Association of Proprietary Colleges
Educating New Yorkers for a lifetime of success.

September 20, 2017

Hilary Malawer
U.S. Department of Education,
400 Maryland Ave. SW., Room 6E231
Washington, DC 20202.

Re: <u>Comments for Docket ID ED–2017–OS–0074</u>

Dear Ms. Malawer:

As the President and CEO of the Association of Proprietary Colleges ("APC"), I write on behalf of our members in response to the request by the U.S. Department of Education ("Department") for input on regulations that may be appropriate for repeal, replacement, or modification.

Founded in 1978, APC represents 12 degree-granting institutions on 24 campuses throughout New York State.[1] APC consults regularly with state and federal decision makers and advocates in favor of legislation and policy that support the goals of higher education and protects the interest of our members' students.

The average APC member college has been in existence for more than 90 years and 6 of our 12 members were founded over 100 years ago. APC member colleges are New York focused, educating local students for lifelong careers that are in demand. Ninety percent of students attending APC member colleges are from New York and the majority of those students stay in New York after graduation to live and work.

Our institutions are of high quality (all of which are regulated by the New York State Board of Regents and, nearly all of which, are accredited by the New York State Board of Regents or the Middle States Commission on Higher Education) and provide a meaningful societal benefit. We thus have concerns with certain Department regulations that unnecessarily threaten such quality and with the impact these regulations have on our students and communities at large.

To be clear, we are not opposed to regulation; but regulation must be equitable and meaningful, with benefits that exceed the costs. We believe this principle animates the President's Executive Order on regulatory reform and should be what guides the Department in this important effort. By such definition, several Department regulations currently in existence fall short of the mark. Following then, while listed in no particular "rank-order", please consider our list of Department regulations which we view as ripe for repeal, replacement or modification, along with the reasons therefor and suggestions for change. In addition, we lend our support to the proposals offered in

[1] A list of the APC member colleges is submitted as Exhibit 1.

the 2015 Report of the Task Force on Federal Regulation of Higher Education[2], the comments offered by the National Association of Clery Compliance Officers and Professionals[3], and the 2015 Administrative Burden Survey of the National Association of Student Financial Aid Administrators[4].

1. **Borrower Defense to Repayment (81 FR 75926) and Gainful Employment (70 FR 64889).**

We have previously commented at length on both the substantive and procedural shortcomings of the Borrower Defense to Repayment regulation in letters to the Department of August 1, 2016 and March 20, 2017. We incorporate those comments herein by reference.

Likewise, we believe that the Gainful Employment rule's one-size-fits all approach is counterproductive and otherwise leaves much to be desired. By looking at a period of time shortly after graduation, the rule fails to fully account for the true value of the credential. Moreover, it is a rule that, without much justification or rationale, applies disproportionately to the for-profit sector within higher education. We believe the rule's one metric should be required of all institutions as an informational item – one factor of many for prospective students to consider in evaluating colleges and universities.

As the Department intends to convene Negotiated Rulemaking Committees to revise both of these regulations (see Docket ID ED–2017–OPE–0076), we look forward to the opportunity to provide further input in connection with those processes. In a similar vein, we would encourage the Department to consider impaneling another Negotiated Rulemaking Committee to address regulations concerning credit hours and their impact on higher education institutions.

2. **90/10 (34 CFR § 668.28)**

The so-called "90/10 rule," which only applies to proprietary colleges, has more recently become more burdensome. As part of the new audit guide, if the school's 90/10 calculation is misstated by any amount, the auditor must disclose this as a finding in the report on internal control over financial reporting and compliance. The auditor will need to report why the calculation is incorrect and what the auditor's calculation determines the rate to be. Thus, a single calculation error for one student calls for a finding and reporting to address the same, even when such error does not significantly affect the overall calculation. Adding a materiality standard and/or an appeal procedure would go a long way towards ensuring an effective and efficient implementation of the rule.

