

May 27, 2014

The Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
400 Maryland Ave., S.W.
Washington, D.C. 20202-1510

Via Electronic Submission (regulations.gov)

Re: Comment on Notice of Proposed Rulemaking 34 CFR Part 668 – Program Integrity: Gainful Employment, Federal Register of March 25, 2014, Docket ID – ED-2014-OPE-0039

Dear Secretary Duncan:

On behalf of the American Association of Colleges of Osteopathic Medicine (AACOM), I am pleased to offer comments on the Department of Education's (USDE) recent Notice of Proposed Rulemaking on gainful employment.

AACOM represents the administrators, faculty, and students of the nation's 30 colleges of osteopathic medicine that offer the Doctor of Osteopathic Medicine (D.O.) degree at 42 locations in 28 states. In 2013-14, more than 23,000 students were enrolled at osteopathic medical schools representing over 21 percent of all U.S. medical students, and more than 24 percent of new U.S. medical students are training to be osteopathic physicians.

AACOM commends the USDE for undertaking this multi-year initiative to promote the principles of accountability in the Title IV student financial aid programs. AACOM's member institutions pride themselves on exceptional graduate and residency placement rates. These institutions also maintain an exceedingly low record of default rates. While AACOM has serious concerns with the potential impact of the proposed regulation on all U.S. medical schools, we understand that the proposed regulation would affect only for-profit medical schools. However, based upon the unique nature of medical education, the proposed regulations could unjustifiably place highly-qualified U.S. for-profit medical schools at serious risk of eligibility for Title IV federal financial aid programs, including one of our member institutions—Rocky Vista College of Osteopathic Medicine (RVUCOM). RVUCOM filed comments on May 23, 2014, with the Department on this proposed rule; we have attached those comments to this letter.

AACOM supports RVUCOM's submitted comments, and would like to draw your attention to them as illustrative of the problem the regulation would pose for all U.S. medical schools. In addition, AACOM has serious concerns that if these regulations were applied to non-profit as well as for-profit U.S. medical schools, essentially all schools would be deemed ineligible for Title IV student financial aid programs. Therefore, as the implementation process of this regulation continues, AACOM asks the Department to exempt all U.S. graduate terminal degree medical education programs from these regulations.

Osteopathic medical school graduates must attend four years of medical school and then are required to complete additional graduate medical education training, which takes between three – seven years. During this post-graduate training, medical residents earn a stipend; however, that income is generally not sufficient to begin full repayment of educational loans, and is certainly not indicative of the future practicing physician's salary. As a result, medical residents depend on federal financial aid options such as income-based repayment and forbearance to postpone or reduce their obligations until they become independently licensed physicians earning a full salary (instead of a stipend).

Osteopathic medical education has a proud heritage of producing primary care practitioners. In fact, the mission statements of the majority of osteopathic medical schools state plainly that their purpose is the production of primary care physicians. Osteopathic medical tradition teaches that a strong foundation in primary care makes one a better physician, regardless of what specialty they may eventually practice. Unfortunately, the burden on our graduates to quickly repay medical school debt is especially onerous, with 2013 graduates expecting to earn under \$170,000 in their first year after residency, prolonging average debt repayment periods for students who choose a less-lucrative but vitally needed medical career path.

With regard to this proposed regulation, AACOM seeks to address what poses a very serious and dangerous precedent for all U.S. medical schools, especially AACOM's member institutions. If these regulations, in particular the debt-to-income test, were applied to non-profit medical schools, all medical schools would be potentially ineligible for Title IV status financial aid programs. While we understand the importance of the Department's accountability and appropriate oversight of Title IV programs, we strongly urge you to take into consideration the unintended consequences this regulation has on RVUCOM as well as the potential consequences for all U.S. medical schools should it be implemented in its current form.

Thank you for providing the opportunity to share our views. We urge you to reject a one-size-fits-all approach and to adopt accountability standards that take into consideration the unique medical school education model. AACOM looks forward to working closely with you to find a successful solution to ensure medical students and schools are well served by the Title IV federal financial aid programs.

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If you have any questions or require further information, please contact Pamela Murphy,
Director of Government Relations, at 301-908-2137 or pmurphy@aacom.org.

Respectfully,

A handwritten signature in black ink, appearing to read "SC Shannon". The signature is written in a cursive style with a large, stylized "S" and "C" at the beginning.

Stephen C. Shannon, D.O., M.P.H.
President and CEO



ROCKY VISTA UNIVERSITY

Office of the President

Rocky Vista University provides quality healthcare education while inspiring students to serve with compassion, integrity and excellence.

