

## Proposal to Include Noncompleter Outcomes through a Repayment Rate Measurement

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It is important that the Department revisit its decision to exclude the repayment rate calculation from the gainful employment measures. Without the repayment rate, the rule does not take program outcomes for noncompleters into account at all, and programs where 99 percent of students drop out with unmanageable debt may face no sanctions whatsoever.

One way the regulation could incorporate a repayment rate measure is described below. Essentially, the repayment rate would be a trigger for additional scrutiny. Programs with a very high repayment rate would immediately pass. Those with lower rates would need to be assessed against the debt metrics. Those programs with exceedingly low repayment rates, would automatically fail.

- Use a *high* repayment threshold as the trigger to determine which programs need further scrutiny. Programs with repayment rates above this threshold pass the gainful employment test.
- Programs with a *moderate to high* repayment rate have graduates' debt-to-earnings ratios assessed. To continue with full aid eligibility, the program must pass *one* out of two debt ratios.
- Programs with a *low to moderate* repayment rate also have graduates' debt-to-earnings ratios assessed. To continue with full aid eligibility, the program must pass *both* of the two debt ratios.
- Programs below a *low* repayment threshold lose eligibility for federal aid, regardless of their debt-to-earnings ratios.

We cannot set thresholds at this point, even for illustration purposes, as setting these thresholds depends substantially on factors that are currently in flux. For instance, this includes whether the repayment rate measure is based on borrowers or dollars, how loans in negative amortization are treated, etc. Once there is some agreement on a concept for how a repayment rate measure could be incorporated into a rule, negotiators will need to discuss exactly what (in terms of threshold and timeframe) constitutes a failing program versus a zone program.