In addition, institutional scholarships that are funded from an "outside source" take precedence over Title IV funds in the 90/10 allocations. Yet, it is not clear what constitutes an "outside source" of funds. The Department should clarify in regulations what constitutes an outside source so

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[2] Report of the Task Force on Federal Regulation of Higher Education, Recalibrating Regulations of Colleges and Universities, http://www.acenet.edu/news-room/Documents/Higher-Education-Regulations-Task-Force-Report.pdf.
[3] Bill Laferty, Comment ID: ED-2017-OS-0074-9397, Tracking Number 1k1-8yaj-yokj (submitted August 29, 2017).
[4] NASFAA, 2015 Administrative Burden Survey (Apr. 2015) , located at https://www.nasfaa.org/uploads/documents/ektron/f5fdae89-a23f-4572-9724-15e5a9f614d2/0d73bf4cd48a43a6a9414b6ec1a6ab9d2.pdf

institutions are better able to make use of this means of compliance, which also works to lower the total amount paid by students for attending a proprietary institution.

3. Program Reviews (34 CFR 668, Subpart H)

Our members recognize the importance of program reviews and appreciate the collegial way in which the Department handles them, particularly in providing institutions with sufficient time to respond to the Department's Program Review Report. We also appreciate that Department staff have large case dockets and resolution of a program review is not an easy task. There are times when the Department's process for resolving program reviews precludes institutions from adding new programs or locations because there is an open program review. In addition, the Department typically refuses to take action on a recertification application – or requires a school to be provisionally recertified – because there is a program review has not been finalized. We request the Department consider developing regulations that permit the Department and institutions to work collaboratively and expeditiously on resolving program reviews and yet minimize the collateral burdens on colleges and universities by allowing institutions to undertake new activities that require Department approval.

In addition, it is common knowledge that the Department has certain risk factors that subject institutions to greater likelihood of receiving a program review. The Department should regulate on acceptable risk factors to provide greater certainty and equity in program reviews and adequately protect taxpayers.

4. Verification Reporting (34 CFR §§ 668.51 – 668.61)

APC members agree that federal aid should only go to eligible students at amounts for which they are eligible. While necessary, verification of information from federal aid applicants is an extremely time-consuming process that has gotten significantly more complicated over time, at least in part due to Department changes in the guidance. The regulation essentially targets low income students, and disproportionately affects schools serving such students. To alleviate this inefficiency and associated burden, we recommend adoption of the National Association of Student Financial Aid Administrators proposal to utilize the IRS retrieval tool or some other method for performing verification. In addition, we fully support the transition to a system that targets applicant-specific data elements that are likely in error and believe the Department should move towards full implementation of the student-by-student targeted verification approach as soon as possible.

5. SULA

The Subsidized Usage Loan regulation entails another set of burdensome and costly tasks and reporting that we feel are ripe for repeal. A fair amount of confusion arises if a student moves from one institution to another. More significantly, a student may end up paying extra interest if he/she changes his/her mind and changes his/her program of study or enrolls in another school. It is a rule that has a detrimental budgetary impact, without propagating much in the way of benefits.

6. **Accelerated Programs and Competency Based Education (including Direct Assessment Programs) (34 CFR § 668.10)**

The Department should consider the inclusion of accelerated studies in the Title IV programs. Doing so would allow students to avail themselves of the federal student aid programs to pay the fees and otherwise meet the costs of such studies. There would, in essence, be more opportunities for funding of higher education, encouraging pursuit of studies that will ultimately benefit not just the students, but society at large as well.

In addition, the Department should more clearly support competency-based education and develop a unit of measure that accurately and fairly provides funding for education in a competency-based program. Currently, the Department tracks financial support for competency- based programs on time – aid on a per-term basis while allowing the student to take as many courses as she likes in that term. A far better solution would be to provide disbursements on a per course attempted model. This would reflect the support provided by the institution in terms of learning provided to the student prior to the attempt at taking the assessment.

