14](#)]

**Just Three Months Into Her Tenure, Betsy DeVos Announced A Delay Of The Gainful Employment Rule’s Compliance Date; The Following Year She Proposed Scrapping The Rule Entirely.**

On March 7, 2017, The DeVos Education Department Announced It Was Allowing “Additional Time, Until July 1, 2017, For Institutions To Comply With” The Gainful Employment (GE) Regulations. “On January 6 and January 19, 2017, the Department announced dates by which institutions subject to the Department’s gainful employment (GE) regulations must comply with certain provisions of the GE regulations. This document announces that the Department allows additional time, until July 1, 2017, for institutions to submit an alternate earnings appeal and to comply with the disclosure requirements in the GE regulations. [...]

To permit the Department's further review of the GE regulations and their implementation. [...] Dated: March 7, 2017." [Federal Register, [03/10/17](#)]

**On October 17, 2017, "Democratic Attorneys General In 17 States And The District Of Columbia Filed Suit Tuesday Against The U.S. Department Of Education Over Its Decision To Block" The Gainful Employment Rule.** "Democratic attorneys general in 17 states and the District of Columbia filed suit Tuesday against the U.S. Department of Education over its decision to block an Obama-era rule designed to protect students from being defrauded by for-profit colleges. The Gainful Employment rule was supposed to take effect this year, but Education Secretary Betsy DeVos froze it until a new rule could be crafted." [Associated Press, [10/17/17](#)]

**Then, On July 27, 2018, It Was Reported That DeVos "Plans To Eliminate Regulations That Forced For-Profit Colleges To Prove That They Provide Gainful Employment To The Students They Enroll."** "DeVos plans to eliminate regulations that forced for-profit colleges to prove that they provide gainful employment to the students they enroll, in what would be the most drastic in a series of moves that she has made to free the for-profit sector from safeguards put in effect during the Obama era. [...] a draft regulation, obtained by The New York Times, indicates that the Education Department plans to scuttle the regulations altogether, not simply modify them, as Ms. DeVos did Wednesday with new regulations that scaled back an Obama-era debt relief plan for student borrowers who felt duped by the unrealistic appeals of for-profit colleges." [New York Times, [07/26/18](#)]

## **In June 2019, The Gainful Employment Rule Was Officially Rescinded, Despite Estimates Its Repeal Would Cost The Federal Government An Additional \$6.2 Billion Over Ten Years.**

**On June 28, 2019, DeVos Announced "The 2014 Gainful Employment Rule Will Be Rescinded Effective July 1, 2020" And Said It "Unfairly Targeted For-Profit Colleges."** "The Trump administration on Friday revoked an Obama-era rule that aimed to terminate federal funding to for-profit college programs that consistently left graduates with high student debt. Department officials announced that the 2014 gainful employment rule will be rescinded effective July 1, 2020. The agency's announcement said the rule focused too narrowly on graduate earnings and unfairly targeted for-profit colleges." [Associated Press, [06/28/19](#)]

- **The Education Department "Estimated That Repealing The Rule Would Cost \$6.2 Billion Over 10 Years In Payments For Pell Grants And Student Loans For Programs That Otherwise Would Have Been Cut Off From Federal Aid."** "The rule, known as gainful employment, was heavily criticized by the for-profit college sector and Republicans in Congress. In the first gainful-employment ratings released in 2017, 98 percent of programs that failed the standards were operated by for-profit institutions. The Education Department estimated that repealing the rule would cost \$6.2 billion over 10 years in payments for Pell Grants and student loans for programs that otherwise would have been cut off from federal aid." [Inside Higher Ed, [07/02/19](#)]

**Diane Auer Jones Spent Nearly Five Years Lobbying For A For-Profit College Corporation That Drew The Fire Of Federal And State Regulators For Deceiving Students.**

**For Nearly Five Years, Diane Auer Jones, The Education Department's Principal Deputy Under Secretary, Was A Chief Lobbyist For Career Education Corporation, A For-Profit Education Company.**

**From 2010 To 2015, Diane Auer Jones Worked On “Regulatory Operations” And “Government Affairs” As An Executive At Career Education Corporation.** Diane Auer Jones was “SVP and Chief External Affairs Officer” of Career Education Corporation from October 2010 to March 2015. She said she, “[s]erved as the senior executive responsible for company-wide regulatory operations, licensure and accreditation, corporate communications, public relations, government affairs and centralized academic services.” [LinkedIn Profile for Diane Jones, accessed [05/23/18](#)]

**Diane Auer Jones Currently Serves As The Principal Deputy Under Secretary, With Delegated Duties Of The Under Secretary And Assistant Secretary For Post-Secondary Education.** “Diane Auer Jones is the Principal Deputy Under Secretary, Delegated the Duties of the Under Secretary and Assistant Secretary for Post-Secondary Education at the U.S. Department of Education.” [Education Department, accessed [12/08/20](#)]

## **Career Education Corporation Has Faced “Near Constant Scrutiny From Accreditors And Law Enforcement Entities,” Including The Senate, FTC, SEC, And 22 Attorneys General For “Misleading And Deceptive Recruiting Tactics.”**

