



The New Regulations: The Department of Education's Goals and Rationale

Presenters



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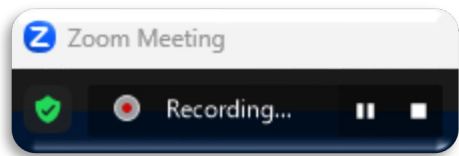


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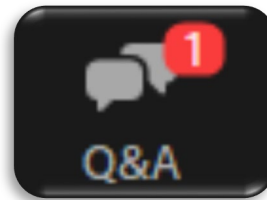
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Rules of the Road



Today's meeting is being recorded

- The recording and presentation slides will be available after the webinar and sent to registrants



Please use the Q&A function to pose your question(s)



In the Q&A, please “upvote” the questions you’d most like to see answered so we can prioritize



2023 Postsecondary Accountability Regulations

December 14, 2023

Today's discussion

- Highlight key elements of two new regulatory packages:
 - 1) Financial value transparency (FVT) and gainful employment (GE)
 - 2) Financial responsibility, certification procedures, and administrative capability

Both go into effect July 1, 2024.



ED's goals

- Concerned about unaffordable debt
 - Most concentrated in career training space—700,000 have debts that are too high compared to earnings or earnings that are lower than a HS grad.
 - Career training is 15% of enrollment, 45% of borrowers with unaffordable debt
 - Many non-GE programs, particularly at graduate level, produce high debts relative to income.
- Concerned about losses to taxpayers and loans that borrowers cannot pay
 - From 2013-2022 assessed \$1.6 billion in liabilities, collected only \$344 million
 - Worried about closures and other situations where borrowers have loans for programs that can't help them meet their educational goals.

GE/FVT: 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 (EP) measure
- Consumer information and student acknowledgments on Department website (effective July 1, 2026)

GAINFUL EMPLOYMENT (ACCOUNTABILITY)

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

GE/FVT: Metrics

- Two separate metrics will be applied to both GE and non-GE programs:

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 completers' 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 in:
 - 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

GE/FVT: Cohort periods

- The Department calculates D/E rates and EP measure using debt/earnings of students who complete a program during a specific cohort period
- Cohort period is either two or four years:
 - Two-year cohort used if 30 or more students completed during the period
 - Four-year cohort used if fewer than 30 students completed during the two-year cohort period
 - If fewer than 30 students completed during the four-year cohort period, D/E rates and EP measure will not be calculated
- Two-year cohort is students who completed the program during the 3rd and 4th award years prior to the year of the most recent earnings data
- Four-year cohort is students who completed the program during the 3rd, 4th, 5th, and 6th award years prior to the year of the most recent earnings data

GE/FVT: Cohort periods

- D/E and EP cohorts for 2024-25:
 - Two-year cohort period is 2017-18 and 2018-19
 - Four-year cohort period is 2015-16, 2016-17, 2017-18, and 2018-19
- EXCEPTION: Measurement of earnings occurs later for “qualifying graduate programs” in occupational clusters involving substantial post-graduation work requirements for licensure. For these programs:
 - Two-year cohort period is 2014-15 and 2015-16
 - Four-year cohort period is 2012-13, 2013-14, 2015-16, and 2017-18
 - These occupations initially include medicine, osteopathy, dentistry, clinical psychology, marriage and family counseling, clinical social work, and clinical counseling

GE/FVT: Information needed for metrics

- A “program” for GE/FVT purposes is defined as the combination of:
 - Six-digit Classification of Instructional Program (CIP) code
 - Credential level (e.g., associate’s degree, bachelor’s degree)
- To calculate both the D/E and earnings premium metrics, the Department needs to know several things about a program:
 - Which students completed the program during the cohort period (drawn from NSLDS enrollment reporting)
 - Title IV loans borrowed by completers (drawn from NSLDS loan data)
 - Private loans borrowed and institutional scholarships received by completers (reported by institutions)
 - The earnings of completers (provided by another federal agency)

GE/FVT: Reporting options and deadlines

Initial reporting (prior award years)

- Institutions must report all data for award years prior to 2023-24 no later than July 31, 2024

Annual reporting (most recently completed award year)

- Institutions must report data for the 2023-24 award year by October 1, 2024
- For subsequent award years, institutions must report the required data elements for the most recently completed award year by October 1 following the end of that award year

Transitional option

- For the first six years that the Department calculates D/E rates and EP measures, institutions may choose to report the required data elements either –
 - For the second through seventh (or eighth for qualifying graduate programs) prior award years; or
 - For only the two most recently completed award years
- Transitional metric will use debt for students enrolled during the reported period and earnings for completers from the past cohorts

GE/FVT: Reporting requirements

- **Annual program-level reporting:**

- Name, CIP code, credential level, and length of program
- Whether the program is programmatically accredited, and name of accrediting agency if applicable
- Whether the program meets licensure requirements or prepares students to sit for a licensure examination in a particular occupation for each state in the institution's metropolitan statistical area
- Total enrollment, including both Title IV recipients and non-recipients
- Whether the program is a qualifying graduate program whose students must complete postgraduate training programs