Also, the Department should revise 34 CFR § 668.10 to make clear that an institution may offer a program with some courses in a traditional format together with courses that are offered via direct assessment. This would allow institutions to offer direct assessments of learning for introductory courses and would result in improving the speed with which a student will advance to higher-level courses in a program.

7. **Audit Guide (Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs – September 2016)**

We believe there is little justification or rationale for for-profit institutions to use a guide that is different from that used by their non-profit peers, particularly when the former is more onerous than the latter. Also, there does not seem to be any articulated basis for requiring a larger sample size for for-profits, which unnecessarily adds to the audit costs borne by such institutions. Indeed, as one auditing firm noted, "for a school which exceeds 250 students in each of the two universes [of students that 1) are enrolled, graduated, or on an approved leave of absence, and 2) withdrew, dropped out, enrolled but never began attendance, or were terminated], the sample size will now be 120 student files instead of 75 student files. This equates to a 60 percent increase in file testing."[5] While we support the effort to revise an audit guide that last was updated in 2000, this is a costly revision and there is no basis to support this increase in sample size or to support that such an increase will address any particular concern.

We are also very concerned about the new audit requirement related to student confirmation testing. As we understand it, auditors must send written (via mail or email) confirmations to students in the sample and receive a thirty percent response rate from those contacted. The auditor is to confirm a number of items, including the dates of attendance, type of aid received, and whether the student received various consumer disclosures (or information on how to obtain the disclosures), including the Annual Security Report. Putting aside the wisdom of having such

[5] Mike Wherry, "U.S. Department of Education's September 2016 Audit Guide Key Changes", located at http://www.mcclintockcpa.com/u-s-department-educations-september-2016-audit-guide-key-changes/

testing completed, there is no basis to require this audit confirmation of only proprietary schools. It makes little sense for only proprietary schools – that largely have commuter populations and rarely have dormitories or large physical campuses – to conduct special testing to ensure their students receive the Annual Security Report.

The Department should address these issues in regulation to ensure appropriate adoption in a revised audit guide, and should also require that all institutions utilize the same audit guide requirements, unless required otherwise by statute.

8. Consumer Information and Clery Act Reporting (34 CFR §§ 668.41-49)

Our members strongly support informing students and prospective students so they may make informed choices about their educations. The current process however presents multiple versions of similar information which only serve to confuse students. The GE Disclosure Template, Financial Aid Shopping Sheet, College Scorecard, and Net Price Calculator all use different metrics, student cohorts and time frames and attempt to inform students of similar information. Indeed, the names of the disclosure items are also very similar which makes confusion even more likely. Simply put, the Department needs to find the four or five data elements most useful to students and have all schools report that data using the same calculation method. We would suggest: tuition and fees, median federal loan balance at graduation, a three-year cohort default rate, and a graduation/transfer rate that is updated to reflect the changing demographic of today's students (in particular, one that includes students that are not first-time/full time). These data points tell students what they need to know: how much a program costs, how much debt the student will incur, and how likely the student is to have a successful outcome from the education offered.

In addition, while we support the intent of the Clery reporting regime, there are a number of concerns we have with whether this information accurately reflects the crime rates associated with our institutions. Also, there are a number of areas in which requirements under Clery conflict with or complicate other requirements, such as those imposed by Title IX. For example, the Clery Act and Title IX each identify personnel that have disclosure requirements ("Campus Security Authorities" for the Clery Act and "Responsible Employees" for Title IX). Yet, the disclosure requirements for each employee differ and are complicated when the employee – such as a Title IX coordinator – wears both hats. Moreover, in some cases, disclosure of sexual assault matters may conflict with New York Law which provides for confidential reporting of such incidents by survivors. To that end, we believe the Department should undertake a comprehensive review of the Clery requirements in light of the requirements of Title IX. In addition, we endorse the comments and recommendations related to the Clery Act submitted by the National Association of Clery Compliance Officers and Professionals.

