Job Loss: Negative Effects of Gainful Employment Regulations

Chad A. Miller
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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 38,500i 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.ii 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 numberiii of the 3,360iv 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](chart1.png)

Source: U.S. Bureau of Labor Statistics

* Data combined into single chart by author.

Chart 2 singles out the Technical and Trade Sector and reflects a 15 percent loss of jobs since 2012 when the administration finalized the first Gainful Employment rule. In addition, while the Business
Management Training Sector had shown growth from 2012 to 2014, since 2014 the sector has lost 3.3 percent of jobs.

Chart 2. Employment from the Current Employment Statistics survey (National): Technical and Trade Sector

Source: U.S. Bureau of Labor Statistics

**Conclusion**

It seems clear that the regulatory burdens imposed by the current administration are harming employment in a valuable educational sector. AAF has highlighted the administration’s proclivity for working toward crossed purposes in the past, but these results further exemplify the all-too-common negative employment impact of overregulation.

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