Session 1: December 4-7, 2017

**Issue Paper #4**

**Issue:** Sanctions for Programs Based on D/E Rates

**Statutory cites:** 20 U.S.C. § 1221e-3; 20 U.S.C. § 3474; 20 U.S.C. § 1231a; 20 U.S.C. §§ 1001(b)(1), 1002(b)(1)(A)(i), (c)(1)(A); 20 U.S.C. § 1088(b)

**Regulatory cites:** 34 CFR §§ 668.403 and 668.410

**Summary of issue:** Underthe GE regulations, programs with D/E rates that are failing or in the zone are potentially subject to sanctions. If a program has failing D/E rates for two out of any three consecutive award years for which rates are calculated or has a combination of zone and failing D/E rates for four consecutive award years for which rates are calculated, the program loses eligibility for title IV, HEA program funds for a period of three years. Further, for three years, institutions may not seek to establish the eligibility of a program that is substantially similar to a program that is ineligible based on its D/E rates or that is substantially similar to a program that is voluntarily discontinued after receiving draft D/E rates that are failing or in the zone. A program that could lose eligibility based on the next year’s D/E rates is also required to provide warnings to current and prospective students. Any program that received failing final D/E rates in 2017 is currently required to provide these warnings.

GE programs only have one year of calculated D/E rates at this point, and programs for which there is a pending alternate earnings appeal are not subject to sanctions during the pendency of the appeal. Even though no GE program has lost eligibility under these sanctions at this point, it has been reported that some institutions have used the GE program information to adjust their program offerings, possibly to avoid sanctions.

The Department is considering whether the required GE disclosures are sufficient to inform enrolled and prospective students about the outcomes for program graduates, and whether to revise or remove the provisions that tie eligibility to performance under the D/E rates measure. This discussion will also consider whether the GE regulations should still require an institution to provide warnings to current and prospective students based on a program’s D/E rates.

**Questions for consideration by the committee:**

* Should the Department retain or amend the regulations providing for a loss of eligibility for a lower-performing program?
* Are the program disclosures alone effective in helping enrolled and prospective students identify lower-performing programs with respect to job earnings?
* Should institutions be required to provide warnings to students about lower-performing programs? How should the warnings be changed if the loss-of-eligibility provision is revised or removed?