

## Key Provisions and Analysis of Final Gainful Employment Regulations for Community Colleges

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### Overview/Background

The U.S. Department of Education (ED) released long-awaited final regulations on gainful employment (GE) on October 31, 2014. The regulations take effect July 1, 2015. The authority to regulate gainful employment goes back to the original Higher Education Act of 1965 (HEA), but until 2009 ED had never attempted to do so, and Congress had not encouraged such regulation. The rules are clearly targeted at for-profit institutions but have major implications for community colleges as well.

The GE regulations cover all non-degree Title IV eligible programs (i.e., certificate) at public and private non-profit institutions. At community colleges, they are a subset of Title IV-eligible programs. Almost all programs—degree as well as non-degree—at for-profit institutions are subject to GE. Community colleges have the majority of GE programs across all sectors, although the majority of students enrolled in GE programs attend for-profit institutions.

Earlier GE regulations were challenged in federal court by the Association of Private Sector Colleges and Universities (APSCU). The court struck down the program eligibility metrics (repayment rate and debt-to-earnings), but upheld the disclosure requirements. The latter went into effect July 1, 2011, and are currently in effect. APSCU also has filed suit against the latest GE regulations. It is important to keep in mind that the next Congress may prohibit ED from implementing the GE rule either through the appropriations process or by changing the HEA.

While there is some uncertainty about the nature of the GE regulations that will go into effect next July, community colleges need to continue complying with the current rule and prepare for the implementation of the new one.

The following analysis is designed both to provide substantive information to assist in compliance, along with some context about the policies that ED has adopted. The department's website on the regulations can be found at <http://ifap.ed.gov/ifap/>.

### How Did Community Colleges Fare?

Community colleges have reason to be both pleased and displeased with the final regulations. On the plus side, as will be elaborated below, it appears that no community college GE programs will lose their Title IV eligibility as a result of the regulations. (The impact on for-profit institutions appears to be substantial.) Data released with the proposed regulations indicated that less than 0.1% of community college GE programs possibly might lose eligibility, and even this negligible impact has been eliminated in the final rule by exclusion of the "program default rate." On the other hand, the final regulations

continue to impose considerable and, in our opinion, unnecessary reporting requirements on community colleges that will serve no discernible purpose. Massive amounts of institutional data will continue to be gathered and forwarded to ED, but because of the small number of students in programs and restrictions on releasing data on small numbers of them, most of this data will never see the light of day. Furthermore, the required disclosures are absurdly complicated and extensive.

## Accountability/Program Eligibility

The accountability measures represent one side of the regulations: whether GE programs will be eligible for student aid funds. As stated, community colleges are essentially untouched by this aspect of the regulations. In the final regulations, as per AACC's recommendation, the program cohort default rate (pCDR) was stricken from the regulations and only the "debt-to-earnings" metrics remain. However, in order to qualify for Title IV eligibility, institutions must also certify that each of their GE programs meets state and federal licensure, certification, and accreditation requirements.

Some of the more specific aspects of the debt-to-earnings (D/E) calculations, which will not adversely impact community colleges, follow:

- To pass, GE programs can satisfy one of the two D/E rates. Passing programs are those where program graduates have annual loan repayments below 8% of total income **OR** below 20% of discretionary income, defined as total income minus 1.5 times the federal poverty line.

(In justifying the two debt-to-earnings rates measures, ED stated that "the annual earnings rate and the discretionary income rate, which comprise the D/E rates measure, serve distinct and important purposes in the regulations.

- The annual earnings rate more accurately assesses programs with graduates that have low earnings but relatively low debt.
  - The discretionary income rate will help capture programs with students that have higher debt but also relatively higher earnings." [Federal Register (FR)page 64925])
- Programs whose graduates have annual loan repayments between 8% and 12% of total income **OR** between 20% and 30% of discretionary earnings are considered in the zone.
  - Programs whose graduates have annual loan repayments greater than 12% of total earnings **AND** greater than 30% of discretionary earnings are deemed failing.
  - A GE program is considered to be ineligible for Title IV funds if:
    - "The program either is failing the D/E rates measure in two out of any three consecutive award years for which the program's D/E rates are calculated; **OR**
    - Has a combination of zone and failing D/E rates for four consecutive award years for which the program's D/E rates are calculated." [FR 64925 and FR 65008]

