

Attorney General Raoul Applauds Department Of Education's Strongest- Ever Proposed Gainful Employment Rule

June 22 2023 10:11 AM



CHICAGO - Attorney General Kwame Raoul today voiced support for the U.S. Department of Education's proposed Gainful Employment Rule. The rule aims to

protect students by, among other things, establishing expectations that graduates of for-profit colleges and of career-training programs at nonprofit colleges earn enough money to meaningfully pay back their federal student loans.

Under the Higher Education Act, post-secondary institutions are required to “prepare students for gainful employment in a recognized occupation.” If an institution does not, it risks losing access to federal financial aid. The rule was originally issued in 2012, but, in 2019, the prior administration repealed it. The Biden administration is now proposing a [new Gainful Employment Rule](#) that strengthens federal efforts to hold predatory colleges accountable. Raoul, as part of a coalition of 21 attorneys general, submitted a [comment letter](#) to the department applauding this strongest-ever proposed version of the rule.

“For-profit and vocational colleges have a history of fraudulent and abusive practices to convince students to enroll in programs that left them without jobs and with debt they cannot repay,” Raoul said. “The Gainful Employment Rule helps keep students from being overburdened with student loan debt. It also protects taxpayers by ensuring that low-quality programs are cut off from access to federal financial aid. I am proud to stand with my fellow attorneys general in support of this robust update to the rule.”

In its proposed Gainful Employment Rule, the U.S. Department of Education would establish the following protections:

- A debt-to-earnings ratio that post-secondary institutions must pass. This includes a requirement that graduates must earn more than a typical high-school graduate in the state between the ages of 25 and 34.
- An expansion of disclosure requirements – such as a new website that would provide students and their families with information on the costs of a particular program, how much they are likely to earn after graduation, and typical borrowing amounts in federal and private loans – to empower them to make informed decisions.
- A requirement that schools certify they are in compliance with certain state consumer-protection laws.

In their comment letter, Raoul and the attorneys general commended these proposals. They also urged the U.S. Department of Education to both expand and clarify its proposed requirements regarding institutional compliance with state consumer-protection laws by, among other things, requiring schools that offer programs in multiple states to comply with all state consumer-protection laws in each state where the school enrolls students.

Raoul and the coalition called on the U.S. Department of Education to limit any relaxation of standards within the Gainful Employment Rule – like the decreased earnings threshold it is proposing for programs serving students in economically-disadvantaged locales – to avoid institutional abuse. The attorneys general underscore that online programs, which can provide instruction to students outside a particular locale, should not be subject to any such reductions.

The Illinois Attorney General's office continues to be a national leader in investigating and enforcing consumer protection violations in the higher education field. In 2022, Raoul's office led a nationwide settlement against Navient, the country's largest student loan servicer, that resulted in \$5 million in restitution, and more than \$133 million in debt cancelation, for Illinois borrowers.

In 2021, Raoul's Know Before You Owe legislation was enacted, ensuring that Illinois student borrowers have information about their federal aid eligibility before they turn to more costly private loans. Along with overseeing the rollout of the state's first Student Loan Ombudsman, a position created by the Student Loan Servicing Rights Act to provide resources for borrowers who are struggling to make payments, Raoul's office provided \$14 million in relief to private student loan borrowers who attended ITT. In 2022, Raoul also led a coalition of attorneys general calling on the U.S. Department of Education to give public servants more opportunities for loan forgiveness.

Student borrowers who have questions or are in need of assistance can call the Attorney General's Student Loan Helpline at 1-800-455-2456. Borrowers can also file complaints on the [Attorney General's website](#).

Attorney General Raoul was joined in submitting the letter by the attorneys general of California, Arizona, Colorado, Connecticut, Delaware, the District of Columbia, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, Washington and Wisconsin.