Session 1: December 4-7, 2017

**Issue Paper #6**

**Issue:** Program Information Disclosures

**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 §668.412 [*parts delayed*]

**Summary of issue:**

Under §668.412, institutions are required to use a disclosure template provided by the Department to disclose information about their GE programs to enrolled and prospective students. Although the regulations list a number of possible items for disclosure, they also provide that the Secretary will identify which disclosure items will be included on the template and conduct consumer testing to make the disclosures as meaningful as possible to students. If an institution is required to issue warnings to students because of a program’s low performance under the D/E rates measure, the warning must be included on the disclosure template.

Under the regulations, institutions must include the disclosure template, or a prominent link thereto, on their GE program webpages and in their GE program promotional materials. In addition, §668.412(e) requires institutions to distribute the disclosures directly to all prospective students for all GE programs via hand delivery or email and make efforts to receive written confirmation of receipt. Prospective students must receive a copy of the disclosures before they may sign an enrollment agreement, complete registration, or make a financial commitment to the institution. If an institution is required to issue warnings with respect to a GE program, the institution may not enroll, register, or enter into a financial commitment with a prospective student until at least 3, but not more than 30, days after it has provided the prospective student with the warning. Institutions must also provide enrolled students with the warning.

On March 6, 2017, the Department announced that it was giving institutions additional time, until July 1, 2017, to meet the GE disclosure requirements (not including student warning requirements for programs failing the D/E rates measure). On June 30, 2017, the Department announced that it was giving institutions additional time, until July 1, 2018, to meet requirements related to the direct distribution of GE disclosures to prospective students and to include the disclosure template or a URL in program marketing materials, while the Department solicits comments and re-evaluates these requirements. The Department would like to ask, among other things, how to make the disclosures as meaningful as possible and how to best ensure that students receive the disclosures, while minimizing undue burden to institutions.

With respect to the content of the disclosure template, the Department conducted two focus groups in 2011 (with regard to the GE disclosure requirements that preceded the current regulations) and two focus groups in 2016. In both cases, one focus group consisted of students who were then enrolled in GE programs and the second was composed of institutional representatives, and the data obtained was used to develop a disclosure template.

In 2011, the students found that the information about job placement, costs, and required coursework was most useful. They also showed a strong preference for being able to compare similar programs at multiple institutions. In 2016, among 10 disclosure items, participants, including institutional representatives, ranked the following as most important: job placement rate, annual earnings rate, and completion rates. In addition, the students indicated that the student warning language is attention-grabbing and would likely cause prospective students to seek additional information, whereas institutional representatives expressed concern that the warning language would be misunderstood by students and disclosure recipients would interpret it to mean the school is going to close.

Currently, schools are required to disclose the following items:

* Percent of students graduating on time (completion rate)
* Program costs
* Percent of students who borrow money to pay for the program
* Median debt of borrowers
* Typical monthly loan payment
* Median graduate earnings
* Job placement rates, if required by State/accreditor
* Fields that employ program graduates
* Licensure requirements

To date the Department has not conducted consumer testing with respect to the manner of delivery of the disclosure template and the warnings. However, questions from institutions indicate that schools have had difficulty understanding how to meet the varying requirements with respect to delivery of warnings and delivery of the disclosure template. In addition, institutions have requested more flexibility in the method of delivery, to more easily meet the requirements through existing systems. Under the current requirements, prospective students for all GE programs must be given the disclosure template via hand-delivery or email (as the only substantive content within the email) for any program in which they have expressed interest before they may be permitted to sign an enrollment agreement, complete registration, or make a financial commitment to the institution. Institutions, particularly open enrollment institutions and institutions with distance-learning programs, have requested the option to incorporate the disclosure information within institutional enrollment systems as a less burdensome alternative to hand-delivery and email.

**Questions for consideration by the committee:**

* What types of information should be included in the disclosures?
* How should data be collected for the disclosures – what information should be entered by schools and what information should the Department calculate?
* How should the disclosures be provided to prospective and enrolled students? Should the current requirements for direct distribution of disclosures be maintained, or limited to failing programs? What methods of direct distribution should be considered compliant?
* How should information be provided to prospective and enrolled students regarding low-performing programs?
* Should disclosure requirements be limited to GE programs or expanded to all Title IV programs?