

Gainful Employment & Financial Transparency

KASFAA - 2024 Spring Conference

What We Will Discuss

- Financial Value Transparency & Gainful Employment Framework and Metrics
- Reporting Requirements
- Types of Reporting
- What to Report
- Reporting Process
- Questions



FVT/GE Definitions

Gainful Employment Program (GE)

- Basically all programs at proprietary (for-profit) institutions.
- All non-degree programs at non-profit and public institutions leading to a recognized credential.
- Exceptions include comprehensive transition and postsecondary (CTP) programs.



FVT/GE Definitions

Eligible Non-GE Program

- All programs other than GE programs that lead to a recognized credential provided by the institution, including associate degree, bachelor's degree, master's degree, etc.
- Exceptions include prison education program (PEP) and CTP programs.





Two Components

Financial Value Transparency

- Applies to GE programs and non-GE programs
- Assesses financial value using debt-to-earnings (D/E) rates and an earnings premium measure
- Consumer information and student acknowledgements.

Two Components

Gainful Employment
(Accountability)

- Applies only to GE programs
- D/E rates and EP measure impact program eligibility
- Student warnings and acknowledgements
- GE program certification requirements

Gainful Employment

- GE has been delayed from July 2024 to October 1, 2024
- Reporting Requirements require institutions to annually report two types of data to the DoE
 - Program-Specific Information
 - Student-Specific Information
- Must be reported on any eligible program if the program has at least 30 completers over the four most recently completed award years within any group of substantially similar programs.
- This is defined as any program in the same four-digit CIP code at your institution.

FVT/GE Metrics

- Debt-To Earnings
 - Measures debt burden faced by typical graduate of a program by comparing the share of income needed to make loan payments against median annual earnings.
 - Includes annual and discretionary debt measures.
 - Debt used in calculation capped at institutional charges minus institutional scholarships provided.
- Earnings Premium
 - Measures a program's earnings outcomes by comparing completer's median annual earnings to an earnings threshold.
 - Earnings threshold is the median earnings for working adults aged 25-34 with only a high school diploma:
 - The state where the institution is located: or
 - Nationally, if less than 50% of the students in the program are from the state where the institution is located.

FVT Regulations

- Does not impact the eligibility of Eligible Non-GE programs.
- Require institutions to report information about students who enrolled in each of the institutions eligible Non-GE programs and GE programs to enable the Department to calculate the program's debt-to-earnings (D/E) and earnings premium measures and other information that institutions may be required to disclose or the Department may disclose.
- Exclude students from consideration in either measure if they are enrolled in CTP programs, CTP programs, prison education programs, or programs of coursework that do not lead to a recognized credential.
- Exclude students from consideration in either measure if they qualify for total and permanent disability or if they have died.
- Establish D/E rates that compare the amount of debt program graduates incurred to attend that program to the discretionary and annual earnings or graduates after completing the program.

FVT Regulations

- Establish an EP measure that evaluates the extent to which a graduate of a program out-earns the median annual earnings of individuals with only a high school diploma or equivalent in the same state the program is located, or nationally, if 50% or more of the students in the program were located outside that state.
- Provide that for the first six years the regulations are in effect, institutions may choose whether to report student-specific data either using the standard methodology (requiring data from only the two most recently completed award years).
- Require the Department to establish a website to disclose to current and prospective students information about the institutions eligible Non-GE programs and GE programs.
- Require prospective students to acknowledge having seen the information on the Department's website if a non-degree or graduate-level program has failed the D/E rates before entering an enrollment agreement with an institution.

GE Regulations

- Provide that a GE program loses Title IV eligibility if it either fails the D/E rates measure in two out of three consecutive award years for which rates are calculated or the EP measure in two out of three consecutive award years for which rates are calculated.
- Provide the opportunity for an institution to appeal a GE program's loss of eligibility solely on the basis of a miscalculated D/E rate or earnings premium.
- Establish a three-year period of ineligibility for failing GE programs that have been voluntarily discontinued or withdrawn from Title IV eligibility by an institution, or that lose eligibility as a result of failing D/E rates or EP metric, during which the Department will not approve a substantially similar program in the same 4-digit CIP code range as the failing program.
- Require institutions to provide warnings to current and prospective students for GE programs that are at a risk of Title IV eligibility due to having failed one of the metrics in one of the two most recent award years for which the program received metrics, content and delivery of which to be specified by the Department, and provide that students must acknowledge having seen these warnings before the institution may enter into an enrollment agreement with the student or disburse any Title IV Funds.

