**PROPOSED RESCISSION OF GAINFUL EMPLOYMENT REGULATIONS**

The Trump Administration has announced a Notice of Proposed Rulemaking (NPRM) that proposes to rescind Gainful Employment (GE) regulations that were promulgated in 2014. The regulations established program-level title IV eligibility criteria based on the mean and median ratio of debt-to-earnings (D/E) among title IV-participating graduates of GE programs. Based on a program’s calculated D/E ratio, it would pass, fail or fall into the “zone” based on established bright-line standards that apply to all GE programs. Programs that fail the D/E test two out of three consecutive years lose title IV eligibility; programs that are failing or in the zone four years in a row similarly lose title IV eligibility.

The current regulations also require GE programs to disclose additional program-level data, including program cost, completion rate, job placement rates and whether or not the program meets the requirements for graduates to be eligible for licensure, registration or certification in their field in the State in which the institution is located. Earlier this year, the Department announced that it was allowing institutions additional time to comply with the requirements to include the disclosures in their program promotional materials and to directly distribute the disclosures to prospective students.

The Department’s proposal to rescind the GE regulations is the result of a number of concerns raised by institutions and researchers regarding the validity and usefulness of the D/E metric. Concerns were raised that one of the D/E thresholds was based on an 8 percent debt-to-income measure that came from a mortgage guideline, not a student loan debt standard. In addition, in 2015, the Department put in place a new income-driven repayment program – the REPAYE program – which is available to all borrowers and requires the borrower to make loan payments of 10 percent of his or her discretionary income for up to 20 to 25 years, at which time the remaining loan balance is forgiven. The required payment amount and the amortization periods established by REPAYE are in conflict with those used to calculate the debt portion of the D/E rate.

Research findings published subsequent to the GE regulations pointed out that the D/E rate is not an accurate proxy for quality or performance. In addition, because the Department failed to establish a single definition of an in-field job placement or identify a reliable data source to collect and verify these data, information reported by programs could be misinterpreted by students and could mislead students into selecting a program with lower actual outcomes.

Perhaps most importantly, because the GE regulations applied to only a small group of academic programs, students could not rely on GE data or disclosures to inform their enrollment decisions unless they were considering only those programs covered by the regulations.

The Department continues to believe that data such as completion rates, program cost, accreditation, and consistency with licensure requirements are important to consumers, but not just those students who are considering enrolling in a GE program. Therefore, in the NPRM we request public comment concerning whether or not the Department should amend 34 CFR 668.14 to require institutions to disclose, on the program webpage, information about the program size, its completion rate, its cost, whether or not it is accredited, and whether the program meets the requirements for licensure in the State in which the institution is located and in any other States for which the institution has determined that the program enables graduates to become licensed or work in their field, as a condition of the Program Participation Agreement.

**Improved Transparency through College Scorecard Overhaul**

To provide prospective students with important, actionable, and accurate information that could be used in college enrollment and borrowing decisions, the Department plans to update the College Scorecard or a similar web-based tool to provide program-level outcomes (including, at a minimum, median debt and median earnings) for all higher education programs, at all title IV participating institutions. The Department believes that this will improve transparency by providing comparable information for all programs and helping students understand what earnings they might expect based on those of prior graduates. This would also increase accountability of institutions by making it more difficult for institutions to misrepresent program outcomes, such as the earnings of prior graduates, since prospective students would have access to accurate data provided by the Secretary of Education. These program-level outcomes would also be available to institutions, researchers and the public in a downloadable format that could be used for analytical purposes or to populate other automated templates or data sources.

**Summary of Major Provisions**

The NPRM proposes to rescind the GE regulations found in two parts of the CFR. The NPRM proposes to remove the GE regulations located in Subpart Q, including the GE framework, the calculation of D/E rates, consequences of those rates, alternate earnings appeals, reporting requirements, disclosure requirements, and certification requirements. The NPRM also proposes to remove Subpart R, the calculation of the program cohort default rate.

**Public Comment Period**

The 30-day public comment period for these proposed regulations will begin once they are published in the Federal Register.