**Career Education Corporation “Is One Of The Largest For-Profit Education Companies” That “Has Been Under Near Constant Scrutiny From Accreditors And Law Enforcement Entities.”** “Career Education Corporation (‘CEC’) is one of the largest for-profit education companies offering many types of programs from certificate to Bachelor’s degrees. Like many for-profit education companies, in recent years CEC has experienced significant growth in student enrollment, Federal funds collected, and profit realized. At the same time, the company has been under near constant scrutiny from accreditors and law enforcement entities.” [U.S. Senate Health, Education, Labor and Pensions Committee, [07/30/12](#)]

**During Jones’ Tenure At CEC, A Senate HELP Committee Report Noted There Were “Allegations of Misleading And Deceptive” Recruiting Practices Against CEC.** “The company appears to offer little in the way of student support services, and has struggled to address allegations of misleading and deceptive recruiting tactics as well as misrepresentations in its job placement rates.” [“Career Education Corporation,” U.S. Senate Committee on Health, Education, Labor, and Pensions, accessed [10/11/18](#) and “[FOR PROFIT HIGHER EDUCATION: The Failure to Safeguard the Federal Investment and Ensure Student Success](#),” U.S. Senate Committee on Health, Education, Labor, and Pensions, 07/30/12]

**Career Education Corporation Has Been Investigated By The FTC, SEC, And Twenty-Two Attorneys General.** “In recent years the company has been under investigation for deceptive practices by the Federal Trade Commission; the Securities and Exchange Commission; and the attorneys general of Arkansas, Arizona, Connecticut, Idaho, Iowa, Kentucky, Missouri, Nebraska, North Carolina, Oregon, Pennsylvania, Washington, Illinois, Tennessee, Hawaii, New Mexico, Maryland, Florida, Massachusetts, Minnesota, New York, and the District of Columbia.” [Republic Report, [03/06/18](#)]

**In 2013, Career Education Corporation Had To Pay \$9.25 Million In Restitution And A \$1 Million Penalty For Having “Significantly Inflated Its Graduates’ Job Placement Rates.”** “Attorney General Eric T. Schneiderman today announced a \$10.25 million settlement with Career Education Corporation (‘CEC’), a for-profit education company. The settlement resolves an investigation that revealed that in disclosures made to students, accreditors, and New York State, CEC significantly inflated its graduates’ job placement rates. CEC will pay \$9.25 million in restitution to students, a \$1 million penalty, and has agreed to substantial changes in how the company calculates and verifies placement rates.” [Press Release, [08/19/13](#)]

**In 2011, Career Education Corporation Settled A \$40 Million Class Action Lawsuit For Claiming Its Job Placement Rate Was 97% Without Noting That A “Substantial Majority” Of The Jobs Paid Less Than \$12 An Hour And Were Largely Entry-Level.** “In 2011, CEC agreed to pay \$40 million to settle a class action lawsuit involving another of one its subsidiaries, the California Culinary Academy in San Francisco. In that

case, former students allege that the college's admissions representatives and catalog boasted a job placement rate of 97 percent, but that the college did not tell applicants that the statistics included graduates working as baristas, prep cooks, line cooks and waiters, jobs for which no degree was necessary. The complaint also contends that wages for a 'substantial majority' of the jobs included in the statistics paid \$12 an hour or less." [U.S. Senate Committee on Health, Education, Labor, and Pensions, accessed [10/11/18](#)]

## **Robert Eitel, Senior Counselor To Secretary Betsy DeVos, Began Working At The Department Of Education While On A Leave Of Absence From A Troubled For-Profit College Company.**

### **Robert Eitel Has Been Senior Counselor To Secretary Betsy DeVos At The Department Of Education Since April 2017.**

Robert Eitel Has Been Senior Counselor To The Secretary At The Department Of Education Since April 2017. [[LinkedIn Profile for Robert Eitel](#), accessed 06/04/19]

### **Robert Eitel Was On The Trump "Beachhead Team" And Started Working For Betsy DeVos At The Department Of Education While On A Leave Of Absence From For-Profit Bridgepoint Education.**

In March 2017, Robert Eitel Started "Working As A Special Assistant To The New Secretary Of Education, Betsy DeVos," While On "An Unpaid Leave Of Absence" From Bridgepoint Education. "Today, Mr. Eitel — on an unpaid leave of absence — is working as a special assistant to the new secretary of education, Betsy DeVos, whose department is setting out to roll back regulations governing the for-profit college sector. The Education Department says Mr. Eitel has conferred several times with its ethics officer to avoid conflicts. But it says he is not precluded from having a voice on general issues and regulations that affect the for-profit college sector." [New York Times, [03/17/18](#)]

