

# Financial Value Transparency and Gainful Employment Regulations: Data Reporting Requirements

February 2024

# The October 2023 FVT/GE Rule

- Beginning in 2009, during the Obama administration, the Department of Education (Department) held its first negotiated rulemaking session with a goal of increasing accountability for gainful employment (GE) programs.
- In 2010 and 2011, the Department issued final rules that were collectively known as the 2011 GE rule.
- Due to a court ruling in APSCU vs. Duncan, most sections of the 2011 GE rule were vacated and only GE disclosures remained enforceable.
- In 2014, the Department issued another set of final rules that took effect in July 2015.
- The Trump administration rescinded these GE rules in 2019.
- In 2022, now under the Biden administration, the Department convened a group of stakeholders to embark on another negotiated rulemaking process to prepare regulations addressing GE and many other issues.
- The Department released a notice of proposed rulemaking addressing GE in May 2023, and ACE sent a letter offering the higher education community's comments to the Department on the proposed rule.
- **The Department has issued the final rule in October 2023, with the effective date of July 1, 2024.**

The screenshot displays the official Federal Register page for the rule titled "Financial Value Transparency and Gainful Employment". At the top, it features the logos for the National Archives and the Federal Register, along with the text "The Daily Journal of the United States Government". A blue navigation bar contains a "Rule" icon. Below the title, it states "A Rule by the Education Department on 10/10/2023". The main content area is divided into sections: "AGENCY:" (Office of Postsecondary Education, Department of Education), "ACTION:" (Final regulations), and "SUMMARY:" (The Secretary establishes and amends regulations related to gainful employment (GE) to address ongoing concerns about educational programs designed to prepare students for gainful employment in a recognized occupation, but that instead leave them with unaffordable amounts of student loan debt in relation to their earnings, or with no gain in earnings compared to others with no more than a high school education. The Secretary separately seeks to enhance transparency by providing information about financial costs and benefits to students at nearly all academic programs at postsecondary institutions that are eligible to participate in title IV of the Higher Education Act of 1965, as amended (HEA)). A "DATES:" section is also visible. On the right side, a "DOCUMENT DETAILS" sidebar provides additional information: "Printed version: PDF", "Publication Date: 10/10/2023", "Agency: Department of Education", "Dates: These regulations are effective July 1, 2024", "Effective Date: 07/01/2024", "Document Type: Rule", "Document Citation: 88 FR 70004", "Page: 70004-70193 (190 pages)", "CFR: 34 CFR 600, 34 CFR 606", and "Agency/Docket Number: Docket ID ED-2023-CPE-0089".

# Key Features

## THE U.S. DEPARTMENT OF EDUCATION'S FINAL RULE ON FINANCIAL VALUE TRANSPARENCY AND GAINFUL EMPLOYMENT

### Background

Beginning in 2009, during the Obama administration, the Department of Education (Department) held its first negotiated rulemaking session with a goal of increasing accountability for gainful employment (GE) programs. Gainful employment programs are programs that are intended to lead to employment and includes all programs at proprietary institutions and non-degree programs at nonprofit institutions.

In 2010 and 2011, the Department issued final rules that were collectively known as the 2011 GE rule. Due to a court ruling in *APSCU vs. Duncan*, most sections of the 2011 GE rule were vacated and only GE disclosures remained enforceable. In 2014, the Department issued another set of final rules that took effect in July 2015. These rules applied a test, known as the debt-to-earnings Ratio (D/E), to all GE programs intended to determine if students in GE programs were earning enough upon leaving the program to reasonably repay the loans they took out to attend. Programs that failed that test in any two out of three years lost access to federal financial aid under Title IV of the Higher Education Act. Additionally, all GE programs of sufficient size had to disclose data on their programs to enable the rule to take effect. The Trump administration [rescinded](#) these GE rules in 2019.

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### Final Rule

- Programs with a two-year or four-year cohort of at least 30 students who are receiving federal student aid will be counted. Also, programs, collectively completing at least 30 students, that are substantially similar will be counted.

<https://www.acenet.edu/Documents/Summary-Final-GE-Rule-2023.pdf>

## • Two Tests for Programs: D/E and EP

### • Debt-to-earnings Ratio (D/E)

- A program will pass if no more than 8 percent of annual income is put toward student loan repayments or no more than 20 percent of discretionary income (defined as the total of an individual's remaining income after 150 percent of the federal poverty line is withheld) is put toward student loan repayments.
- A program will fail if that program's graduates spend a higher percentage of their incomes repaying debt, on average, for two consecutive years or two years in a three-year period.

### • Earnings premium (EP)

- A program passes the earnings premium rate if student loan borrowers, who are three years into the workforce, are making more than the median earnings of working adults aged 25-34 with no higher educational attainment other than a high school diploma who either worked during the year or were unemployed.

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- **The rule covers all Title IV programs at Title IV institutions.**
  - Programs with a two-year or four-year cohort of at least 30 students who are receiving federal student aid will be counted. Also, programs, collectively completing at least 30 students, that are substantially similar will be counted.
- **Data reporting & disclosure requirements.**
  - A disclosure website is created, and IHEs are required to provide information to the Department about all programs, and this information will be posted on a new website the Department will create.
  - Mandatory information includes the length of the program, number of individuals enrolled, and whether the program is accredited. D/E rates and earnings premium rates must be included for programs that have such rates calculated.
- **Institutions are required to warn students when programs fail.**
  - Two years after the implementation of the final rule, institutions are required to issue an acknowledgement for non-GE programs (undergraduate programs are excluded) and a warning for GE programs if the programs are failing [D/E or EP tests].