The department acknowledged receipt of numerous comments on the NPRM supporting the use of "mitigating circumstances" to satisfy the passage of the D/E rates measures. AACC had argued that mitigating circumstances should include a demonstrated borrowing rate below 50%. The argument was based on the rationale that such rates of borrowing indicated low risk. ED responded by saying, "We do not agree that a borrowing rate below 50 percent necessarily indicates that a program is low cost or low risk. A program with a borrowing rate of less than 50 percent, particularly a large program, could still

have a substantial number of students with title IV loans and, additionally, those students could have a substantial amount of debt or insufficient earnings to pay off their debt.” [FR 64900]

In response to comments that the D/E rate measures do not reflect graduates of GE programs who may not work at all, move in and out of the workforce, or work only part time, ED said the following: “If an institution expects to generate large numbers of graduates who are not seeking employment or who are seeking only part-time employment, it should consider reducing debt levels rather than expecting students to bear even higher debt burdens. Regardless of whether a student works full-time or part-time or intermittently, the student is still burdened in the same way by the loans he or she received in order to attend the program.” [FR 64926]

Calculations performed by ED on about 5,500 GE programs, using 2010 data, (and using a 1-year window instead of the 3 years for measuring failure and 4 years for measuring in zone status), showed *no* community college programs failed the debt-to-earnings metrics. Overall, about 1,400 programs would either not pass or be in the zone, accounting for about 840,000, 99% of them at for-profit institutions.

Because the threshold for the debt-to-earnings metrics applies only when there are 30 completers either in a 2-year or 4-year cohort, depending on which meets the threshold first, only a small portion of GE programs in community colleges are subject to the metric at all.

## Transparency/Disclosure

As stated, the GE disclosure requirements and the reporting from which they are derived will have a large impact on community colleges criteria. It is important to remember, however, that the reporting requirements do not differ substantially from those in effect since July 1, 2011. The reporting includes each Title IV student enrolled in a GE program (note that GE regulations only cover federally-aided students) and their status (i.e., enrolled, withdrawn, completed), and the total amount of the allowances for books, supplies, and equipment.

A major and *positive* change from the reporting/disclosure scheme currently in effect is that the department and not the institution will perform many of the calculations, such as completion rates, debt, and earnings.

### Reporting requirements

1. An institution must report for each student enrolled in a GE program during an award year who received Title IV, HEA program funds for enrolling in that program:
  - i. Information needed to identify the student and the institution.
  - ii. The name, CIP code, credential level, and length of the program.
  - iii. Whether the program is a medical or dental program whose students are required to complete an internship or residency.
  - iv. The date the student initially enrolled in the program.
  - v. The student’s attendance dates and status (e.g., enrolled, withdrawn, or completed) in the program during the award year.
  - vi. The student’s enrollment status (e.g., full-time, three-quarter time, half-time, less than half-time) as of the first day of the student’s enrollment in the program.
2. For each student who completed or withdrew from the GE program during the award year:
  - i. The date the student completed or withdrew from the program.
  - ii. The total amount the student received from private educational loans for enrollment in the program that the institution is, or should reasonably be, aware of.

- iii. The total amount of institutional debt that the student owes any party after completing or withdrawing from the program.
  - iv. The total amount of tuition and fees assessed the student for the entire enrollment in the program.
  - v. The total amount of the allowances for books, supplies, and equipment included in the student's Title IV Cost of Attendance (COA) for each award year in which the student was enrolled in the program, or a higher amount, if assessed the student by the institution.
3. If the institution is required by its accrediting agency or state to calculate a placement rate for either the institution or program, or both, the placement rate for the program, calculated using the methodology required by that accrediting agency or state, and the name of that accrediting agency or state. [FR 65013]

AACC and other commenters argued that institutions with low borrowing rates or other criteria should be exempt from certain reporting requirements. This was justified on the grounds that essentially all community college programs will continue to be eligible under the regulations, and reporting is not needed to verify that. In many cases no student-related information would be used because of the small numbers of students in various GE programs. In response, ED made the following statements: [FR 64974]

- The department does not agree that a program, foreign or domestic, should be exempt from the reporting requirements because it has a low borrowing rate, low institutional cohort default rate, or low number of students who receive Title IV HEA program funds. The information that institutions must report is necessary to calculate the D/E rates and to calculate or determine many of the disclosure items.
- Exempting some institutions from the reporting requirements, whether partially or fully, would undermine the effectiveness of both the accountability and transparency frameworks of the regulations because the department would be unable to assess the outcomes of many programs. In addition, students would not be able to access relevant information about these programs and compare outcomes across multiple metrics.
- Further, a policy that allowed exemptions from reporting, accountability, and transparency, regardless of the basis, in some years but not others would be impossible to implement. Without consistent annual reporting, the department would, in many cases, be unable to calculate the D/E rates or disclosures in non-exempted years as these calculations require data from prior years when the exemption may have applied.