Reporting Requirements

- The FVT/GE regulations require institutions to annually report two types of data to the Department: program-specific information and student-specific information. Institutions must provide this information for each eligible program if they have any program with a total of at least 30 completers over the four most recently completed award years within any group of substantially similar programs. Substantially similar is defined as all programs in the same four-digit CIP code at an institution.
- The Department plans to require institutions to provide information at the program level.

Reporting at Program Level

- The Department plans to require institutions to provide the following information at the program level:
 - The name of the program
 - The program's CIP code (six digit)
 - The program's credential level (ex: bachelor's degree)
 - The program's published length (defined in weeks, months, or years as published by your school)
 - Total number of weeks in the program's Title IV academic year
 - Whether the program is programmatically accredited and, if so, the name of the agency that accredits the program.

Reporting at Program Level

- The Department plans to require institutions to provide the following information at the program level:
 - The states in the metropolitan statistical area in which the institution's main campus is located where the program does or does not prepare students for licensure.
 - The total number of students enrolled in a program during the most recently completed award year
 - The total number of graduates who took a licensure exam in the most recently completed award year.
 - The total number of program graduates who passed a licensure exam in the most recently completed award year.

Student Specific Information

- The Department will use administrative data that has already been reported by institutions, such as enrollment reporting and federal loan information to calculate the D/E and EP measures, but will need additional data from institutions.
- Although the D/E and EP measures include only students who received Title IV aid and completed the program during the specific cohort period, institutions must report information for all students who received Title IV aid and were enrolled in the GE program during the applicable award years, including those who did not complete the program.

Student Specific Information

- The Department plans to require institutions to provide the following Student-Specific Information for current students:
 - The date the student initially enrolled in the program.
 - Whether the student is enrolled in a CTP (comprehensive, transition, & postsecondary) program.
 - Whether the student was enrolled in a prison education program or was incarcerated and enrolled in a program under the Second Chance Pell
 - The student's enrollment status code as of the first day the student enrolled (FT, HT, etc.)
 - The enrollment status of the student in the program for the award year being reported.

Student Specific Information

- The Department plans to require institutions to provide the following Student-Specific Information for current students:
 - The student's total annual cost of attendance for the award year being reported.
 - The total tuition and fees assessed to the student for the award year being reported
 - The student's residency status by state for the award year being reported (in-state or out-of-state)
 - The student's total annual allowance for books, supplies, equipment from their COA for the award year being reported
 - The student's total annual allowance for housing and food from their COA for the award year being reported

Student Specific Information

- The Department plans to require institutions to provide the following Student-Specific Information for current students:
 - The amount of institutional grants and scholarships disbursed to the student during the award year.
 - The amount of other state, tribal, or private grants or scholarships disbursed to the student during the award year.
 - The amount of any private education loans disbursed to the student for enrollment in the program that the institution is, or should reasonably be, aware of, including private education loans made by the institution.

Student Specific Information

- The Department plans to require institutions to provide the following Student-Specific Information for current students:
 - The amount of institutional grants and scholarships disbursed to the student during the award year.
 - The amount of other state, tribal, or private grants or scholarships disbursed to the student during the award year.
 - The amount of any private education loans disbursed to the student for enrollment in the program that the institution is, or should reasonably be, aware of, including private education loans made by the institution.

Student Specific Information

- The Department plans to require institutions to provide the following Student-Specific Information for students who withdrew from or completed the program during the applicable period:
 - Whether the student withdrew from or completed a program.
 - Whether the student was enrolled in a prison education program or was incarcerated & enrolled in a program under the Second Chance PELL.
 - The date the student completed or withdrew from the program.
 - The total amount the student received from private education loans for the enrollment period.
 - The amount of institutional debt the student owes to the institution or to a party that extended an amount on behalf of the institution after completing or withdrawing from the program.

Student Specific Information

- The Department plans to require institutions to provide the following Student-Specific Information for students who withdrew from or completed the program during the applicable period:
 - The total amount of tuition and fees assessed the student for the student's entire enrollment in the program.
 - The total amount of the allowances for books, supplies, and equipment included in the student's COA for each award year in which the student was enrolled in the program.
 - The total amount of institutional grants and scholarships provided for the student's entire enrollment in the program.

Completers List

- The Department will use administrative data from NSLDS to compile a draft list of completers to use for creating the cohorts for obtaining earnings data and identify completers who would fall under any of the exclusions.
- The lists will be provided to institutions, who will have 60 days to make any corrections to their data in NSLDS because the Department submits the information to the IRS.
- Once the Department has received median annual earnings data for programs, those amounts will be used in calculating D/E rates and the EP measures.

