



# Gainful Employment LASFAA Fall Conference 2011



Trevor Summers, Federal Student Aid

# TOPICS



- What is a Gainful Employment Program
- Gainful Employment Disclosures
- Gainful Employment Reporting
- Adding New Gainful Employment Programs
- Gainful Employment Metrics
- Questions





# **WHY ARE WE CONCERNED WITH GAINFUL EMPLOYMENT?**





- An educational program is Title IV eligible at a public or non-profit school only if the program:
  - Leads to a degree
  - or
  - Is a certificate program that 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)



- An educational program is Title IV eligible at a proprietary institutions if it is:
  - A program leading to a certificate or degree that leads to gainful employment in a recognized occupation
  - A program 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.

# What is a GE 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.

# What is a GE 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.
  - i.e. a collection of classes required by the state but not leading to any type of institutional credential
- 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.





# **HOW DO WE REFER TO GAINFUL EMPLOYMENT PROGRAMS?**



# How is a GE Program Coded?



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

\*when identifying the school, as opposed to the program, use the 8 digit OPEID

# 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



## Undergraduate Certificate in Ornamental Horticulture at Faber College

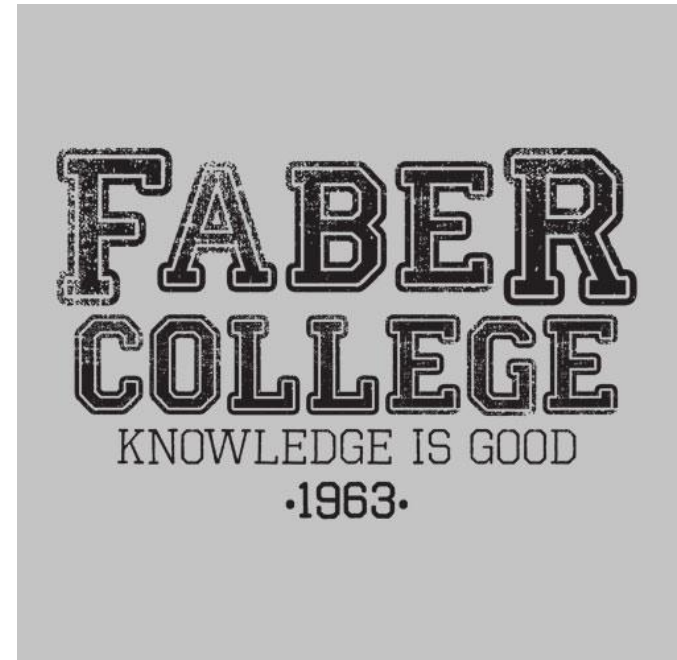
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6 Digit OPE ID #

CIP Code

Credential Level





**WHY ARE WE  
DISCLOSING INFO  
ABOUT GAINFUL  
EMPLOYMENT  
PROGRAMS TO  
STUDENTS?**





- Students must make choices about
  - What program he or she may wish to pursue
  - What amount to borrow in order to pursue educational objective
  - What lies after the training

# 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



- Institutions must use disclosure form provided by the Department, when available.
  - Not yet available
    - Watch IFAP
- 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.



- 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





- 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.



**WHY ARE WE  
REPORTING  
GAINFUL  
EMPLOYMENT DATA  
TO ED?**



# Gainful Employment Reporting



- Gainful employment in a recognized occupation is what makes these programs Title IV eligible
- ED will create a data repository with the data that is submitted
- ED will make determinations about programs based on data reported

# 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)



# 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



12 CFR 226.46(b)(5)

*Private education loan* means an extension of credit that:

- (i) Is not made, insured, or guaranteed under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 *et seq.* );
- (ii) Is extended to a consumer expressly, in whole or in part, for postsecondary educational expenses, regardless of whether the loan is provided by the educational institution that the student attends;
- (iii) Does not include open-end credit any loan that is secured by real property or a dwelling ; and
- (iv) Does not include an extension of credit in which the covered educational institution is the creditor if:
  - (A) The term of the extension of credit is 90 days or less; or
  - (B) an interest rate will not be applied to the credit balance and the term of the extension of credit is one year or less, even if the credit is payable in more than four installments.

# 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.



# HOW DO WE REPORT DATA TO ED?

# Reporting Methods



- Reporting is electronic
- Multiple reporting options
  - Batch
    - Fixed width format
    - Comma separated value (CSV) batch format
  - Online
  - Up-loadable spreadsheet

# Reporting Methods



- Batch process allows institutions to transmit GE information electronically using their SAIG TG Mailbox.
- May use the same SAIG TG Mailbox as is used for other batch functions, or
- May select another TG Mailbox associated with their institution.