Regarding the burden imposed by the reporting requirements, ED responded with:

- Any burden on institutions to meet the reporting requirements is outweighed by the benefits of the accountability and transparency frameworks of the regulations to students, prospective students, and their families. [FR 64974]

On a positive note, ED also stated that it will provide training and other guidance, including technical assistance, regarding the reporting requirements: [FR 64975]

- In order to minimize the burden, the department will provide training to institutions on the new reporting requirements, provide a format for reporting, and, so that institutions have sufficient time to submit their data for the first reporting period, enable the National Student Loan Data

System (NSLDS) to accept reporting from institutions beginning several months prior to the July 31, 2015, deadline. Additionally, other ways to simplify the reporting systems will be considered.

- Additionally, ED will provide ongoing technical support to institutions regarding compliance with reporting requirements.

### ***Disclosure requirements***

Institutions must give the disclosure template provided by the secretary on each GE program to enrolled and prospective students. Students must acknowledge receiving the disclosures before they may register for a program. AACC believes that this list of disclosures is excessive, and will likely confuse many prospective students. The secretary will conduct consumer testing to determine how to make the disclosure template as meaningful as possible. The information may include, but is not limited to: [FR 65013-65014]

1. The primary occupations (by name and SOC code) that the program prepares students to enter and links to occupational profiles on O\*NET or its successor site.
2. As calculated by the secretary, the program's completion rates for full-time and less-than-full-time students and the program's withdrawal rates.
3. The length of the program in calendar time (i.e., weeks, months, years).
4. The number of clock or credit hours or equivalent.
5. The total number of individuals enrolled in the program during the most recently completed award year.
6. As calculated by the secretary, the loan repayment rate for any one or all of the following groups of students who entered repayment on Title IV loans during the 2-year cohort period:
  - i. All students who enrolled in the program
  - ii. Students who completed the program
  - iii. Students who withdrew from the program
7. The total cost of tuition and fees, and the total cost of books, supplies, and equipment that a student would incur for completing the program within the length of the program.
8. The placement rate for the program, if the institution is required by its accrediting agency or state to calculate a placement rate either for the program or the institution, or both, using the required methodology of that accrediting agency or state.
9. Of the individuals enrolled in the program during the most recent award year, the percentage who received a Title IV loan or a private loan for enrollment in the program.
10. As calculated by the secretary, the median loan debt for any one or all of the following groups [as determined by the secretary]:
  - i. Those students who completed the program during the most recently completed award year
  - ii. Those students who withdrew from the program during the most recently completed award year
  - iii. All of the students listed above
11. As provided by the secretary, the mean or median earnings for any one or all of the following groups of students:
  - i. Students who completed the program during the cohort period used by the secretary to calculate the most recent D/E rates for the program
  - ii. Students who were in withdrawn status at the end of the cohort period used by the secretary to calculate the most recent D/E rates for the program
  - iii. All of the students listed above

12. As calculated by the secretary, the most recent program cohort default rate.
13. As calculated by the secretary, the most recent annual earnings rate.
14. Whether or not the program satisfies the applicable educational prerequisites for professional licensure or certification in each state within the institution's MSA and those which the institution has made a determination regarding such requirements and for any states not described here, a statement that the institution has not made a determination with respect to the licensure or certification requirements of those states.
15. Whether the program is programmatically accredited and the name of the accrediting agency.
16. A link to the U.S. Department of Education's College Navigator website, or its successor site, or other similar federal source.

Institutions must also disclose basic information on each GE program, including length of program, student enrollment, primary occupation(s) for which program is intended, placement rate (but only when available), percent of Title IV recipients, and whether program accreditation is required. Other information calculated by ED from institutional information must be disclosed but only if the 10-person threshold is met.

In response to comments made by AACC and others that all of the required disclosures would overwhelm or simply confuse students, ED made the following statements: [FR 64976]

- The department believes that all of the proposed disclosures would provide useful and relevant information to prospective and enrolled students.
- However, as was stated in the NPRM, ED does not intend to include all of the disclosure items listed on the disclosure template each year.
- In determining which pieces of information to require institutions to disclose, ED has focused on identifying information that will be most helpful to prospective and enrolled students, and flexibility has been built into the regulations to allow for modifications based on consumer testing and student feedback.

