



Financial Value Transparency/Gainful Employment 2024

Operationalizing the Department of Education's new and updated regulations on campus

Background

During the fall of 2023 the Department of Education (ED) released several regulatory packages that impose new and expanded reporting requirements for institutions. These include Financial Value Transparency (FVT) and updated Gainful Employment (GE) rules as well as a set of expanded compliance requirements for institutions during the Title IV recertification and PPA process. ED is concerned about student debt, mismatches between what is promised to students vs. what is provided, as well as low completion and success rates.

What will be “in effect” as of July 1, 2024?

Starting in July 2024 (1st reporting deadline no later than July 31, 2024), colleges and universities will be expected to provide student-level data combining information typically reported to the NSLDS and additional metrics from their own student records system. The July 31st report will be the first report fulfilling the requirements of the Financial Value Transparency and updated Gainful Employment regulations. This report will provide historical data to ED for them to begin matching student enrollment, debt, with income information to create “median” metrics measuring student financial outcomes by 6-digit CIP program for each institution. The next data report will be due by October 1, 2024 for students enrolled, completing, or withdrawing from programs during the 2023-2024 academic year and each subsequent year the report for the prior academic year will be due each October 1. These reports are separate from and in addition to reporting required for the NSLDS and IPEDS.

What to expect on campus?

Institutions will likely need to set up teams of staff to manage these new reporting requirements. We anticipate that institutional research and effectiveness offices, financial aid professionals, registrar offices, and IT (among others) will need to be involved to prepare the data for submission. The data requirements for each institution may span multiple information systems on campus and thus collaboration across offices will be essential to gather the data. It is important to provide these teams ample time to work together on data gathering given that many of them already have extensive reporting requirements and compressed time schedules (for example, financial aid offices will have a rush to get award letters out this spring once FAFSA data is available).

What will ED do with the data once provided?

Institutions will provide student-level data on program enrollments, completions, and withdrawals to ED. Then, ED will match this data with earnings information provided by other federal departments (for example, IRS and the Security Administration). ED will create a median earnings level and debt level for each program (based on cohorts of at least 30 students per 6-digit CIP code, with cohorts spanning 2-4

years, depending on program size). ED will then match the earnings and debt data with median earnings for a high school graduate in each institution's state and then create two metrics: Earnings premium and debt/earnings ratio. The earnings premium (EP) is a comparison of median earnings of graduates to the median earnings of high school graduates aged 25-34 in the same state (or nationally if fewer than 50% of the students enrolled in the program are from the state where the institution is located). Earnings of graduates must be higher than high school graduates to "pass" this metric. For the debt/earnings ratio, ED will compare median student debt to the median student income in each program to ensure that students are not overly burdened with debt relative to their earnings and discretionary income.

Once the metrics are created by ED they will be sent back to each institution. These metrics must be shared with current prospective students via a newly created Federal website. The earliest that ED will send back EP and D/E metrics will be late 2024 or early 2025. Institutions must have the data available to current and prospective students by July 1, 2026 when ED has their own website up and running.

What ED will send back once they receive your data and align with other institutions' information and their own:

- Earnings data and median annual earnings for students on the "final" list
- Number (no identities) for which earnings data could not be matched, and thus the number of debt loads that will not be included in the metrics. If students cannot be matched with earnings data then the number of exclusions are excluded from the debt and assumed to be the highest loan debts.
- Determination is then provided to institution with D/E and PE rates and passage/failure

What are the consequences for failing metrics? Why does this matter?

Consequences for failing metrics: only graduate and GE-eligible programs have specific consequences for failing metrics (for now).

Undergraduate programs – no "punishment" just potential bad PR

- Foresee think-tanks and reporters looking up metrics and having a heyday with "poorly" performing programs

Graduate programs – student must sign acknowledgement of enrollment in failing programs prior to taking Federal aid

- Also foresee similar issues to undergrad, grad programs have already gotten a bad rap for being expensive and resulting in low wages

GE programs – can lose Title IV eligibility if program fails 2 out of 3 years

- HUGE implications in health care

****Simulations show that programs at greatest risk of failing include those in law, ministry, and health care, we also foresee issues in arts programs. It is worth a deeper conversation once you start running more data, especially in healthcare because of the major workforce implications****

What will be reported?

***Institution exemption:**

If your institution ***has not offered any group of substantially similar programs*** with 30 or more completers in a total of four most recent award years (really small institutions) then you are not required to report. Simulations show that about 700 institutions fall into this bucket.