- Using the [NSLDSFAP.ED.GOV](http://NSLDSFAP.ED.GOV)
  - GE Add web page – reached from the Gainful Employment List page, this page allows for a single GE record, for a single student to be added
  - GE Spreadsheet Upload – reached from the GE Submittal page, this allows for up to 50 GE records to be loaded at a time

# Reporting Methods



- GE Spreadsheet Submittal upload process begins by the user using the NSLDS GE Submittal Template to enter data for submission.
- The template is found on [fsadownload.ed.gov](http://fsadownload.ed.gov)
- The template is an Excel 2003 file and can be opened and updated in later versions of the Excel software.

# Reporting Methods



- NSLDS was ready to accept data on September 26, 2011





**WHAT IS THE  
DEADLINE FOR  
REPORTING  
GAINFUL  
EMPLOYMENT  
INFORMATION?**



# Deadlines



- Data for the following award years is due Oct 1, 2011
  - 2006-07
  - 2007-08
  - 2008-09
  - 2009-10
- Data for 2010-11 is due November 15, 2011
- Data from older years will continue to be accepted until November 15, 2011

# GE Reporting



- Schools with no GE Programs must report to ED
- Submit via email to [GE-MISSING-DATA@ed.gov](mailto:GE-MISSING-DATA@ed.gov)
- Subject Line of e-mail - “subject” line of the e-mail should include the first 6 digits of the institution’s OPEID and the institution’s name
  - For example, if North South University’s six digit OPEID is “012345”, the subject line would read 012345–North South University

# GE Reporting



- Body of e-mail – At the top of the body of the e-mail, please provide the name, phone number, and e-mail address of a contact person at the institution
- Following the contact information, the e-mail should provide the explanation of why the information will not be provided
  - No GE Programs Offered at School
- See GE Electronic Announcement #18