As with the reporting requirements, ED will assist institutions in the transition from the current to the new disclosure requirements. ED will be evaluating the impact of the disclosures that are established in the regulations. [FR 64977]

The department also addressed the privacy concerns raised by commenters. This instruction against releasing data for fewer than 10 students guided much of AACC's perspectives on the proposed rule. In this area, ED stated that:

- The department will apply the same sub-regulatory guidance to institutions under the current GE disclosure requirements instructing them not to disclose certain information if fewer than 10 students completed the program in the most recently completed award year. That information includes median loan debt, the on-time completion rate, or the placement rate (unless the institution's state or accrediting agency methodology requires otherwise) for a program.
- Specifically, an institution may not include on the disclosure template information about completion or withdrawal rates, the number of individuals enrolled in the program during the most recently completed award year, loan repayment rates, placement rates, the number of individuals enrolled in the program who receive Title IV loans or private loans for the enrollment

in the program, median loan debt, median or mean earnings, program cohort default rates, or the program's most recent D/E rates if that information is based on fewer than 10 students. [FR 64977]

Other pertinent statements made by ED about the disclosure requirements include: [FR 64978]

- The department does not agree with commenters who said that the GE disclosure information is redundant to information provided in other federal sources such as the College Navigator, the College Scorecard, and the planned college rating system. These three are tools that provide, or will provide, consumers with information at an institutional level. They do not provide information about the graduation rates, debt, or employment and earnings outcomes of particular GE programs.
- Moreover, College Navigator, College Scorecard, and the college rating system will be accessible through the department's website, whereas institutions will be required to publish the disclosures required by these regulations where students are not only more likely to see them, but also more likely to see them early in their search process—on the institutions' own websites and also in informational materials such as brochures.

ED has acknowledged that the reporting and disclosure requirements create a heavy administrative burden on the institutions.

## Some Key Implementation Elements

Properly implementing the GE regulations is a major undertaking for institutions. This section covers some key terms and provisions for community colleges.

### **GE program**

A GE program is an education program offered by an institution and identified by a combination of the institution's six-digit Office of Postsecondary Education ID (OPEID), the program's CIP code as assigned by the institution or determined by the secretary, and the program's credential level. [FR 65007]

For community colleges the GE program's credential level is an undergraduate certificate.

To provide greater clarity in the potential overlap of certificate and degree programs, ED made the following statements:

- "A degree program at a public institution is not a 'GE program,' even though enrolled students may also earn a certificate as part of the degree program." [FR 64898]

Therefore, an associate program at a community college is not a GE program, even though enrolled students may also earn a certificate as part of the associate degree program.

- "If a student is separately enrolled in a certificate program that student is included in that GE program for purposes of the D/E rates measure and disclosures." [FR 64898]

Students who are enrolled in both an associate degree program and in a certificate program at a community college would be counted as being enrolled in a GE program, because the certificate program is a GE program.

Tracking which GE program a student is enrolled in (and even whether they are enrolled in a GE program) throughout their entire time at an institution can be extremely challenging, although the regulations assume that this is a straightforward process. The reality is that students often enroll in one

program and switch to another program or even a number of programs before they leave the institution (with or without a credential). This switching may occur not by a formal declaration but by virtue of the student taking courses outside the program sequence in which he or she originally or previously registered. As campus officials are aware, students often enroll in degree programs but ultimately that is granted without the student completing the degree program.

The department's final rule responded to comments made by AACC and others about students who switch programs mid-course or enroll in multiple programs simultaneously. In its response to the request for clarification and additional information about these complicated enrollment patterns, ED stated that:

- The GE Operations Manual and the NSLDA GE User Guide will be revised to reflect the regulations. "In updating these resources, we will provide additional guidance on tracking student enrollment."
- "Additionally, we will provide ongoing technical support to institutions regarding compliance with the reporting requirements." [FR 64975]

### **Student**

An individual who received Title IV, HEA program funds for enrolling in the GE program. [FR 65008]

This definition of student means that the debt-to-earnings measures are calculated for and the disclosure information is based on only Title IV recipients in a GE program. This has immense implications for the regulations' relevance to community colleges, because most community college GE students do not receive federal student financial aid.

