Webinar #8

Release of 2011 GE Informational Rates

(Question and Answer Portion)

Moderator: Massie Ritsch
Presenter: David Bergeron

June 26, 2012
8:00 AM ET

INTRODUCTION:

Massie Ritsch: Good morning everyone. From the US Department of Education here in Washington at our headquarters, this is Massie Ritsch from our Office of Communications and Outreach. Thanks for joining us this morning.

We'll talk you through - give you some background information on a data set that we're releasing today - that we have released. You can find it online. It's related to our 2011 Gainful Employment informational rates.

Want to talk you through the logistics here. We have a couple of folks to talk you through the information: David Bergeron, who's our Deputy Assistant Secretary in the Office of Postsecondary Education, will take you through a presentation, and then we'll open it up for questions, where David and our press secretary, Justin Hamilton, will be on hand.

[Presentation slides with speaker notes are posted on IFAP at http://ifap.ed.gov/presentations/2012GE08Webinar062612.html

QUESTIONS AND ANSWERS:

Massie Ritsch: There was one question -- that's N/A, not applicable, in some of your data tables. What did that mean for folks?

David Bergeron: When you see an N/A displayed in the data table that we made public today, it means that there were fewer than 31 student's performances available in the cohort. And so any time you see an N/A it is because there are not sufficient numbers of students to be evaluated under our regulation.

Massie Ritsch: Why do so many schools show 0% for their debt-to-earnings ratio?

David Bergeron: The reason why you see a zero for the debt-to-earnings ratio is that what we are looking at is the median debt. And for some programs, the median debt is zero. Remember what a median is. It's a midpoint in the range. And so if the predominant value for debt for program completers is zero, then the debt-to-earnings ratio is - defaults to zero.

Massie Ritsch: Let's see, a question about program data, not all of it being received. Some specifics on - did you get all the data that - from all the programs?

David Bergeron: It is true that a number of institutions submitted data too late for us to send that information to the Social Security Administration. And it's also true that for some institutions and some programs, there were no students enrolled during the cohort period.

And so there are two circumstances: one is where the data came in too late for us to use it and send it to the Social Security Administration, and also that there are also some programs where there were no students enrolled during the cohort period.

We know also that this is the first time an institution had to do this work. We know that it was difficult in some cases for them to obtain the data and send it to us, and we know that also that they will all do it better next year as we calculate the official rates, in meeting the deadlines so that we'll have all of the programs represented in the data that we send to the Social Security Administration next year.

Massie Ritsch: Why are some of the institutions, particularly in the cosmetology sector, why do they have 100% listed in their discretionary debt column?

David Bergeron: For programs where their annual loan payment is higher than the discretionary income, it results in there being 100% of the earnings in excess of the 150% of poverty being used to pay the students' debt.

That's why we see 100% discretionary income in that column. These are individuals where one - where all of their discretionary income -- that is [above] 150% of poverty for a single person -- is to pay their student debt.

Massie Ritsch: Another question, David. If a program has a repayment less than 35% but does not have a debt-to-earnings or debt-to-discretionary income rate, does the Department consider that failing or passing?

David Bergeron: Pass. Under our regulations, if we're unable to calculate a rate, the program passes. In general, that's the result of the application of the small program provision that requires [at least] 31 students to be reported to be evaluated.

Remember, I said earlier in future years we will implement a procedure that will allow us to evaluate four years of student records, and that will result in fewer programs being subject to this small programs provision that results in no rates being calculated.

Massie Ritsch: David, Why do you have programs that enroll fewer than half of the six million students that enrolled in Gainful Employment programs? Did those schools not submit data?

David Bergeron: No. In general, as I indicated what we see is these are programs that are relatively small. They have fewer than 31 students in the cohort. As a result of that, they're not subject to evaluation under these informational rates.

When we release the first official rates and have two additional years of performance of students in that cohort, fewer programs will be subject to the lack of disclosure around [rates] because of the 31 student limitation that we included in the rule. And so it is likely that far fewer programs will have no data in the debt-to-earnings calculation in future years.

Massie Ritsch: Just a question about data submission. The 2011 information was taken from '07/'08. Data submission for 2012 will still rely on 2008/2009?

David Bergeron: It will rely on 2008/2009 for the two-year calculation. It will be FY 2006 2007, 2008, 2009 for the four-year range.

Massie Ritsch: Couple of questions about folks just inquiring about letters that may not have come yet or data that's missing. Any guidance on - if you're an institution and you haven't heard from us on this or if you're looking for data on an institution and you're not finding it, what might explain that and what you can do?