For all programs:

Definition of program: any reported credential/completion (certificates, degrees) at the 6-digit CIP level (or 4-digit level for substantially similar programs), *stackable certificates that are awarded during a degree program are not included as completions.*

For each program at the 6-digit CIP level for EACH OPEID (financial aid office can help with OPEID identification):

- Name of program
- CIP code
- Credential level
- Length of the program
- Whether program is accredited
- Name of accreditor
- Meets licensure requirements and prepares students to sit for licensure exams for EACH state in the institutional MSA. (will need to determine this data internally) (this aligns with other federal regulation licensure requirements)
- Total students enrolled during most recently completed award year BOTH Title IV and non Title IV students
- Whether program is a qualifying graduate program who students are required to complete postgraduate training

For students with Title IV aid:

Definition of “student”: In the FVT/GE framework a “student” = individual who received Title IV funds when enrolled in a program.

Student-level data to report by program (6-digit CIP level, 4-digit for substantially similar programs)

2 methods for reporting: standard and “transitional”

Title IV students only (for each given reporting year)

For each student in a given award year with Title IV aid:

- Date enrolled
- Attendance dates
- Attendance status (enrolled, withdrawn, completed)
- Enrollment status (full time, half time) AS OF first day of student’s enrollment in the program
- Total annual cost of attendance (COA)

- Total tuition and fees assessed for most of the year
- Residency tuition status by state or district
- Total allowance for books, supplies, and equipment
- Total allowance for housing and food
- Institutional grants disbursed
- State, tribal, local, and/or private grants awarded
- Private education loans that the institution should be reasonably aware of including loans made by the institution (do the best that you can with this one)

For each student in a given award year who completed or withdrew:

- Date student completed or withdrew
- Total amount of private loans student received for the student's *entire enrollment in the program*
- Total amount of Federal loans student received for the student's *entire enrollment in the program*
- Total amount of institutional debt student owes any party after completing or withdrawing from the program
- Total amount of tuition and fees assessed for student's *entire enrollment in the program*
- Total amount of allowances for books, supplies for student's *entire enrollment in the program*
- Total costs of attendance for the student's *entire enrollment in the program*
- Total allowance for housing and food for the student's *entire enrollment in the program*
- Total institutional aid provided to the student during the student's *entire enrollment in the program*

What years to start with?

Standard reporting: 2-year cohorts of 30+ students = data starting in the 2017-2018 academic year (July 1, 2017 to June 30, 2018). If using a 4-year cohort = data starting in the 2015-2016 academic year (July 1, 2015 to June 30, 2016).

Transitional reporting: your institution can elect to only provide only the most recent two years of data (2021-2022 and 2022-2023) however ED has not provided the earnings information that will be matched for this reporting type.

What about qualifying grad programs where students must complete a residency or clinical training after graduation? Measurement of earnings occurs later for "qualifying graduate programs" in occupational clusters involving substantial post-graduation work requirements for licensure. These programs include medicine, osteopathy, dentistry, clinical psychology, marriage and family counseling, clinical social work, and clinical counseling. For "qualifying graduate programs only" - provide data going back to 2012-2013 (for 4-year cohorts) and 2014-2015 for 2-year cohorts.

What students can be excluded from reporting?:

The following students can be excluded from your report (if you know of this status), ED will also check your report with other information in an attempt to remove students with the following circumstances:

- Students with loans that are in discharge
- Students that are full-time at another institution in same calendar year
- Students who completed a higher credential program at your institution
- Students enrolled in prison education program
- Student death
- Students enrolled in comprehensive transition or postsecondary program

Process for corrections: ED will provide a list of students back to each institution within 60 days with corrections.

Transitional data reporting: weighing the options

There are several reasons an institution may want to report only two years of data in the transitional reporting option. The institution may not have data available going back so many years - in many cases institutions have released the data so that it is not subject to a cyber security attack. In others, the information required by ED was not kept due to technology limitations.

Weighing the options - other consideration on reporting data

Standard reporting:

- higher reporting burden - more data is required
- Locked in/cannot impact rates and data - all data is “baked” no way to change outcomes
- Programs were likely cheaper (i.e. lower debt rates)

Transitional reporting:

- Lower reporting burden - less information required
- Opportunity to impact cost/debt in the near term in future reporting years
- Programs may be more expensive in recent years
- Challenge for smaller institutions with cohorts needing 4 years, transitional reporting may not be an option

What if our institution can't complete the data request by the July 31, 2024 deadline?

If an institution cannot get the data in by July 1, 2024 - the data may not exist, or another reason: the institution must provide ED with **“an explanation acceptable to the Secretary, of why the institution failed to comply with any of the reporting requirements”** especially if an institution was not required to retain the records, they can explain part of why they cannot provide reporting.