ED addressed this issue head on in the following statements:

- "We understand that some GE programs may not have a large number of individuals receiving Title IV, HEA program funds, but given the overall purpose of the regulations—determining a GE program's eligibility for Title IV, HEA program funds—we do not believe it is necessary to measure the outcomes of individuals who do not receive that aid.
- For the same reasons, we do not believe it is necessary to include individuals who do not receive Title IV, HEA program funds in the calculation of D/E rates or in the disclosures the Department calculates for a program." [FR 64899]

### **Cohort period**

For each GE program, the secretary uses the 2-year cohort period when the number of students completing the program is 30 or more. The secretary uses the 4-year cohort period when the number of students completing the program in the 2-year cohort period is less than 30 and when the number of students completing the program in the 4-year cohort period is 30 or more. [FR 65007]

This threshold of a minimum of 30 completers within a 2-year or 4-year timeframe applies to the calculation of the debt-to-earnings rates. As stated above, there is a different threshold for the calculated disclosure items (a minimum of 10 students, some of whom may not be program completers). In fact, a majority of community college GE programs will have neither metrics calculated nor student-related disclosures (beyond basic program data).

ED made the following statement:

- "The Department will create a list of students who completed a GE program during the cohort period.

- For every GE program, the list identifies each student by name, Social Security Number (SSN), date of birth, and the program the student completed during the cohort period.
- After providing an opportunity for the institution to make any corrections to the list of students, or the information about the students, the Department submits the list to SSA.” [FR 64950]

### *Annual earnings*

The secretary obtains from the Social Security Administration (SSA) the most currently available mean and median annual earnings of the students who completed the GE program during the cohort period and who are not excluded. The secretary uses the higher of the mean or median annual earnings to calculate the D/E rates. [FR 65009]

Exclusions – The secretary excludes a student from both the numerator and denominator of the D/E rates if the secretary determines that: (1) one or more of the student’s Title IV loans were in a military-related deferment; (2) one or more of the student’s Title IV loans are under consideration or have been approved by the secretary for a discharge on the basis of the student’s total and permanent disability; (3) the student was enrolled in any other eligible program at the institution or at another institution for which the Secretary obtains earnings information; (4) for undergraduate GE programs, the student completed a higher credentialed undergraduate GE program at the institution subsequent to completing the program as of the end of the most recently completed award year prior to the calculation of the draft D/E rates; (5) for graduate programs, the student completed a higher credentialed graduate GE program at the institution subsequent to completing the program as of the end of the most recently completed award year prior to the calculation of the draft D/E rates; (6) the student died. [FR 65009]

For purposes of clarification, ED made the following statements:

- “The regulations provide for the consideration of the outcomes of students who have completed a program and have only received Pell Grants and, therefore, have no debt for the D/E rates calculation.
- Further, we assess debt as a median when calculating the D/E rates, so that programs in which a majority of the students who have completed the program do not have any Title IV loans would have a D/E rates of zero and would pass the D/E rates measure.” [FR 64923]
- “In cases where mean earnings are greater than median earnings, we use the mean because the median may be sensitive to zero earnings. For example, if the majority of the students on the list submitted to the SSA have zero earnings, the program would fail the D/E rates measure even if most of the remaining students had relatively high earnings. In other words, when the median is less than the mean, there may be a large number of students with zero earnings. So, we use the mean earnings to diminish the sensitivity of the D/E rates to zero earnings and better reflect the central tendency in earnings for programs where many students have extremely low and extremely high earnings.” [FR 64933]
- “In cases where median earnings are greater than mean earnings, we use the median because it is likely that there are more students who completed a program with relatively high earnings than with relatively low earnings... Relatively high median earnings indicate higher employment rates, and by using the median when it is higher than the mean, we reward programs where a high fraction of students complete a program and obtain employment.” [FR 64933]
- “We agree to post the mean and the median earnings for all GE programs on the Department’s Web Site, and we will identify whether the mean or the median earnings were used to calculate the D/E rates for any particular program.” [FR 64933]

### **Annual earnings rate**

The percentage of a GE program's annual loan payment compared to the annual earnings of the students who completed the program. [FR 65007]

How the annual earnings and annual loan payments are determined is essential to understand.

