GE Alternative Concept Proposal

Two-Year Transition

For a period of two years, Congress would prohibit the Secretary from fully implementing the Gainful Employment regulations, providing needed additional time for the Department and institutions to fully develop and appropriately phase in the process.

During the two-year period, the gainful employment regulatory process and determination of the metrics would proceed, with modification, with the final debt-to-earnings metrics published as Informational Rates. The Informational Rates would not be used to determine programmatic eligibility.

Institutions and the Department would use the transitional period to:

- Address issues/concerns related to the reporting requirements brought forth by NASFAA on behalf of the impacted community during the (date) House hearing;
- Enable the Department and institutions to fully publish and pilot test the remaining elements of the GE process, including but not limited to the survey process and use of the Data Challenge and Appeal Solution system; and
- Request the Department's development and submission of a report to Congress on the effect of the regulations both in terms of actual time vs. estimated time for institutional compliance, the effect on institution's programmatic/institutional eligibility, and broader economic concerns regarding labor shortages, lost revenue, and unintended consequences for specific industries.

As part of this transitional period, Congress would also evaluate whether or not the use of the upper and lower thresholds and the "zone" concept should be maintained and also determine whether or not revisions to the percentages should be modified as well.

Proposed Demonstration Programs During Transitional Period

During the first-year of the two-year transitional period, the Department would be required to conduct two alternative implementation processes or demonstration programs designed to test concerns raised by the impacted communities regarding the population served and the inaccurate reporting of income compared to Department of Labor prescribed norms.

Congress would use these demonstrations to inform the regulatory process, possibly resulting in revisions to the regulations prior to full implementation and the use of the regulations as determinates of institutional eligibility.

Demonstration One

The Department would run alternate calculations of all institutions debt-to-earnings metrics which would cap the debt for each student at the amount of institutional charges for the program minus Pell funds disbursed for the program.

From the data generated, the Department would be required to develop a report within 90 days of the release of the first set of Informational Rates showing whether or not institutions serving a disproportionate population of Pell eligible students are more likely to be at risk of failing to comply with the regulations.

Demonstration Two

For any program in which the U.S. Department of Labor's Bureau of Labor Statistics aggregated income reflects a mean or median earnings greater than the earnings provided by the Social Security Administration, the Department will present two sets of debt-to-earnings metrics.

From the data generated, the Department would be required to develop a report within 90 days of the release of the first set of Informational Rates showing whether or not the use of the BLS data vs. the SSA data results in significant changes in the compliance of certain programs and/or institutions.