9. Safe and Drug-Free Schools (EDGAR Part 86)

Institutions must certify that they have adopted a drug- and alcohol-abuse prevention program meeting a number of detailed requirements. Importantly, institutions must conduct a biennial review to determine the program's effectiveness, as well as make any necessary changes. While well-intentioned, the requirement to conduct the biennial review is very unclear and serves as a common violation for institutions. These violations are, in part, the result of a lack of guidance on what is required in this review, how to assess the effectiveness of the program, and generally, what is expected of institutions. The Department should eliminate the biennial review and only require that institutions have a drug- and alcohol-abuse prevention program. Alternatively, the Department should clearly explain what is required of institutions for the biennial review.

10. State Authorization Disclosure Requirements (34 CFR § 600.9)

While the recently published State Authorization regulations have many commendable elements, these regulations require new and burdensome consumer disclosures – seven of which may be placed on a website and three of which must be made to students and prospective students directly. Placing a disclosure on a website is generally cost-effective and far less costly than requiring student acknowledgement or statements of receipt for the individual disclosures. As such, we ask that the regulation be revised to move the disclosures to the website only.

In addition, the disclosure requirements[6] require online programs to disclose all "prerequisites" for professional licensure for the relevant occupation(s) in any state in which they enroll students or in any other state for which the institution has made a determination for non-approval of professional licensure. Also, the institution must state whether its program(s) meet those requirements.[7] If an institution has not made a determination as to whether its program satisfies the prerequisites in any given state, or if the institution determines the program does not meet the requirements, it must also disclose a statement to that effect. The institution must obtain a student acknowledgement of receipt of the disclosure.

APC fully supports informing our students about the full nature and usefulness of the programs our members offer. Yet, the disclosure contemplated places a significant burden on professional licensure programs in an online setting. Indeed, it would require institutions to maintain an understanding of the licensure requirements for every state and have an ability to keep up with changes to those requirements. While this may be possible for very large institutions, most institutions do not have large legal departments that can handle such work. Further, obtaining disclosure from each student adds a new layer of administrative complexity.

As such, we believe the Department should require that schools affirmatively declare on their websites for which states the education will lead to professional licensure. This will provide appropriate and accurate notice to students, while minimizing the burden of doing so.

11. Financial Responsibility (34 CFR §§ 668.171-175)

We applaud the Department's willingness to review the financial responsibility standards in light the Financial Accounting Standards Board's (FASB) issuance of Accounting Standard Update 2016-02 (ASU), *Topic 842 – Leases*. We ask that the Department also reconsider the financial responsibility standards altogether. In particular, we believe the Department should not only reconsider how it calculates the composite score, but also how it uses the score.

Currently, the composite score is used as an automatic trigger for imposition of a letter of credit or other sanctions. The imposition of a letter of credit or other sanctions can, in many cases, exacerbate an already precarious financial situation of an institution. Letters of credit have become very expensive due to the increased regulatory risk associated with higher education, and

[6] See 34 CFR § 668.50(b)(7)(i).
[7] See 34 CFR § 668.50 (b)(7)(ii).

often require collateral equal to the value of the letter of credit. Thus, requiring letters of credit can put the taxpayer at greater risk due to the increased financial strain placed on the institution and the accompanying risk that the institution will close. Rather than an automatic trigger for sanctions, the Department should use a composite score as a basis for taking further action and reviewing an institution's finances. This was the original intent of the drafters of the financial responsibility standards and, we believe, is far superior to the current rule.

Permitting the Department this discretion will also allow the Department to avoid the not uncommon situation where a letter of credit is requested to remedy a financial situation that has already improved. Given the timing of submission and review of audits, the Department has requested letters of credit from institutions close to the year end of the year following the year for which the school exhibited financial distress. This has resulted in schools being forced to provide letters of credit even though the financial situation has improved to the point that a letter of credit would not be necessary.

Also, we believe the Department should publish a form surety bond that is acceptable to the Secretary that can serve as a substitute for a letter of credit. This would bring down the cost of providing financial protection to the taxpayer dramatically given the significantly lower cost of obtaining a surety bond in comparison to the cost associated with obtaining a letter of credit.

12. Third-Party Servicer Regulations (34 CFR §§ 668.2 and 668.25)

From 1994-2015, the Department had a well understood standard for what it meant to be a "third-party servicer" under 34 CFR § 668.2. Specifically, it included those functions required by statute or regulation, and primarily focused on financial aid disbursement and advising and the provision of consumer disclosures to students. Also, there were clear exclusions for software providers and those charged with warehousing data and documents. In January 2015, however, the Department published an ambiguous Dear Colleague Letter that expanded the definition of "third-party servicer" greatly. Subsequent guidance has worsened the situation, making it unclear whether any service provider constitutes a third-party servicer.

The Department must engage in a rulemaking to make the rules clear on what services constitute third-party servicer functions so institutions are not unfairly cited for administrative capability concerns for failing to list a third-party servicer on their ECAR. Also, 34 CFR **§** 668.25 requires that third-party servicer contracts have a provision admitting to joint and several liability for such servicers. It is critical that the Department make clear for what these servicers are to be held "jointly and severally liable." For example, will third-party servicers be liable for failures associated with the tasks they contractually undertake, or are the servicers responsible for any failure related to a topic. Indeed, it is unclear if a servicer handles one aspect of financial aid – such as disbursement of the funds –the servicer is also responsible for ensuring the student is eligible for the funds or that the calculation of funds is correct. Additionally, it is not clear whether a servicer that performs one regulated task out of the many tasks performed by the third-party servicer shares liability to the Department for the performance of the other, non-regulated functions. Such lack of clarity imposes additional costs on institutions using servicers because no one is able to determine the level of risk associated with any given activity.

13. Class-Based Aid Determinations

Section 479A(a) of the HEA provides that "Nothing in this part shall be interpreted as limiting the authority of the financial aid administrator, on the basis of adequate documentation, to make adjustments on a case-by-case basis to the cost of attendance or the values of the data items required to calculate the expected student or parent contribution (or both) to allow for treatment of an individual eligible applicant with special circumstances." We appreciate the Department's continued support of allowing aid professionals to exercise their professional judgment to alter aid determinations for students consistent with the statute. There are situations, however, when such an individualized process is overly burdensome and makes it more difficult to address the financial needs of students. Indeed, in some cases, such as with natural disasters, it is more efficient and logical to address the concerns of entire categories of students rather than subjecting each individual student to separate treatment. The Department should make clear that, in addition to exercising professional judgment on a case-by-case basis, aid professionals may make changes for broad categories of students that face similar circumstances. In such cases, the only inquiry required should be that the student is in the class deserving of additional assistance. The Department should make clear, however, that financial aid professionals are able to exclude individuals from a class if circumstances warrant.

14. Authority to Limit Aid (34 CFR § 685.301(a)(8))

The current system leads to over-borrowing by many students, including those enrolled part-time. Section 479A(c) of the Higher Education Act provides, "On a case-by-case basis, an eligible institution may refuse to certify a statement that permits a student to receive a loan under part B or D, or may certify a loan amount or make a loan that is less than the student's determination of need (as determined under this part), if the reason for the action is documented and provided in written form to the student." 34 CFR **§** 685.301(a)(8) should be amended to allow schools to utilize professional judgment to limit aid on a class basis if the institution determines that an individual student meets certain criteria. Institutions should have the authority to set loan limits and adjust the cost of attendance via a class-based approach – such as according to program, dependency status, living arrangement, enrollment status, or other categories – and reduce the burden on financial aid administrators to confirming whether the student, on a case-by-case basis, is in the covered class.

15. The "Affiliate Rule" for Bundled Service Providers (34 CFR § 668.14; DCL 11-05)

APC member institutions strongly support the prohibition on the payment of incentive compensation. After the last revision to the incentive compensation rules, institutions and education-related businesses sought guidance regarding the ability of entities to perform multiple services for institutions – including student recruitment, hosting a learning management system and providing various student services ("Bundled Service Providers") – to receive a share of tuition received by those institutions as compensation in exchange for the bundled services provided. In DCL 11-05 (March 17, 2011), the Department stated that institutions could compensate Bundled Service Providers through a tuition sharing arrangement, provided the "payment compensates an unaffiliated third party." The Department noted that the "independence of the third party (both as a corporate matter and as a decision maker) from the institution that provides the actual teaching and educational services is a significant safeguard against the abuses the Department has seen heretofore." The Department then offered an example of a specific model that complies with the regulation where compensation is based on tuition sharing ("Example 2-B"):

> a third party that is not affiliated with the institution it serves and is not affiliated with any other institution that provides educational services, provides bundled services to the institution including marketing, enrollment application assistance, recruitment services, course support for online delivery of courses, the provision of technology, placement services for internships, and student career counseling.

Unfortunately, it is unclear whether institutions can provide bundled services to other institutions and receive tuition sharing payments. The lack of guidance on this point – and Example 2-B has been read by the industry as the only permissible model – has effectively limited competition in the online program management market by preventing institutions from utilizing the industry-standard tuition sharing pricing structure.

Given this is merely an example in a guidance document, the Department should issue additional guidance (or regulate on the topic) to make clear that one institution can contract with another unaffiliated institution for bundled services and pay them via a tuition sharing arrangement. This will not only increase competition in the marketplace, but will not implicate the concerns related to incentive compensation. Indeed, as the Department noted, the independence of the service provider "from the institution that provides the actual teaching and educational services is a significant safeguard against" the abuses related to incentive compensation.

16. A System for Providing No-Action Letters (EDGAR)

The Department should amend the EDGAR regulations to provide for a process by which institutions may ask whether particular conduct is compliant or how the Department would treat a particular situation. This process should resemble processes already in place with the IRS and the SEC, whereby regulated entities may request an opinion on various matters under their jurisdiction. The process should permit some time for the Department to gather relevant information from the institution that is necessary to determine the issue. The Department should also publish the response (with the requestor's name redacted) so other regulated entities can benefit from the advice. The Department should also consider allowing law firms or other non-regulated entities to request guidance on an anonymous basis.

17. Reduction in Loan Balances without Affecting Cohort Default Rate (34 CFR § 668.183(c)(iii))

A number of our schools would like the opportunity to help reduce student loan balances: (1) for a student that realizes they will not be successful in the program after enrolling (a "Refund") or (2) as a reward for retention, graduation, or other academic achievement ("Reward"). Unfortunately, 34 CFR § 668.183(c)(iii) includes as a defaulted loan any loan for which the school "makes a payment to prevent a borrower's default." In the past, a number of schools have sought to provide Refunds and have been told that any payment by a school that reduces the loan balance will cause a violation of this provision. While our members have not received specific guidance as to Rewards, we do note that a number of non-APC member schools have created these types of programs.[8] Our members do not support the type of gamesmanship of cohort default rates this regulation tries to prevent. That said, given all the concerns about student loan debt, we should allow institutions to help students avoid debt when an education decision turns out to be a mistake or when the student is deserving of a reward for good conduct. As such, the Department should make clear that a payment on student's loan that is not intended to prevent a borrower's default should not render that loan as a default in the cohort default rate calculation. The Department could ensure this is the case by presuming that any payment made on a loan prior to the loan entering repayment (either while in school or during the grace period) would not be for the purpose of avoiding a default.

18. Transactions (34 CFR § 600.31)

Many of our institutions are actively considering converting to non-profit status as a means of preserving the legacy of their institutions well into the future. Unfortunately, the Department has imposed new restrictions on such conversions above and beyond what is required by the IRS for determining whether an entity is a tax-exempt nonprofit. Our Association does not believe the Department should have a separate standard from the IRS for this purpose. Nonetheless, the Department should regulate on this issue and make clearer the standards and processes for approval of non-profit conversions.

In addition, while the process for completing transactions has long been a fairly routine process handled by career staff, last year, transactions were required to be reviewed by political appointees. This is a disturbing development. We suggest the Department undertake a rulemaking to address the process for review of transactions and sincerely hope the transaction process does not provide for this type of "political" review.

19. Institutions Involvement in Loan Servicer Selection

The Department should allow institutions to pick the loan servicer assigned to service a former student's Direct Loans. It is fundamentally unfair for the Department to assign a student to a servicer that has a subpar performance record among the current Title IV loan servicers. Moreover, institutions are in the best position to be aware of loan servicer performance and can take an active role in protecting their students. It is also unfair to hold institutions accountable for the rate at which an institution's former students default on their student loans (or the performance of the portfolio in general) without having an opportunity to select the loan servicer to service that institution's portfolio. Indeed, given the alignment of interest, allowing institutions to select the loan servicer for the school would be useful to the Department in assessing performance of the loan servicers and improving student service.

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[8] For example, UT-Austin has created such a program. See Erin Mulvaney, Houston Chronicle, "Graduate On Time And This Texas University Will Forgive Part Of Your Student Loans" (Oct. 5, 2012), reprinted at http://www.businessinsider.com/the-univ-of-texas-will-soon-forgive-loans-for-students-who-graduate-on-time-2012-10?0=yourmoney-contributor.

20. Return to Title IV (R2T4) (34 CFR § 668.22)

The Department needs a vastly more simplified approach to returning unearned tuition received by an institution for students that withdraw prior to the end of the term. The current process requires roughly 200 pages of guidance in the FSA Handbook and takes up large amounts of time. A more simplified approach could significantly ease the burden on institutions while ensuring the government accurately receives funds that should be returned.

Perhaps the easiest reform would be to eliminate the requirement that institutions perform the R2T4 calculation for students that have withdrawn after completing 60% or more of the term. Given that no funds need be returned when a student completes 60% or more of the term, performing the calculation serves little purpose and unnecessarily burdens staff time.

In addition, the R2T4 process is particularly cumbersome when students are enrolled in a module. Indeed, unlike regular courses – where there is a point in time when a R2T4 calculation is no longer required for the semester – modules requires constant monitoring as students can change enrollment status during a semester but between modules. Such changes require recalculations of Pell grants to ensure student eligibility, prior to completion of the R2T4 process for student who withdraw from school as well as for students who change their enrollment status but remain enrolled for the semester.

Conclusion

In short, all of the above regulations, as currently written, are, in our view, ineffective in meeting their intended purpose and/or burdensome to the point costs heavily outweigh any identified benefits. Furthermore, a theme running through most of the foregoing list is the inconsistent, unequal and mostly adverse treatment of for-profit colleges and universities, as compared to their non-profit counterparts. There is absolutely no reason for this inequity, which does nothing more than perpetuate and feed into the false notion that our institutions are different than, even inferior to, "traditional" schools. We are heartened by the Department's interest in seeking a better regulatory framework, one that is more responsive to students' and prospective students' needs, and that strengthens our world-class system of higher education and, towards that end, we offer the above suggestions.

As always, we thank the Department for the opportunity to provide our comments. We have attempted to do so in a constructive manner, with greater good interests in mind. To the extent you have any questions, we would be happy to discuss our ideas further with the Department at its convenience.

Sincerely,

Donna Stelling-Gurnett

Donna Stelling-Gurnett
President/CEO
Association of Proprietary Colleges

EXHIBIT 1

ASSOCIATION OF PROPRIETARY COLLEGES

MEMBERSHIP

Berkeley College - Est. 1931

Bryant & Stratton College - Est. 1854

The College of Westchester - Est. 1915

Elmira Business Institute - Est. 1858

Five Towns College - Est. 1972

Island Drafting & Technical Institute - Est. 1957

Jamestown Business College - Est. 1886

LIM College - Est. 1939

Monroe College - Est. 1933

Plaza College - Est. 1916

School of Visual Arts - Est. 1947

The Swedish Institute - Est. 1916