



Gainful Employment

NASFAA '2011

Boston



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TOPICS



- Additional Information
- Authorities and Effective Dates
- Gainful Employment Disclosures
- Gainful Employment Reporting
- Adding New Gainful Employment Programs
- Gainful Employment Metrics
- Additional Information
- Questions





ADDITIONAL GAINFUL EMPLOYMENT INFORMATION

For More GE Information



- Gainful Employment Page on IFAP at: <http://ifap.ed.gov/GainfulEmploymentInfo/> or from IFAP Homepage
 - Regulations
 - Dear Colleague Letters and Electronic Announcements
 - Frequently Asked Questions
 - Training
 - Resources

For More GE Information



Gainful Employment Page on IFAP

- Regulations
 - NPRMs
 - Final Rules
 - October 29, 2010
 - October 29, 2010
 - June 13, 2011



Gainful Employment Page on IFAP

- Dear Colleague Letters
 - GEN-11-10 - Subject: Implementation of Regulatory Requirements Related to Gainful Employment Programs



Gainful Employment Page on IFAP

- Electronic Announcements
 - GE-EA #12: Certificates Awarded as Part of a Degree Program
 - GE-EA #11: Determining Whether an Educational Program is a GE Program
 - GE-EA # 7: Updated NSLDS Gainful Employment User Guide
 - GE-EA # 5: Procedures for Reporting New Educational Programs
 - GE-EA #3: Correction of Dear Colleague Letter



Gainful Employment Page on IFAP

- Frequently Asked Questions
 - General
 - Reporting
 - Disclosures
 - New Programs
 - Metrics



Gainful Employment Page on IFAP

- Training
 - Training Announcements
 - Webinars
 - Other Presentations
 - Other



AUTHORITIES AND EFFECTIVE DATES



- An educational program is Title IV eligible only if the program:
 - If offered by a public or non-profit institution, leads to a degree; or
 - If offered by any institution “leads to gainful employment in a recognized occupation”.
 - Referred to as a Gainful Employment Program or GE Program.
- (See GEN-10-11, GE-EA #3,11,12)



- Proprietary institutions –
 - All programs, except for -
 - Programs leading to a baccalaureate degree in liberal arts offered since January 2009 that has been regionally accredited since October 2007.
 - Preparatory non-certificate coursework necessary for enrollment in an eligible program.



- Public institutions and not-for-profit institutions –
- All programs, except for -
 - Programs that lead to a degree;
 - Programs of at least two years in length that are fully transferable to a bachelor's degree program; and
 - Preparatory non-certificate coursework necessary for enrollment in an eligible program.



GE Programs Include -

- Teacher certification programs leading to a certificate awarded by the institution but not to teacher training programs that do not lead to a certificate.
- ESL programs leading to a certificate or, if a proprietary institution, a degree.

The Regulations



- Two sets of Final Rules published on October 29, 2010, with effective dates of July 1, 2011 -
 - Program Integrity –
 - Including Gainful Employment Reporting and Disclosures
 - Gainful Employment – New Programs
- Final Rules on metrics to define gainful employment published on June 13, 2011.

The Regulations



- A Gainful Employment program for purposes is identified by the:
 - 6 digit OPEID of the institution offering the program (8 digits for reporting);
 - 6 digit CIP Code (Classification of Instructional Program) assigned to the program by the institution; and
 - 2 digit Credential Level (see next slide)

Credential Levels



- 01 = Undergraduate certificate
- 02 = Associate's degree
- 03 = Bachelor's degree
- 04 = Post baccalaureate certificate (includes post-graduate certificate programs)
- 05 = Master's degree
- 06 = Doctoral degree
- 07 = First-professional degree



GAINFUL EMPLOYMENT DISCLOSURES



Helping Students Choose



- For each GE Program, institution must provide prospective students with specific information
- Effective July 1, 2011
- Institutional disclosures –
 - Provide information to help students choose among gainful employment programs.
 - Warnings help students understand risks of enrolling in program that is failing the gainful employment debt metrics.

Disclosure Form



- Institution must use disclosure form provided by the Department, when available.
 - Not available by July 1, 2011.
 - Institutions must comply with the disclosure requirements independently until form is available.