- **Bridgepoint Education Owns For-Profit Colleges Which Have Been "Accused Of Pressuring Students To Enroll In Schools They Can't Afford."** "Bridgepoint Education, which owns Ashford University, and other for-profit colleges have been accused of pressuring students to enroll in schools they can't afford and aren't prepared for so the schools can collect federal and state financial aid money in the name of boosting profit margins. The result, critics say: Shareholders and executives get rich at the expense of taxpayers, while many students drop out, deep in debt." [Des Moines Register, 06/05/11]
- **Robert Eitel "Remained Employed By Bridgepoint Education" For Two Months After Starting At The Department Of Education In 2017.** "Among DeVos' closest advisers is senior counselor Robert Eitel, a former vice president at two for-profit college operators. For two months, as the department made decisions affecting for-profits, Eitel remained employed by Bridgepoint Education, a for-profit where he was an attorney for regulatory legal services. Straddling both roles, Eitel worked on rewriting the so-called borrower defense to repayment regulations that make it easier for students to file for debt relief that was beneficial to his employer." [NBC News, [07/03/18](#)]

**Eitel Was Part Of A Trump Administration "Beachhead Team," Which Helped Lead Federal Agencies In The Early Days Of The Administration But Did Not Require Senate Confirmation.** "A department spokesman, who requested anonymity, said Mr. Eitel is part of a 'beachhead' team, paid staff members who are temporarily helping to lead federal agencies as the Trump administration gets up and running but do not require Senate confirmation. The spokesman said Mr. Eitel would recuse himself from policy decisions or discussions related to Bridgepoint and another former employer, Career Education Corporation. While on

unpaid leave from Bridgepoint, the spokesman said, Mr. Eitel has also volunteered to recuse himself from weighing in on the department's 'gainful employment' regulation, which is intended to hold career schools accountable for their job placement records and is particularly despised by the industry." [New York Times, [03/17/18](#)]

## **Bridgepoint Education “Has Come Under Frequent Scrutiny By Federal And State Watchdogs,” Including The Justice Department And An SEC Investigation Into Its Accounting Practices.**

### **Bridgepoint Education “Has Come Under Frequent Scrutiny By Federal And State Watchdogs.”**

“Bridgepoint — a publicly traded company that operates Ashford University and University of the Rockies, enrolls roughly 50,000 students, and primarily offers online degrees — has come under frequent scrutiny by federal and state watchdogs.” [New York Times, [03/17/18](#)]

- **As Recently As March 2018, The Justice Department Was “Investigating Whether The Company Violated Education Department Limits That Bar It From Receiving More Than 90 Percent Of Its Revenue In Federal Student Aid.”** “The Justice Department, according to a Bridgepoint filing with the Securities and Exchange Commission, is investigating whether the company violated Education Department limits that bar it from receiving more than 90 percent of its revenue in federal student aid. If a college is in violation for two years in a row, the Education Department can cut off further access to funds, the college’s lifeblood.” [New York Times, [03/17/18](#)]

**As Recently As March 2018, The SEC Was “Investigating Bridgepoint’s Accounting Practices.”** “In addition, the S.E.C. itself has been investigating Bridgepoint’s accounting practices. Attorneys general in California and Massachusetts are conducting separate investigations. And last month, Ashford received a final audit from the Education Department that said the company owed the agency \$300,000 as a result of the university’s miscalculation of federal student aid eligibility dating to 2006, an S.E.C. filing noted. The university has 45 days to appeal.” [New York Times, [03/17/18](#)]

## **Trump Education Secretary DeVos Invested In Delta Educational Systems, Which Operates Private For-Profit Colleges.**

**In 2017, DeVos Was Reported To Have Investments Tied To Delta Educational Systems Inc., Which “Operates Several Dozen Private For-Profit College Campuses.”** “DeVos has money in Apollo Investment Corp., which currently has investments in Delta Educational Systems Inc., a company that operates several dozen private for-profit college campuses. According to a spreadsheet of the first official gainful employment results from the Office of Federal Student Aid, Delta has 40 programs at risk of losing access to federal financial aid under the gainful employment regulation. Moreover, Delta also has accreditation through ACICS. DeVos’ investment in Apollo is also noteworthy because it is a subsidiary of Apollo Global Management, the company expected to purchase the University of Phoenix in the next few weeks.” [Center for American Progress, [01/27/17](#)]

**The For-Profit College Industry Has Given Over \$1.5 Million In Political Contributions Since The 2018 Election Cycle—About The Same Amount Of Time Betsy DeVos Has Been Secretary Of Education.**

**Since The 2018 Election Cycle, The For-Profit College Industry Has Made \$1,539,994 In Political Contributions.**

**So Far In The 2020 Election Cycle, The For-Profit Education Industry Made \$456,544 In Political Contributions To Candidates From Both Political Parties.** [OpenSecrets, accessed [01/29/20](#)]

**During The 2018 Election Cycle, The For-Profit Education Industry Made \$1,083,450 In Political Contributions To Candidates From Both Political Parties.** [OpenSecrets, accessed [01/29/20](#)]

**Betsy DeVos Became The Secretary Of Education In February 2017.**

**Betsy DeVos Began Her Role As U.S. Secretary Of Education In February 2017.** “U.S. Secretary of Education Betsy DeVos began her first day in office by thanking and praising the Department's career employees for ensuring a smooth and professional transition.” [Department of Education, [02/08/17](#)]