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I. Need for Regulatory Action

Executive Order 12866 emphasizes that ``Federal agencies should promulgate only such regulations as are required by law, are necessary to interpret the law, or are made necessary by compelling public need, such as material failures of private markets to protect or improve the health and safety of the public, the environment, or the well-being of the American people.'' In this case, there is indeed a compelling public need for regulation. The Department's goal in regulating is to ensure that programs eligible for funding under title IV of the Higher Education Act of 1965, as amended (HEA), are preparing students for gainful employment, students seeking postsecondary training are not left with unaffordable debts and poor employment prospects, and the Federal investment of student aid dollars is well spent. Existing Federal law attempts to meet these aims through the required disclosure by institutions of information to prospective and current students on a range of issues including: cost of attendance, net price, graduation rates, and student financial aid (HEA Sec. 485 and Sec. 132). Nonetheless, there is evidence that students have significant misperceptions about the economic returns of pursuing a college education, tending to significantly overestimate their expected earnings as a college graduate.\1\ Students and their families also lack access to critical information needed to navigate a nuanced higher education marketplace in order to make more optimal choices about where to pursue a postsecondary education.\2\ Additionally,

[[Page 34455]]

limitations exist on the availability of comparison indicators for educational quality that help families balance the increased risks associated with financing college.

\1\ Christopher Avery and Thomas Kane, ``Student Perceptions of College Opportunities,' ' <http://www.nber.org/chapters/c10104.pdf>.

\2\ C. Anthony Broh and Dana Ansel, ``Planning for College: A Consumer Approach to the Higher Education Marketplace,' ' Mass INC, February 2010, <http://www.massinc.org/~media/Files/Mass%20Inc/Research/Executive%20Summary%20PDF%20files/report--ES.ashx>.

