SUNYFAP Conference 2015
Gainful Employment

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“...the proposed regulations are intended to address growing concerns about educational programs that, as a condition of eligibility for Title IV, HEA program funds, are required by statute to provide training that prepares students for gainful employment in a recognized occupation.”

“Instead are leaving students with unaffordable levels of loan debt in relation to their earnings, or leading to default. GE programs include nearly all educational programs at for-profit institutions of higher education, as well as non-degree programs at public and private non-profit institutions such as community colleges...”
Status of GE Regulations

- Final Rule published in the Federal Register on October 31, 2014
  - 34 CFR Parts 600 and 668 Program Integrity: Gainful Employment
- Effective date July 1, 2015
- Disclosures will be made under the current regulations until December 31, 2016
- Institutions must comply with new disclosure requirements beginning January 1, 2017
Which Programs are GE Programs

- The Higher Education Act (HEA) states to be eligible for Federal Student Aid (FSA) (Title IV) an educational program must be offered by one of the following:
  - A public or non-profit postsecondary educational institution, if the program leads to a degree; or
  - Any institution, if the program prepares students for “gainful employment in a recognized occupation”
GE Programs At Public and Nonprofit institutions

- At public and nonprofit institutions
  - Non-degree programs must lead to *gainful employment*
  - All Certificates
  - Programs less than 2 years in length
Non-GE Programs At Public and Nonprofit institutions

- At public and nonprofit institutions, the following are *Non-GE* programs:
  - Programs that lead to a degree
  - Programs of at least two years in length that are designed to be fully transferable to a bachelor’s degree program
  - Preparatory coursework necessary for enrollment in an eligible program
Which Programs are GE Programs

- At for-profit/proprietary institutions, ALL programs are GE programs except for:
  - Preparatory coursework necessary for enrollment in an eligible program
  - Bachelor’s degree programs in liberal arts offered since January 2009 by a proprietary institution that has been regionally accredited since October 2007
Which Programs are GE Programs

- GE Programs include –
  - Teacher certification programs leading to a certificate awarded by the institution
  - English as a Second Language programs
# Accountability

**Certifications:** Institutions must certify that each of their gainful employment programs meet state and federal licensure, certification, and accreditation requirements.

**Metric:** To maintain title IV eligibility, gainful employment programs will be required to meet minimum standards for the debt vs earnings of their graduates.

<table>
<thead>
<tr>
<th>Pass</th>
<th>Programs whose graduates have annual loan payments less than 8% of total earnings OR less than 20% of discretionary earnings.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone</td>
<td>Programs whose graduates have annual loan payments between 8% and 12% of total earnings OR between 20% and 30% of discretionary earnings.</td>
</tr>
<tr>
<td>Fail</td>
<td>Programs whose graduates have annual loan payments greater than 12% of total earnings AND greater than 30% of discretionary earnings.</td>
</tr>
<tr>
<td>Ineligible</td>
<td>Programs that fail in 2 out of any 3 consecutive years OR are in the zone for 4 consecutive years.</td>
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</tbody>
</table>

## Transparency

**Disclosures:** Institutions will be required to make public disclosures regarding the performance and outcomes of their gainful employment programs. The disclosures will include information such as costs, earnings, debt and completion rates.
Program Ineligible if…

- Two of three consecutive years
  or
- In the “zone” for four consecutive years
Debt to Earnings (D/E) Cohorts

- If cohort $\geq 30$ students: use graduates from $3^{rd}$ and $4^{th}$ years prior (e.g., For 14-15 award year, the D/E rates would include graduates from the 10-11 and 11-12 award years)

- If cohort $< 30$ students: use graduates from $3^{rd}$, $4^{th}$, $5^{th}$ and $6^{th}$ years prior

- For medical and dental programs: use $6^{th}$ & $7^{th}$ year if $\geq 30$ students or use $6^{th}$, $7^{th}$, $8^{th}$ & $9^{th}$
Debt to Earnings (D/E) Calculations

**Annual Loan Payment**

**Annual Earnings**

Or

**Annual Loan Payment**

**Discretionary Income**

**Annual Loan Payment:**
- Debt calculation includes all Title IV debt, including Perkins; Private Loans; Institutional Debt
- Total all loan debt incurred for a GE program attributed to highest credentialed GE program with undergraduate and graduate programs treated separately
  - Calculate using the lower of total debt or total tuition, fees, books, supplies and equip incurred for enrollment in relevant GE programs.
- Determine median loan debt (MLD) for applicable cohort
- Calculate Repayment terms using:
  - Certificate and associate – 10 year term, 3 year avg unsub interest rate
  - Bachelor – 15-year term, 6 year avg unsub interest rate
  - Master and Grad Certs – 15 year term, 3 year avg unsub interest rate
  - Doctoral & First Prof - 20-year term, 6 year avg unsub interest rate
Debt to Earnings (D/E) Calculations