Disclosure Features



- Disclosure Information on Program's website home page -
 - Must be simple and meaningful.
 - Must contain direct links from any other webpage with general, academic or admission information about the program.
 - Must be in an open format that can be retrieved, downloaded, indexed, and searched by commonly used web search applications.

Disclosure Information



- Disclose for each GE Program:
 - Occupations (by name and SOC code) that program prepares students to enter
 - Links to occupational profiles on O*NET
 - Program costs –
 - Tuition and fees
 - Room and board
 - Books and supplies
 - May include other costs



Disclosure Information



- Disclose for each GE Program:
 - On-time completion rate -
 - Denominator - Number of students who completed program during most recently completed award year for which information is available.
 - Numerator - Number of students who completed within normal time, as published by institution (Not 150% of normal time).

Disclosure Information



- Disclose for each GE Program:
 - Job placement rates for students completing the program
 - Use formula that the institutional accreditor, program accreditor, or the state requires.
 - Must be disclosed on a program basis, even if formula is for institutional level placement rates.

Disclosure Information



- Disclose for each GE Program:
 - Median loan debt incurred by students who complete the program
 - Title IV loan debt (FFEL and Direct Loan only) – Amount borrowed.
 - Private educational loan debt – Amount borrowed.
 - Institutional finance plans
 - Amount owed.



GAINFUL EMPLOYMENT REPORTING



Gainful Employment Reporting



- Institution must report information on students who were enrolled in a GE Program for each award year -
- Information includes:
 - Student identifying information
 - Program identifying information
 - Amounts from private education loans and from institutional financing plans
 - Enrollment information
 - Tuition and Fees (Optional)

Gainful Employment Reporting



- Institution must report:
 - By October 1st for enrollments in the -
 - 2006-2007, 2007-2008, 2008-2009, 2009-2010, and 2010-2011 award years.
 - If unable to report any of the required information, institution must provide an explanation to GE-Missing-Data@ed.gov.

Student Identifiers



- For each student who enrolled in a GE Program during the award year
 - Social Security Number
 - First, middle and last name
 - Date of birth
- Use student's Social Security Administration information.

Program Information



- For each student enrolled in a GE Program
 - Institutions OPEID (8 digit) where student attended
 - Name of program as established by institution
 - Classification of Instructional Program (CIP) code of educational program
 - Credential Level



- Private education loan information
 - Defined in 12 CFR 226.46(b)(5) by the Federal Reserve Board
 - Total amount of non-Title IV loan received to pay costs associated with attendance in the GE Program
 - Examples – loans from financial institutions, credit unions, states and other localities, guaranty agencies, and postsecondary educational institutions.

Educational Loan Information



- Institutional Financing Plan information
 - Includes –
 - Loans;
 - Extensions of credit;
 - Payment plans; or
 - Other financing mechanisms; -
 - That would otherwise not be considered a private education loan but that results in a debt obligation that a student must pay to an institution after completing the program.



ADDING NEW GAINFUL EMPLOYMENT PROGRAMS



Notification Required



- Must notify ED at least 90 days before the first day of class.
 - If the first day of class is on or after July 1, 2011 and before October 1, 2011, notification was due by July 1, 2011
 - If the first day of class is on or after October 1, 2011, institutions must provide notification to the Department at least 90 days prior to the first day of class.

Notification Required



- Notification must include -
 - An electronic E-App with GE Program details;
 - Accrediting agency approval;
 - State approval;
 - Notice of Intent to Offer an Educational Program; and
 - Section L of the E-App containing original signature of the appropriate official.

Notification Required



- Notice of Intent to Offer an Educational Program must describe:
 - How the institution determined the need for the program.
 - How the program was designed to meet market needs.
 - Any wage analysis conducted.

Notification Required



- Notice of Intent to Offer an Educational Program must describe:
 - How the program was reviewed or approved by, or developed in conjunction with business advisory committees, program integrity boards, regulatory agencies, or businesses that would likely employ graduates of the program.

Approval Not Required



- Except for conditions noted on next two slides, institution may disburse funds without receiving ED approval, unless ED requests additional information within 30 days before the first day of classes.



Approval Required



- If the institution did not provide the required notification by July 1, 2011, for programs beginning between July 1, 2011 and October 1, 2011, it must wait for Departmental approval before disbursing funds to students enrolled in the new GE Program.



