

The Department of Education has provided a new definition for "gainful employment" in the context of Federal educational lending. The definition includes metrics for determining how well for-profit institutions are placing their graduates into jobs and how capable those graduates are at paying back their student debts. The rule has the potential to have profound impacts on the for-profit higher education industry. This note attempts to analyze the rule and its repercussions and place it in the context of the broader educational lending system. This note places particular emphasis on the addition of "Income Based Repayment" as a potential catalyst for high-risk student borrowing.