

**Gainful Employment Update
GASFAA
Central Georgia Technical College
Macon GA
September 1, 2011**

Michael C. Roberts
Federal Student Aid



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

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For More GE Information

Gainful Employment Page on IFAP

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

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For More GE Information

Gainful Employment Page on IFAP

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

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For More GE Information

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

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For More GE Information

Gainful Employment Page on IFAP

- Electronic Announcements
 - GE-EA #18: Submitting an Explanation of Missing/Incomplete GE Data
 - GE-EA #17: Updated NSLDS GE User Guide
 - GE-EA #16: Updated Procedures for Reporting New Educational Programs
 - GE-EA #15: GE Reporting Dates
 - GE-EA #14: NSLDS GE Submittal Template

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For More GE Information

Gainful Employment Page on IFAP

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

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For More GE Information

Gainful Employment Page on IFAP

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

AUTHORITIES AND EFFECTIVE DATES

The Law - HEA

- 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)

The Law - HEA



- 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.

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The Law - HEA



- 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.

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The Law - HEA



- 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.

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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.

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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.



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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.

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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



Educational Loan Information



- 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.

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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.

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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.

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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

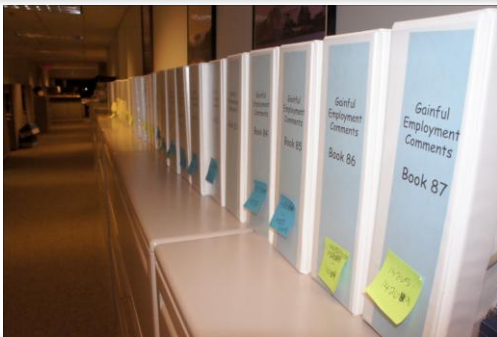


- Complete the information for the appropriate questions and Section L of the E-App
- Mail the signature page (Section L) and the supporting documents listed in Section M to the address indicated



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.

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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

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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.

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Repayment Rate

- Example:

Former Student	OOPB
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 = $\$10,000 / \$20,000 = 50\%$

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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

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Debt-to-Earnings

Earnings Rate

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

Discretionary Income Rate

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

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

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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.

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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

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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

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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.

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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.

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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

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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.

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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

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