Approval Required



- Approval is required if -
 - The institution is provisionally certified;
 - The institution is adding a Direct Assessment Program;
 - The institution is adding a Comprehensive Transition and Postsecondary (CTP) Program; or
 - The Department advises the institution that it must wait for approval.



ED's Responsibilities



- ED will evaluate the new program -
 - Accreditor and state approval;
 - CIP Code;
 - SOC codes;
 - Meets minimum weeks and hours;
 - Clock to credit conversion if required; and
 - Sufficient detail to support contention that the program will lead to gainful employment.



ED's Responsibilities



- ED will evaluate the new program to ensure that the program –
 - Has placement and completion rates, if applicable;
 - Does not exceed by more than 50% the minimum number of clock hours established by the state for such training programs, if short term
 - Meets requirements for a Comprehensive Transition and Postsecondary (CTP) Program, if applicable.



How to Submit Notifications



- See GE-Electronic Announcement #5
- Use E-App to submit changes and updates
 - www.eligcert.ed.gov
- In Section A, Question 1, select “Update Information” box
- Select the specific updates from the pick list; if purpose doesn’t appear in list, select next box, “Other,” and type the purpose in space provided



How to Submit Notifications



- Complete the information for the appropriate questions and Section L of the E-App
- Mail the signature page (Section L) and the supporting documents listed in Section M to the address indicated