May 23, 2014

Ashley Higgins
U.S. Department of Education
1990 K Street, NW, Room 8037
Washington, D.C. 20006-8502

Dear Ms. Higgins:

Docket ID ED-2014-OPE-0039

I am writing to express my concern that the U.S. Department of Education's Notice of Proposed Rulemaking (NPRM) on Gainful Employment will jeopardize the ability of Rocky Vista University (RVU) to participate in Title IV student loan programs.

RVU is a for-profit osteopathic medical school located in Parker, Colorado, and the only for-profit medical school in the country. The institution trains a significant number of military medical professionals as well as individuals who will be primary care physicians in rural and other underserved areas. Annually we have 5,000 applications for only 160 slots. We are selective in our admissions to foster quality and excellence in our graduates. RVU also fulfills a critical mission for the state of Colorado, and the Mountain West region. RVU is one of only two medical schools in our state. Colorado currently has a severe shortage of primary care physicians and other medical providers, with families in rural areas having to travel long distances to receive medical care. In fact, 26 counties in Colorado have only one or no doctors. RVU works to fulfill an important need in our state and across the nation.

Because RVU is uniquely impacted by the NPRM, I would urge the Department to exempt the institution from this regulation, or, at a minimum, provide an alternative means that permits RVU to have a fair chance to comply.

When RVU was founded, the school was concerned about the cost of a medical school education for its students. In our initial years we ensured there were private student loan options for our students while we worked to secure Title IV eligibility. Fortunately, we began participating in the Title IV student aid programs two years ago. We made the conscious decision to participate in Title IV to ensure that RVU students get access to the most cost-effective loans with the best terms and repayment options. The NPRM will drive our students back into private loans with worse terms and conditions than they presently enjoy under Title IV.

RVU is only six years old, but has already demonstrated a strong track record of success. The accomplishments of the institution and most importantly our students include:

- RVU students rank in the **98th percentile** in the nation on their national board passage scores.
- Our third class graduated this May, with all three classes having **100 percent residency placement rates.**
- RVU also has a strong connection with the military with the **largest number of military medical school students** at any civilian medical school in the country.
- Despite only participating in the Title IV aid programs for two years, RVU's recent federal compliance audit required under Title IV raised no issues – an occurrence that the auditors told us was very rare for a new Title IV school.

Clearly, these accomplishments have enabled our graduates to be “gainfully employed” as primary care practitioners in our home state of Colorado and throughout the nation.

Unfortunately, the NPRM would jeopardize RVU's ability to ensure our students have continued access to Title IV loans. Despite the inclusion of a 20-year amortization rate in the NPRM, we estimate that we would be at risk of being categorized as in the “zone” for failing to meet the debt-to-earnings ratios. We would certainly not pass the annual debt-to-earnings rate and would be at a yearly risk on the discretionary debt-to-earnings rate. Under the NPRM, four straight years of being in the “zone” would lead to termination of an institution's eligibility to participate in Title IV. This would be detrimental for our students and their future ability to fund their education with cost-effective loans.

RVU is a comparably low-cost medical school with tuition and fees significantly less than many other medical schools. In fact, RVU was recently named the tenth most affordable private medical school in the United States by U.S. News and World Report. Even with this ranking, however, four years of borrowing (even if only tuition, fees, books, and supplies are counted rather than total borrowing) leaves RVU graduates with approximately \$200,000 in student loan debt upon graduation. This debt will grow due to interest accruals while a medical school graduate is in their residency. This debt level could lead to debt-to-earnings ratios in excess of the acceptable levels defined in the NPRM. These figures would hold true for any medical school graduate whether they attended a public, non-profit, or for-profit school.

If the goal of this NPRM is to ensure that colleges produce students who are able to find secure employment with quality positions as physicians upon graduation, then RVU should pass with flying colors rather than be penalized by a regulation that was never intended to apply to medical students in the first place. Rocky Vista University should be exempt from this regulation.

If an outright exemption is not possible, we would respectfully request that the Department specifically identify another means by which to comply with this regulation. RVU will be at risk of not being able to mathematically reach compliance with the debt-to-earnings ratios and their required

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thresholds under the NPRM. We urge the Department to consider providing an alternative means of compliance with the debt-to-earnings ratios for RVU that would not jeopardize the school's Title IV status. These alternative means could include:

- Board passage scores for the COMLEX 1 exam at a passage rate on average with other osteopathic medical schools;
- Graduation rates;
- Residency placement rates on average with other medical schools, or
- Simply holding RVU responsible for only the program cohort default rate.

We are happy to work with the Department to find a mutually agreeable solution that allows RVU to continue to produce the outcomes and results that make it one of the most successful medical schools in the country. Thank you for your attention to this matter and the concerns of our school.

Sincerely,



Cheryl D. Lovell, Ph.D.
President