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

# 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 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.



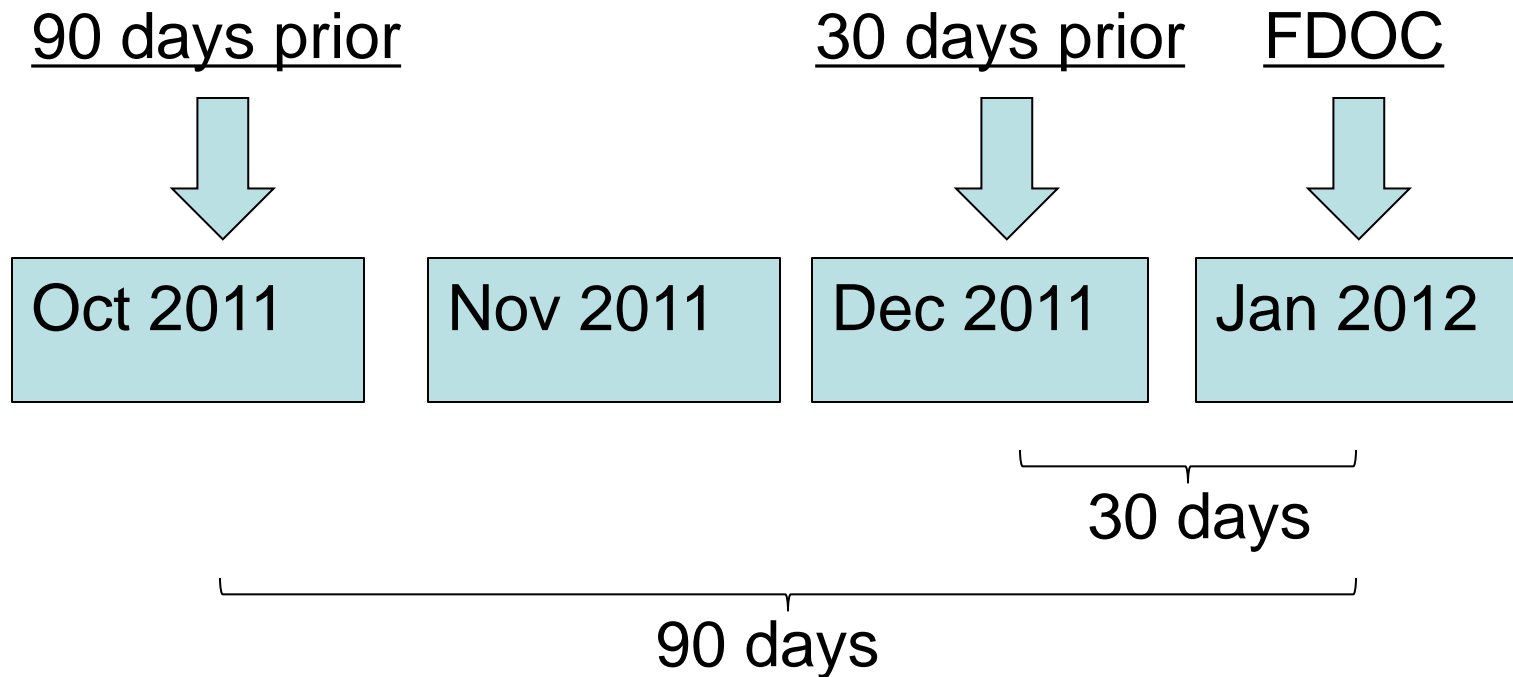
# Approval Not Required



- Institution may disburse funds without receiving ED approval, unless ED requests additional information outside of 30 days before the first day of classes.



# Example Timeline



First day of class: January 17, 2012

Ninety days prior to January 17, 2012 is October 19, 2011

Thirty days prior to January 17, 2012 is December 18, 2011

Notify ED by October 19, 2011 at the latest



# Question of the day



- Question: What if I don't report before 90 days? What if I report 80 days out?
- Answer: You must wait for approval before you disburse aid. See question NP-Q2 in GE Section information section of IFAP.



# 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.
- Other program specific requirements



# How to Submit Notifications



- See GE-Electronic Announcement #5
- Use E-App to submit changes and updates
  - [www.eligcert.ed.gov](http://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**



# Final Rule



- Why is this important?
- ED will calculate institutions' gainful employment repayment rates and debt-to-earnings ratios by using data that institutions have reported to the Department, information included in NSLDS about Title IV loans, and median incomes obtained from the Social Security Administration
- It's all tied together

# 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 (watch IFAP)
  - First official rates in 2013 (watch IFAP)

# Two Metrics



- Repayment Rate –
  - A percentage of the loan amounts that a GE Program's former students are repaying.
  
- 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 3<sup>rd</sup> and 4<sup>th</sup> 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:

Former Student   OOPB

Student A                    \$ 2,000

Student B                    3,000

Student C                    5,000

Student D                    10,000

# Repayment Rate



- Example:

Former Student OOPB

|           |          |                                    |
|-----------|----------|------------------------------------|
| Student A | \$ 2,000 | } Have not<br>made any<br>payments |
| Student B | 3,000    |                                    |
| Student C | 5,000    |                                    |
| Student D | 10,000   | ← Has made<br>payments             |

# 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 2 Year Period (2YP))
- Only student D is 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 Ratio



## 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 3<sup>rd</sup> and 4<sup>th</sup> year after completing the program.

# Debt-to-Earnings Ratio



- 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 Ratio



- 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 Ratio



- 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](mailto:GE-Questions@ed.gov)



- Gainful Employment Page on IFAP includes
  - Regulations
  - Dear Colleague Letters and Electronic Announcements
  - Frequently Asked Questions
  - Training
  - Resources



# GE Page on IFAP



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

File Edit View Favorites Tools Help

Federal Student Aid - IFAP: Home

Home Getting Started What's New Calendar iLibrary Training Help Feedback

Search:  GO

Advanced Search

My IFAP

- 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](mailto:GE-Questions@ed.gov).

- [General](#)





- Reporting GE Data Webinar
  - Thursday, October 13, 2011 at 12:30 P.M. (CT)
  - Designed to provide institutions with information on regulatory requirements related to Title IV-eligible educational programs that are GE Programs
  - Will provide an updated technical overview of the National Student Loan Data System (NSLDS) GE reporting process.
- Click on Training link on IFAP



- NSLDS GE User Guide
- Updated September 22, 2011
- Complete instructions
  - What to report
  - How to report

# Thank You



- Thanks to LASFAA for allowing FSA, and me, to participate in your conference!





# Supervisor of Training Officers Requests Feedback from FAAs

- Jo Ann Borel
- Supervisor of Training Officers
- United States Department of Education/Federal Student Aid
- Phone: 202-377-3930
- [joann.borel@ed.gov](mailto:joann.borel@ed.gov)

# Contact Info



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# Questions