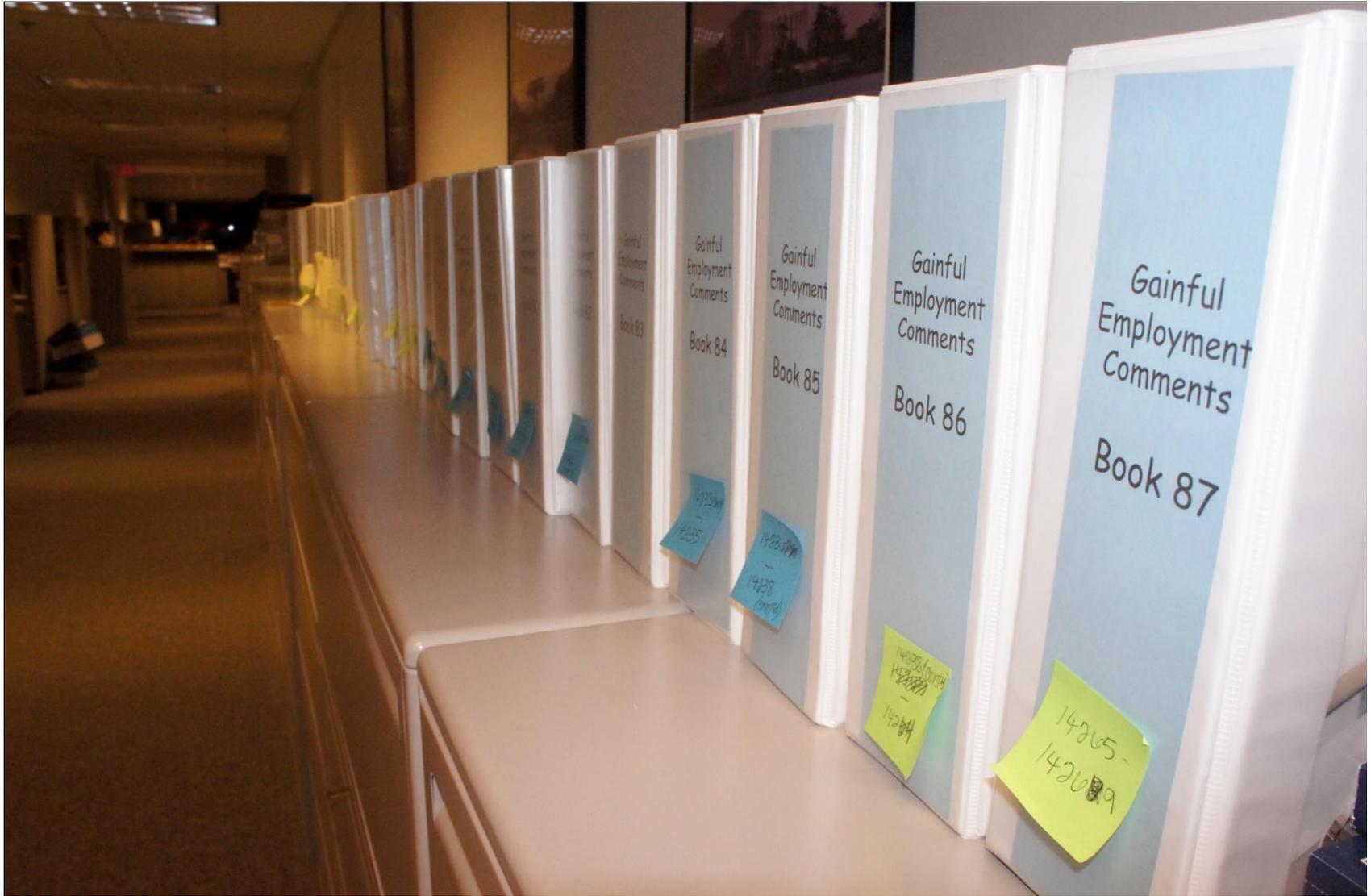




GAINFUL EMPLOYMENT METRICS



90 Thousand Comments



Final Rule



- Final Rule published on June 13, 2011 –
 - Defines “gainful employment” to be when a substantial number of the GE Program’s students –
 - Are repaying their Title IV loans –
 - Repayment Rate
 - Have a reasonable debt burden –
 - Debt to Earnings Ratio.
 - Informational Rates in 2012
 - First official rates in 2013

Two Metrics



- Repayment Rate –
 - A percentage of the loan amounts that a GE Program's former students are repaying (weighted for loan balance).
- Debt to Earnings Ratio –
 - For the GE Program's completers, the average educational loan annual repayment amount as a proportion of the average borrowers' annual income.

Repayment Rate



Loan repayment rate for a program calculated annually using the following ratio:

$$\frac{\text{OOPB of LPF plus OOPB of PML}}{\text{OOPB}}$$

- OOPB = Original Outstanding Principal Balance
- LPF = Loans Paid in Full
- PML = Payments-Made Loans
- Typically includes loans in the 3rd and 4th year of repayment

Repayment Rate



- A loan is successfully being repaid if:
 - Its balance is reduced by at least \$1.00 over the course of the year or paid in full;
 - It is on track to being forgiven due to public service employment;
 - Borrower is making payments under an interest-only or income-based repayment plan, but limited to no more than 3% of the OOPB; or
 - For post-baccalaureate programs, is a consolidation loan and all interest accrued over the course of the year has been paid.

Repayment Rate



- Example:

<u>Former Student</u>	<u>OOPB</u>
Student A	\$ 2,000
Student B	3,000
Student C	5,000
Student D	10,000

- OOPB = \$20,000 (total amount for all borrowers in 2YP)
- Only student D is successful in repaying
- Repayment rate = $\$10,000 / \$20,000 = \underline{50\%}$

Repayment Rate



- For the most recent fiscal year, excludes:
 - Loans in an in-school deferment or a military-related deferment
 - Loans discharged, or pending discharge, for death or total and permanent disability

Debt-to-Earnings



Earnings Rate

$$\frac{\text{Average Annual Loan Payment Amount}}{\text{Mean or Median Annual Earnings}}$$

Discretionary Income Rate

$$\frac{\text{Average Annual Loan Payment Amount}}{\text{Mean or Median Annual Earnings less } 1.5 \times \text{poverty guideline}}$$

- Typically includes students in their 3rd and 4th year after completing the program.

Debt-to-Earnings



- SSA will provide the median and mean earnings of program graduates.
 - Schools can verify the lists of individuals submitted to SSA. However, the earnings data will be subject to SSA's strict protections on individual privacy.

Debt-to-Earnings



- Calculating of the annual loan payment—
 - Uses the program's median loan debt,
 - Amortized at 6.8% over –
 - 10 years for a certificate or AA program,
 - 15 years for a baccalaureate program, or
 - 20 years for a graduate program

Debt-to-Earnings



- Exclude students --
 - With one or more loans in a military-related deferment status
 - With loans discharged, or pending discharge, for death or total and permanent disability
 - Enrolled in school

Performance Requirements



- A program must pass at least one of the three rates to be a Gainful Employment Program eligible for Title IV participation.
 - Repayment rate of at least 35%.
 - Debt-to-Earnings rate of less than
 - 12% of total earnings, or
 - 30% of discretionary income.