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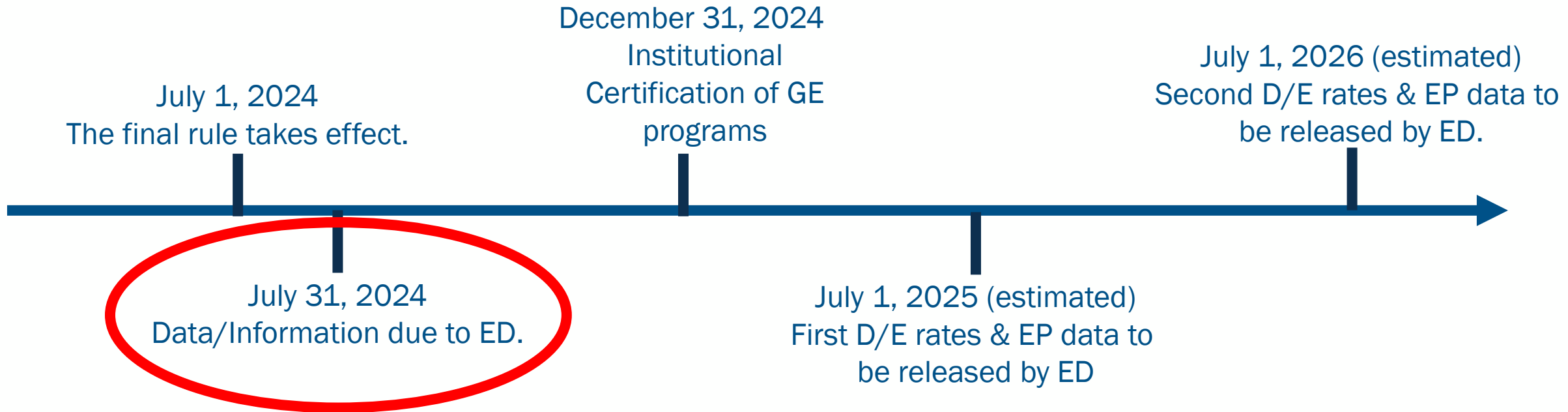
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# Implementation Timeline



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# Financial Value Transparency and Gainful Employment Regulations: *Preparing your campus*

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Colby Spencer Cesaro, Vice President

Michigan Independent Colleges & Universities

*Private colleges, public purpose*

- Building your reporting team
- Basics of reporting: what we know & don't know
  - Implications for IHEs and programs
    - What to do NOW to prepare
  - Advocacy efforts and next steps

# Building your reporting team

- Team Lead - responsible for keeping reporting plan on track, project management
- IR/IE staff - data reporters on campus, familiar and comfortable with student info systems (SIS)
- Financial aid staff - ideally those reporting to NSLDS (national student loan data system)

# Building your reporting team

- Registrar - might be relevant for student enrollment details (program, withdrawals, etc.)
- IT - align SIS system coding for data links and downloads (contractor?)
- Student financial services - details on debt and financial metrics

# Basics of reporting: what we know

- Student level information only required for those with Title IV aid (for each year they receive Title IV aid)
- Data required to be reported for each student
  - All loan information (Federal and non-Federal)
  - Student costs (COA and Budget) broken down by categories
  - Institutional aid
  - State/local/tribal/private/other aid

Data is required for EACH year the student is enrolled AND in aggregate for the student once they complete (or withdraw)

# Basics of reporting: what we DO NOT know

- Clear guidance on certain definitions that can have multiple meanings
  - Student
  - Cost of attendance
  - Cohort
  - Enrollment status
  - Withdrawal
- How to report on students with a double-major and/or those that change programs mid-year
- How will data be transmitted to ED and then back to institutions for validation?
- Data format (CSV/Excel seems most intuitive but need secure transmission mechanism)

# Implications

- Undergrad programs – no “punishment” just potential bad PR
  - Foresee think-tanks and reporters looking up metrics and having a heyday with “poorly” performing programs
- Grad 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
  - HUGE implications in health care

*\*\*\*Simulations show that programs at greatest risk of failing include those in law, ministry, and health care, also foresee issues in arts programs\*\*\**

*\*\*\*\*Worth a conversation with policymakers about workforce implications...*

# What to do NOW to prepare:

- **Set-up your reporting team**
  - Provide reporting team with all training materials available to-date
  - **COLLABORATE!**
  - Give your team the time and space needed to get up-to-speed and start collecting information
  
- **Register for the March 1 webinar**
  - Submit your team's questions for ED



# What to do NOW to prepare:

- **Start aligning internal data systems: SIS and Financial aid**
  - Locate old data records (if possible)
  - Create a plan to keep student data safe and in the right format moving forward

## Gather data starting NOW! Use the FAFSA delay to your advantage

- **Start simulating data for your institution's programs**
  - ID the income thresholds that students would need to have for the program to “pass”. Do these seem reasonable?
  - What programs might be on the rocks at your institution? How can you address this?

## Next steps!

Don't count on an extension - but sign a letter  
(or several) asking for one!

### March 1 webinar

- Get registered!
- Sample reporting spreadsheet
  - How-to step-by-step
  - Definitions and FAQs
- The Department will be there!!

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## Thank you!

## Questions?

*\*anything we cannot answer or that we don't get to will either be answered in the next webinar AND/OR sent to the department of Ed for their response*

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