What Students to Include in Cohort

- Eliminate any students who did not receive any Title IV funds in the program.
- Also exclude any student with one or more of the following criteria:
 - One or more of the student's direct loans are under consideration or approved for a total and permanent disability discharge.
 - Student was enrolled in any other program where the Department obtained earnings.
 - The student is enrolled in an approved prison education program.
 - The student is enrolled in a comprehensive transition and postsecondary program.
 - The student died.

Cohort Period

- For the October 2024 reporting the cohort will be comprised of qualified completers who completed in the 2017-2018 and 2018-2019 award years using their earnings data measured in the calendar years 2021 and 2022.
- If there are no more than 30 completers the cohort will be comprised of award years 2015-2016, 2016-2017, 2017-2018, and 2018-2019.
- For Qualifying graduate programs (such as medicine, dentistry), the two-year cohort period will be the 6th and 7th award years prior to the calendar year for which the most earnings data are available and the 4 year cohort period will be the 6th, 7th, 8th, and 9th award years prior to the calendar which the most recent earnings data are available.

GE Reporting Cohorts

Cohort Period	Periods for First Year Calculations Standard Cohorts			Periods for First Year Calculations Transitional Cohorts	
	Award Years (AY) used for Cost/ Debt: Standard Programs	Award Years (AY) used for Cost/Debt: Qualifying Graduate Programs	Calendar Years (CY) used for Earnings	Award Years (AY) used for Cost/Debt	Calendar Years (CY) used for Earnings
2-Year Cohort	2018-2019 2017-2018	2015-2016 2014-2015	2022 2021	2023-2024 2022-2023	2022 2021 2020 2019
4-Year Cohort	2018-2019 2017-2018 2016-2017 2015-2016	2015-2016 2014-2015 2013-2014 2012-2013	2022 2021 2020 2019		

Annual Earnings

- For D/E and EP measures, annual earnings of students who completed a GE program is calculated using earnings information obtained from the IRS.
- Institutions will receive a list for each award year of students who received Title IV aid and completed the program during the cohort period to review.
 - Institutions have 60 calendar days to correct any information in NSLDS.
 - Upon completion, the Department will provide the institution a final list that will be submitted to the IRS.
- IRS calculates and returns to the Department the median annual earnings of students whom they can match earnings data.
- If IRS is unable to match one or more students on the final list, that number of students will be excluded from the calculations.

Debt-to-Earnings Measure

- For D/E rates, the Department calculates two separate rates: a discretionary income rate and an annual earnings rate.
- Discretionary income rate is annual loan repayment divided by the discretionary earnings, defined as the median annual earnings of the students included in the applicable cohort less $\frac{1}{5}$ times the U.S. Department of Health and Human Services poverty guideline for corresponding calendar year.
- Annual Earnings rate is annual loan repayment divided by the median annual earnings of the students who completed the program in the applicable cohort.

Students Loan Debt

- Student's loan debt is capped at the lesser of:
 - The total amount of debt the student borrowed.
 - The total amount for tuition, fees, books, supplies, and equipment for the student minus the amount of institutional grants and scholarships provided to the student.

Passing or Failing the D/E Rates

- A program passes the D/E rates if:
 - its discretionary income rate is less than or equal to 20 percent,
 - its annual earnings rate is less than or equal to 8 percent,
 - or the denominator (median annual or discretionary earnings) of either rate is zero and the numerator (median debt payments) is zero.
- A program fails the D/E rates if:
 - it fails both the annual D/E rate and the discretionary D/E rate,
 - it has a rate greater than 8 percent or if the denominator (median annual earnings) is zero and the numerator (median debt payments) is positive,
 - if the rate is greater than 20 percent or if the denominator (median discretionary earnings) is negative or zero and the numerator (median debt payments) is positive.

Passing or Failing the EP Measure

- A program passes the EP measure if the median annual earnings of the students who completed the program exceed the earnings threshold.
- A program fails the EP measure if the median annual earnings of the students who completed the program are equal to or less than the earnings threshold.

- Required Acknowledgements and Student warnings will be required if programs have failing D/E rates or EP measure.
- Those acknowledgements and warnings will not be reported until 2026.

Questions?



<https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2024-04-15/implementation-program-length-restrictions-gainful-employment-ge-programs>

<https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2024-04-05/financial-value-transparency-and-gainful-employment-topics-page-and-faqs-now-available>

<https://www.nasfaa.org/ge>