Performance Requirements



- A program is a failing program for a year if it does not meet ANY of the minimum standards.
- After one year's failure institution must —
 - Disclose to students and prospective students the amount by which the program did not meet the minimum standards and any plans for improvement;
 - Establish a three-day waiting period before students can enroll.

Performance Requirements



- After two years out of three as a failing program, institution must tell students that —
 - Their debts may be unaffordable;
 - The program may lose eligibility; and
 - What transfer options exist.
- If a failing program for three of four years, program loses eligibility for Federal student aid

Program Improvement



- Failing programs do not lose eligibility immediately.
- Standards help programs raise performance.
- Analysis indicates that, with the opportunities for improvement it is estimated that —
 - Eight percent of programs will fail at least once.
 - Two percent of programs will ultimately lose eligibility.



ADDITIONAL GAINFUL EMPLOYMENT INFORMATION

GE Page on IFAP



- Page URL
 - <http://ifap.ed.gov/GainfulEmploymentInfo/index.html>
- Or link from IFAP home page
- To submit Questions
 - GE-Questions@ed.gov

GE Page on IFAP



http://ifap.ed.gov/ifap/

File Edit View Favorites Tools Help

Federal Student Aid - IFAP: Home

START HERE GO FURTHER FEDERAL STUDENT AID

IFAP

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- System & Processing Links - Application
- System & Processing Links - Programs
- System & Processing Links - Transmission
- Participation Links - Application
- Participation Links - Audits
- Participation Links - Programs
- Funding Links
- Resource Links
- Financial Partners Links
- Student & Parent Links - Application
- Student & Parent Links - Programs
- ED Links

Information for Financial Aid Professionals (IFAP)

The Information for Financial Aid Professionals (IFAP) Web site consolidates guidance, resources, and information related to the administration and processing of Title IV federal student aid into one online site for use by the entire financial aid community.

The most recent postings to the site are listed in the [What's New](#) section.

Tools for Schools
Click on this box to access online and computer-based training resources.

Worksheets, Schedules, & Tables
Click on this box to access worksheet, schedule, and table resources.

Publications
Click on this box to access program-related and processing-related publications.

Processing Resources
Click on this box to access program and system processing information and materials.

Hot Topics

- [Net Price Calculator](#)
- [Negotiated Rulemaking 2009/2010](#)
- [Federal Student Aid Data Center](#)
- [Disaster Assistance](#)

Gainful Employment

Links to information for gainful employment

[Information Page](#)

Direct Loan Information

Links to information for potential and participating Direct Loan schools

[Direct Loan Source Newsletters](#) | [Steps to Participate and New School Information](#) | [Operational Communications and Guidance](#) |

What's New [RSS](#)

Below is an abbreviated list of the most recent postings to the IFAP Web site. Click [here](#) or on the "What's New" link in the top menu bar to view all recent

Local intranet | Protected Mode: Off 100%

GE Page on IFAP



START HERE
GO FURTHER
FEDERAL STUDENT AID

IFAP

Gainful Employment Information



Final regulations published in the Federal Register on October 29, 2010, require institutions to report certain information about students who enrolled in Title IV eligible educational programs that lead to gainful employment in a recognized occupation (GE programs). Those regulations also provide that institutions must disclose to prospective students certain information about the institution's GE Programs. Finally, the new regulations require institutions to notify the Department if they wish to add an additional GE Program to its list of Title IV eligible programs. All of these requirements are effective July 1, 2011.

The Secretary published additional regulations related to the program eligibility metrics that will be calculated for gainful employment programs in the Federal Register on June 13, 2011.

Please visit this page for information and updates as they become available.

Regulations

Provides published regulations pertaining to Gainful Employment Programs.

[Top](#)

Dear Colleague Letters and Electronic Announcements

Provides the Department's guidance on Gainful Employment in Dear Colleague Letters and Electronic Announcements.

[Top](#)

Frequently Asked Questions

These Frequently Asked Questions provide information and operational guidance on the requirements of the new gainful employment regulations. Institutions must review the final regulations as published in the Federal Register on October 29, 2010, to ensure that they are in compliance with all of the GE Program requirements.

The listing of Frequently Asked Questions will be updated periodically and include the date of the update. New and/or updated questions and answers will be marked NEW and appear in red font. If you have questions that have not been addressed, please submit them to the GE Questions mailbox at GE-Questions@ed.gov.

- [General](#)



