Research

Job Loss: Negative Effects of Gainful Employment Regulations

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In the Bureau of Labor Statistics' (BLS) January jobs report, analyzed in AAF's U-6 Fix, unemployment ticked down, labor force participation ticked up, and job growth grew by 151,000 – slightly less than expected.

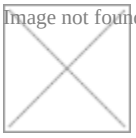
AAF examined the BLS data and found that the Education Services sector lost 38,500[1] jobs. Delving into the data a little further reveals some concerning trends for education sector employment.

The Educational Services sector comprises establishments that provide instruction and training in a wide variety of subjects.[2] This instruction and training is provided by specialized establishments, and is broken down further into sectors by BLS with data detailing the elementary and secondary school level and the post-secondary level which includes colleges and universities, junior and community colleges, as well as technical and trade and business management training schools.

Technical and trade and business management training schools represent a significant number[3] of the 3,360[4] for-profit institutions. It is this subsector that saw job losses in the recent report. This steep job loss seems to follow the rise and fall of the Department of Education's (ED) Gainful Employment regulation.

As seen in chart 1, the decline in jobs from the technical and trade and business management training sector is around 7.3 percent with a vast majority of the loss taking place after 2014 – when the Education Department (ED) finalized its second version of Gainful Employment rules.

Chart 1. Employment from the Current Employment Statistics survey (National): Combined Technical and Trade and Business Management Training Sector



Source: U.S. Bureau of Labor Statistics