GE/FVT: Reporting requirements

- **Annual student-level reporting for currently-enrolled students:**
 - Student's total annual cost of attendance (COA)
 - Total tuition and fees assessed to the student for the award year
 - Student's residency tuition status by state or district
 - Student's total annual allowance for books, supplies, and equipment from their COA
 - Student's total annual allowance for housing and food from their COA
 - Amount of institutional grants and scholarships disbursed to the student
 - Amount of other state, Tribal, or private grants disbursed to the student
 - Amount of any private education loans disbursed to the student for enrollment in the program that the institution is or should be reasonably aware of, including those made by the institution

GE/FVT: Reporting requirements

- **Annual student-level reporting for students who complete or withdraw:**
 - Total amount the student received from private education loans of which the institution is, or should reasonably be, aware
 - Total amount of institutional debt the student owes any party
 - Total amount of tuition and fees assessed the student for their entire enrollment in the program
 - Total amount of allowances for books, supplies, and equipment included in the student's Title IV COA for each award year in which the student was enrolled in the program, or a higher amount if assessed by the institution
 - Total amount of institutional grants and scholarships provided for the student's entire enrollment in the program

GE/FVT: Other requirements

Program certifications

- Institutions must certify that each GE program they offer is approved by its recognized accrediting agency
- Institutions must initially submit certifications by December 31, 2024; afterward, the certification will be included in the institution's Program Participation Agreement

Updating programs

- Institutions must report all updates to GE programs within 10 days
- May not include a new or previously eligible program with the same 4-digit CIP code as a GE program that lost eligibility or was voluntarily discontinued less than three years prior

Other accountability rules

Covers four areas:

- Financial responsibility
- Certification procedures
- Administrative capability
- Ability to benefit

Financial responsibility (668.171 and 175)

- NOT changing composite score calculations.
- Create “triggers” that lead to financial protection request or could lead to one after a review.
- Focus on significantly concerning items—declaring financial exigency, imminent risk of losing Federal aid.
- Major changes from proposed rule:
 - Moved some triggers to discretionary.
 - Gave more time to report.
 - Clarified how we handle when 1 event might cause multiple triggers.
 - Removed auditor requirements on reporting marketing spending.



Certification procedures (668.13 and 14)

- Issues related to program participation agreements and how long school certification lasts
- Key issues to discuss
 - Capping length of GE programs
 - Distance education and compliance with State laws
 - Distance education and State licensure
 - Transcript withholding
 - Supplementary performance measures

Capping length of GE programs (668.14(b)(26)(ii))

- Limits gainful employment programs to 100% of the hours required by a State for licensure, down from 150%.
 - Only applies to new entrants as of July 1, 2024.
 - Limited to non-degree GE programs.
 - Limit to in-person or hybrid programs.
 - Only applies if State has a licensure requirement with minimum educational hours.
 - Sets stricter standards for using hours of a nearby State. Allow for limited exceptions if school can show students live, work, or plan to work in another state in the same metropolitan statistical area.
- We will produce guidance on how to report programs with changed lengths, including how to handle programs that now fall between 300 and 600 hours.

Distance education and State laws (668.14(b)(32)(iii))

- Requires colleges to certify they meet any State laws related to closure, including laws from States where they do not have a physical presence.
 - Teach outs
 - Record retention
 - Tuition recovery funds
 - Surety bonds

Changes from proposed rule:

- We removed mention of misrepresentation or recruitment from this language.

Distance education and State licensure

(668.14(b)(32))

- Institutions must certify their programs meet educational requirements for licensure or certification in States where students are located at the time of initial enrollment OR a State where the student attests they intend to live.
 - Only applies to new students after the rule goes into effect on July 1, 2024.
 - Clarified in preamble that reciprocity agreements and provisional licenses count.

Changes from proposed rule:

- We added flexibility on the other States and counting other types of licenses.

Transcript withholding (668.14(b)(33))

- Institutions can't withhold transcripts:
 - Due to an error on the institution's part
 - For periods when the student received title IV funds if the student doesn't have a balance from that term.
- Idea is that if Federal aid supported it, we don't want those credits withheld.

Changes from proposed rule:

- We removed a provision in the proposed rule preventing transcript withholding for balances stemming from Return to Title IV Funds.

Supplementary performance measures (666.13(e))

- List of measures we could consider during certification:
 - Withdrawal rate
 - Licensure pass rate
 - Spending on recruitment and advertising compared to education.
- Idea is for institution-specific review.

Changes from proposed rule:

- We removed debt-to-earnings and earnings premium measures.
- We also indicated that marketing and recruitment would not require auditor calculations.

Administrative capability (668.16)

- Areas where we are worried about signs of inability to administer aid programs.
- Not a hard and fast trigger—looking for patterns and practices.
- Key items
 - Career services
 - Financial aid communication
 - High school diplomas





Questions and Discussion
