***Important Caveat**: This information is provided for general guidance only and as a courtesy to those who attended our informational webinar. This and the webinar content should not and cannot be relied upon as legal advice. We hope that the information provided will assist your institution in spotting issues particular to your institution for further follow up. Please consult with legal counsel for advice specific to your institution's particular facts and circumstances. Thank you.*

# Questions & Answers from R&L/CER
# GAINFUL EMPLOYMENT WEBINAR December 11, 2014

**Q1: For purposes of "other credit" that the Secretary uses for calculating the loan debt used to determine the Annual Loan Payment, does this include "unpaid account receivable," if any, that student owes the school upon graduation? What affect would there be if the student does not pay it and school does not attempt to collect it?**

A1: Yes, "other credit" would include "unpaid accounts receivable" owed by the student. 34 C.F.R. § 668.404(d)(1)(iii) requires the Secretary to include "the amount outstanding, as of the date the student completes the GE Program, on any 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, including extensions of credit." Even if the student does not pay the amount owed and the school does not attempt to collect it, if it remains an obligation on the student's account, our interpretation is that the institution must report it to the Department pursuant to 34 C.F.R. § 668.411(a)(2)(iii) for both completed and withdrawn students. For completers that are part of the applicable cohort, the debt becomes part of the Department's median loan debt calculation. (But remember that median loan debt under 34 C.F.R. § 668.404(b)(1) is capped at total amount of tuition and fees assessed for the student's entire enrollment in the GE program plus the total amount of allowances for books, supplies and equipment included in the student's Title IV Cost of Attendance for each award year the student was enrolled in the GE Program.) The Department has not opined on how the unpaid obligation would be treated if the school completely forgave the amount owed and removed it from the student's account, prior to or after graduation. