



Legislation Text

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Res. No 1198

Resolution calling on the New York State Department of Education to convene a task force to review the outreach practices and graduate outcomes at institutions with gainful employment programs in New York State.

By Council Members Lappin, James, Mendez, Palma, Vann, Williams and Rodriguez

Whereas, On June 2, 2011, the Obama Administration released final regulations requiring post-secondary educational institutions with gainful employment programs to better prepare students for employment or risk losing access to federal student aid; and

Whereas, Under the regulations, a program would be considered to lead to gainful employment if at least 35 percent of its former students are repaying their loans' or the estimated annual loan payment does not exceed 30 percent of his or her discretionary income, or the estimated annual loan payment does not exceed 12 percent of his or her total earnings; and

Whereas, While many gainful employment programs are helping to prepare America's workforce for the jobs of the future, far too many students at these schools are taking on unsustainable debt in exchange for degrees and certificates that fail to help them to attain the jobs they need or were promised; and

Whereas, To qualify for federal aid, the new regulations require that most for-profit programs and certificate programs at nonprofit and public institutions prepare students for gainful employment in a recognized occupation; and

Whereas, While the regulations apply to occupational training programs at all types of institutions, for-profit programs are more likely to leave their students with unaffordable debts and poor employment prospects; and

Whereas, According to a recent New York Times article, for-profit institutions enroll only 10 percent of

the nation's undergraduates yet their students make up nearly half of all student loan defaults; and

Whereas, According to the United States Department of Education, most of the revenue at for-profit institutions come from Pell Grants and federal student loans; and

Whereas, These for-profit institutions typically serve low-income students; and

Whereas, In 2008, 46 percent of student loans borrowed by students at two-year for-profit institutions went into default over the life of the loans, compared to 16 percent of loans borrowed by students across all types of institutions; and

Whereas, Revenue generated by gainful employment programs has historically been linked to the number of students enrolled, not to graduation or student loan default rates; and

Whereas, Effective in Federal Fiscal Year 2012, institutions with gainful employment programs that have default rates greater than 30 percent for three consecutive years will lose their eligibility for federal student aid; and

Whereas, Defaulting on one's student loans can have an impact on employment, homeownership, and future eligibility for financial aid; and

Whereas, New York State must act in order to prevent institutions from graduating students with thousands of dollars of debt and no prospect of earning a salary high enough to pay off such debt; and

Whereas, Better regulation of the performance of institutions with gainful employment programs in New York City, in particular, based on the measures outlined in the gainful employment rule will protect students and their families from many exploitative practices and programs; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Department of Education to convene a task force to review the outreach practices and graduate outcomes at institutions with gainful employment programs in New York State.

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