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WILL MAJORING IN PSYCHOLOGY MAKE YOU BETTER OFF? THE GOVERNMENT WANTS TO KNOW

Education Department to require colleges to publish data on graduates' debt and earnings by major

By Michelle Hackman, Josh Mitchell and Douglas Belkin
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WASHINGTON – The Trump administration is moving to require colleges and universities to publish more detailed data on the finances of their graduates, part of a broader effort to make higher education more market driven and focused on consumer choice.

The new rules, set to be unveiled by the Education Department in coming weeks, will build out an Obama-era initiative called the College Scorecard, but will supplant an Obama-era plan known as the "gainful employment" rule. That provision focused government oversight on for-profit colleges, sanctioning programs that produced students with high debt loads and little income after graduating.

Instead, Education Secretary Betsy DeVos is pushing disclosure requirements that apply to all of higher education – including for-profit and non-profit schools, public and private schools, and undergraduate and graduate programs.

The requirements are designed to offer an unprecedented look at the debt and earnings of students after they graduate. Many colleges already post campus-wide debt and income averages for graduates. The new rules will drill deeper, providing debt and earnings by major, from English to engineering.

The goal is to allow prospective students to compare not just schools, but programs within schools, before going into tens of thousands of dollars in debt for a degree that may not pay off. Student debt in the U.S. has nearly quadrupled since 2005 to $1.4 trillion, most of it extended by the government. A huge chunk is going unpaid, despite low unemployment.

The moves bring into focus Mrs. DeVos's belief that more information about the value of a college degree, rather than government decisions to punish what it deems the worst-performing schools, is the best way to create a better-functioning market in higher education.

In recent weeks, her agency has also moved to tighten requirements under which students defrauded by their schools can ask for loan forgiveness, which would give schools more opportunity to defend themselves before being asked to reimburse students. Mrs. DeVos has also announced that she is planning to scale back a host of other higher-education regulations in hopes of spurring more unorthodox programs with online or work-based components.

The plan is drawing stiff opposition from colleges – which have spent decades fighting transparency efforts – citing the costs of data collection and student-privacy concerns. Colleges also argue that the financial return on a degree is just one measure of success.

“It really risks misleading students and risks creating a potentially false analogy between the long-term value of certificate programs versus bachelors and even masters programs,” said Tim Powers, director of student-aid policy at the National Association of Independent Colleges and Universities, which represents liberal-arts schools in Washington.

Administrations dating back to President George H. W. Bush have considered requiring that all colleges – including public, nonprofit and for-profit schools – publish more detailed data on the earnings and debts of their students. Those plans have been repeatedly stymied by higher-education groups.

Lawmakers from both parties say families need more information to navigate the higher-education marketplace in an age marked by angst about the cost of college. Tuition has grown an average of 5.9 percent a year since 1990, nearly triple the rate of overall inflation.

“The data by college is relatively useless, because colleges don’t put you in a job. It’s the program of study that does,” said Anthony Carnevale, head of Georgetown University’s Center on Education and the Workforce. “If I major in anthropology I have a right to know that it may not get me a great job.”

The more-detailed data would be a step toward empowering state and federal officials to determine which schools deserve scarce funding and helping regulators prosecute potential cases of fraudulent advertising, Mr. Carnevale said. Schools, meanwhile, could use the data to drop programs with low benefits in favor of new ones for which the economy has high demand.

That has been a central argument of the for-profit college industry, which fought aggressively to have the gainful-employment regulations reversed.

“The first step in accountability and information is transparency for all schools, for all programs,” said Steve Gunderson, president of Career Education Colleges and Universities, the industry’s primary trade group. “Once we have the transparency, we will have the information which will enable us to determine whether there needs to be any additional steps.”

Critics of Mrs. DeVos’s approach say her plan places too much financial accountability on students and not enough on schools. The federal government provides roughly between $130 and $140 billion each year in student loans and grants, most of which flows to schools directly to cover tuition. Students are on the hook to pay back loans and therefore have pressure to use their money wisely, but the schools are paid up front with no consequences for poorly performing programs..

“To colleges, loans are free money – there’s almost no risk,” said Amy Laitinen of New America, a left-of-center think tank. “All of these schools are supported and in some cases propped up by federal money, and they should be held to account to manage that money well.”

The Obama administration in 2013 proposed a college-ratings system, scoring schools on quality and affordability, with the ultimate goal of cutting federal aid to the lowest performers.

The administration significantly scaled back the plan under pressure from higher-education lobbyists and instead published a tool, called the College Scorecard, with averages for each college on tuition costs, debt, earnings, student-default rates and graduation rates.

Obama education officials had planned to expand the scorecard tool to include program-level figures, but were unable to do so before the new administration took over. Mrs. DeVos is moving ahead with the same plan.

Separately, the Obama administration drafted the gainful-employment regulations – under a decades-old provision of the Higher Education Act – to crack down on for-profit colleges, which are a small slice of higher education but account for a high level of student-loan defaults.

Those regulations, which are being dropped, put in place severe financial penalties for schools whose graduates ended up paying more than 8 percent of their monthly incomes toward student debt.

Some higher-education experts, and Republicans, have said the Obama plan gave a pass to public schools.

Some states, such as Virginia, have been collecting student-debt and earnings data by major for years. Many programs at well-respected four-year institutions in Virginia would be in danger of failing the Obama-era 8 percent standard, according to a Wall Street Journal analysis of earnings and debt data from students who graduated in 2012-2013 from 43 public and private colleges and universities in Virginia.

Among 22 schools with a psychology program, graduates from 18 on average failed to meet the 8 percent debt-to-income ratio. Of the 25 schools with business majors, seven on average landed above the 8 percent ratio. All eight schools with economics majors and 11 of 12 schools with computer-science programs had a debt-to-income ratio below 8 percent.