- **Annual Earnings:** Higher of mean or median earnings for cohort as reported to SSA
- **Discretionary Income:** Annual earnings less 150% of the Poverty Guideline for a single person

\[
\text{Annual Loan Payment} \quad \text{Or} \quad \text{Annual Loan Payment} \\
\text{Annual Earnings} \quad \text{Discretionary Income}
\]
Other D/E provisions

- **Transition period**
  - 5 years for 1 year programs
  - 6 years for programs >1 year, up to two years
  - 7 years for programs longer than two years

- **Population Exclusions**
  - Borrowers with military or education deferments
  - Completed higher credentialed programs
  - Total and permanent disability or death

- **Rate Appeals**
  - 45 days from receipt of student list to be included in the D/E calculations to challenge population
  - 45 days from draft D/E notice to challenge MLD calculation

- **Alternate Earnings Appeal**
  - Any year with failing or zone D/E rates
  - State earnings database (must match 50% and ≥ 30 students) or NCES survey standards
GE Reporting

- GE reporting will begin in early 2015
- Report all Title IV Students by July 31, 2015
  - Programs with Medical and Dental Residencies report 2007 – 2008 through 2013 – 2014 award years
- Report 2014 – 2015 Award Year by October 1, 2015
Disclosures Under New Final Rules

- Institution must use the disclosure template provided by ED to disclose information about each GE program to enrolled and prospective students
- Will include Student Warnings, if applicable
- ED will identify information that must be disclosed in the template in a notice published in the Federal Register
- Information to be disclosed may include, but is not limited to, the items listed on the following slides
Required Disclosures

- Occupations
- Normal time to complete program
- On-time graduation rate for completers
- Educational Costs
  - Tuition & fees, books & supplies, room & board
- Placement rate for completers
  - As determined by State or Accréditor methodology
- Median loan debt
- Other program information provided by the Secretary
Occupation Disclosures

- Occupations – 34 CFR 668.6(b)(1)(i)
  - Must list occupations by name and Standard Occupational Classification (SOC) codes that the GE program prepares students to enter
  - Must link to occupational profiles on O*NET [http://www.onetonline.org/](http://www.onetonline.org/)
  - Use a representative sample if more than 10 possible occupations
  - See GE Electronic Announcement #25
Normal time to completion – Disclosures

- Normal time to complete a program
  - Specify how long it takes to complete the program
    - Weeks, months, or years
    - 100% of time it takes to complete
    - NOT 150% of the time for Student Right-to-Know
On-Time Graduation – Disclosures

- On-Time Graduation Rate for Completers
  - The percent of students who completed in the last completed award year within normal time

1. Determine how many students completed in the most recently completed award year.
2. Determine the number of students in #1 who completed within normal time.
3. Divide the number in #2 by the number in #1.
4. Then, multiply by 100.
On-Time Graduation – Disclosures

- On-Time Graduation Rate for Completers includes:
  - Leaves of absence
  - Time if a student withdrew and then returned
  - Enrollment in other programs if the student did not complete the other program
Educational Costs – Disclosures

- Educational Costs – Provide:
  - Tuition & fees
    - (charged for completing the program within normal time)
  - Books & Supplies
    - (unless included in tuition and fees)
  - Room & board, if applicable
  - Other expenses are optional, but provide a link/access to program cost information under Student Right-to-Know
Placement Rate(s) – Disclosures

- Placement Rate(s)
  - Disclose accrediting agency and/or State placement rates and methodologies
  - If not required by accrediting agency or State, then not currently required to disclose a placement rate
Median Loan Debt – Disclosures

- Median Loan Debt
  - Specify the median *(not mean)* loan debt incurred by students who completed the program
- Three categories of debt → 3 medians!
  - Title IV, HEA program loans
  - Private Education Loans
  - Institutional Financing Plans
Any other information the Secretary provided to the institution about the program

- Currently, nothing to disclose under this provision
- DoE will provide information and guidance if and when a disclosure applies under this provision
Disclosure Deadlines

- Institutions must comply with new disclosure requirements beginning January 1, 2017
  - *October 31, 2014 Final Rules*
- Current disclosure requirements remain in effect through December 31, 2016
Questions