David Bergeron: When we issued the Electronic Announcement, it does have contact information for institutions to use so that if they do not have or cannot see their data.

We have had a few contacts from institutions that have gone to that contact information. And thus far, the information has been there; there's just been some technical difficulties in obtaining that information. And we've worked with institutions and will continue to work with institutions in the coming days to make sure that they have access to that information.

So if you're a school and you're unable to get to your backup information, please contact the folks identified in the Electronic Announcement so that we are able to help you get that information. So far when we looked at it, the data's been there and there's just been issues about how it is accessed.

Massie Ritsch: Another question about just the data that's been shared with institutions. Why were schools not given the opportunity to appeal or offer corrections to the data, since this was the first time schools were required to report the data to the Department?

David Bergeron: Institutions are responsible for the accuracy of the program data they reported to the Department, which is the foundation for obtaining the average and median program earnings and performing the repayment rate calculation.

The informational rate process was designed to provide institutions with information about the relative performance of their programs before any regulatory actions were required or stipulated in the rule. Because there are no official sanctions associated with it, and these are not official rates, a correction process was not offered.

When we implement the official rate, calculate in 2013, institutions will have a 45-day period to examine this information and to correct or challenge the rate.

We think that getting this information to institutions early enough for them to take action to improve the performance of their programs is the overriding consideration in making these data available without - a challenge or correction process at this time.

Massie Ritsch: David, can you repeat what the 3% allowance is?

David Bergeron: We know that there are students who are enrolled in - or taking advantage of income-based or income-contingent repayment plans. Those individuals will not necessarily be paying down their principal on their student loans, and so we provided an allowance in the calculation of 3% to take that into consideration. It's about twice the rate - overall rate of utilization for those repayment plans in our programs today.

So it's a general allowance that we provided. We will be monitoring the utilization of those repayment plans and make adjustments to that allowance in future years so that we do not disadvantage institutions that are appropriately complying and making available to their students information about the income-based and income-contingent repayment plans.

Massie Ritsch: And an institutional question here. Would we receive the informational rates even if we had less than 31 students in a cohort so we can make adjustments if necessary?

David Bergeron: We are unable to provide information about the informational rates where it's cohorts below the 31, although we did send backup data if there were - there was activity in the two-year period. So there is some backup data that might - that would be helpful to institutions, despite the fact that we did not calculate an informational rate.

Massie Ritsch: If a program was reported - seems like there was a program might've been reported under multiple CIP codes? Any idea why this might happen?

David Bergeron: If the institution provided us information about the CIP - Classification of Instructional Program - codes that they assigned to their institution's programs, if they provided us information in - with multiple CIP codes, then that's the reason why.

We have had no information about the CIP code programs in which students were enrolled prior to this process being implemented, and so we had no ability to correct information around CIP codes that were being provided by institutions.

Massie Ritsch: And for assistance for institutions that may be surprised by their Gainful Employment information rate, how can they work with the Department to better understand our calculation?

David Bergeron: There's a tremendous amount of information available about the Gainful Employment process on the Department's IFAP Web site. So principally I would start by looking at the information that has been being provided throughout this process in the IFAP Web site.

If you have - continue to have questions, there is an e-mail box that's listed on that Web site where you can submit questions to us, and we are updating almost daily our frequently asked questions information on that Web site so that we are able to be responsive not just to individual questions but questions that are broadly important to institutions as they evaluate their data. So I would encourage you to use that question box - e-mail box on the Gainful Employment section of the IFAP Web site.

IFAP is, for those of you who don't know, is IFAP.ed.gov, and there is a prominently displayed on that page, in the top right-hand corner, I believe, a link to the Gainful Employment portion of the IFAP page. So please take advantage of that, and we will try to be responsive to the questions that we receive.

Massie Ritsch: David, I think we'll make this the last question. Was data from the Bureau of Labor and Statistics used to calculate debt-to-income? Or was it actual reported income from Social Security?

David Bergeron: The data used to calculate the debt-to-earnings ratios that we are releasing today is data that we received at a program level from the Social Security Administration. This is the actual earnings - median and mean earning - for former students of these programs.

So this is a very valuable piece of information as we assess program performance of these Gainful Employment programs is that we are able to now see the actual earnings and not rely on survey data that is available from Bureau of Labor and Statistics at a national level. The (higher of the) mean and median earnings for the programs are available on the spreadsheet.

END