The process by which annual earnings are determined is clarified by ED as follows:

- SSA first compares the SSN, name, and date of birth of each individual on the list with corresponding data in its SSN database, Numident.
- A match occurs when the name, SSN, and date of birth of a student as stated on the department's list is the same as a name, SSN, and date of birth recorded in Numident for an individual for whom an SSN was applied. (SSNs for which a death has been recorded will be considered "unverified SSNs.")
- Unverified SSNs will be excluded from the group of matched individuals, or "verified SSNs," and therefore no earnings match will be conducted for those SSNs.
- If the number of verified SSNs is fewer than 10, SSA will not conduct any match against earnings records, and will notify the department. (The incidence of non-matches is expected to be less than 2%.)
- If the number of verified SSNs is 10 or more, SSA will then compare those verified SSNs with earnings records in its Master Earnings File (MEF).
- SSA then totals the earnings reported for these SSNs and reports to the department the mean and median earnings for that group of students, the number of verified individuals and the number of unverified in the group, the number of instances of zero earnings for the group, and the earnings year for which data is provided.
- SSA does not provide to the department any individual earnings data or the identity of students who were or were not matched. [FR 64950]
- Where SSA identifies zero earnings recorded for the earnings year for a verified individual, SSA includes that value in aggregate earnings data from which it calculates the mean and median earnings that it provides to the department, and uses those mean and median earnings to calculate the earnings for the program.
- The department does not issue D/E rates for a program if the number of verified matches is fewer than 30.
- If the number of verified matches is fewer than 30 but at least 10, the mean and median earnings data is provided to the institution for disclosure purposes. [FR 64950-51]
- The MEF is an SSA database that includes earnings reported by employers to SSA and also by self-employed individuals to the Internal Revenue Service (IRS), which are in turn relayed to SSA.
- "Regardless of whether state and local government employees participate in a state retirement system...all earnings of public employees are included in the SSA's MEF and included in the aggregate earnings data set provided to the Department. In addition, earnings from military members are included in MEF." [FR 64951]

### **Annual loan payment**

As stated, the annual loan payment is a key element of the D/E calculation. The secretary calculates the annual loan payment for a GE program by: (1) determining the median loan debt of students who completed the program during the cohort period, based on the lesser of the loan debt incurred by each student as determined under the loan debt and assessed charges and the total amount for tuition and fees and books, equipment and supplies for each student; (2) amortizing the median debt over a 10-year repayment period for a program that leads to an undergraduate certificate, a post-baccalaureate

certificate, an associate degree, or a graduate certificate; (3) and using an annual interest rate that is the average of the annual statutory interest rates on Federal Direct Unsubsidized Loans that were in effect during the 3-year period prior to the end of the cohort period for undergraduate certificate programs, post-baccalaureate certificate programs, and associate degree programs. [FR 65008]

ED agreed with the commenters that the interest rate used to calculate the annual loan payment should reflect the interest rates on the loans most commonly obtained by students. Therefore, ED changed the final rule so that “the Secretary will calculate the annual loan payment for a program using the average of the annual statutory interest rates on Federal Direct Unsubsidized Loans that apply to loans for undergraduate and graduate programs and that were in effect during a three- or six-year period prior to the end of the cohort period.” [FR 64940-41]

#### ***Loan debt and assessed charges***

In determining the loan debt for a student, the secretary includes: (1) the amount of Title IV loans that the student borrowed for enrollment in the GE program (Not included are: PLUS loans made to parents of dependent students, Direct Unsubsidized Loans that were converted from TEACH grants); (2) any private education loans, including private education loans made by the institution, that the student borrowed for enrollment in the program; and (3) the amount outstanding, as of the date the student completes the program, on any other credit (including any unpaid charges) extended by or on behalf of the institution for enrollment in any GE program attended at the institution that the student is obligated to repay after completing the GE program. [FR 65009]

ED made the following statements regarding loan debt:

- The D/E rates measure will typically capture not the actual total student debt, but only a portion of that debt, up to the amount of direct charges.
- The D/E rates measure assesses aggregate debt burden for a cohort of borrowers, and does so using a formula that holds the institution accountable only for the borrowing costs under its control—tuition, fees, books, equipment, and supplies.
- ED continues to believe that for the purpose of the D/E rates measure, loan debt should be capped at the amount charged for items within an institution’s control. “We do not believe that it is reasonable to include room and board charges in the amount at which loan debt is capped. Unlike tuition and fees, books, equipment, and supplies, costs which all students must pay for, room and board are within the choice of the student, and their inclusion runs counter to the general position that we hold schools accountable under these metrics for those cost that are under their control. [FR 64918]

The above analysis summarizes most of the major features, and some of the implementation minutia, that the GE regulations present for community colleges. For more information on the regulations, please contact AACC’s director of policy analysis Jolanta “JJ” Juskiewicz, via e-mail at [jjuskiewicz@aacn.edu](mailto:jjuskiewicz@aacn.edu), or by telephone at (202) 416-4502.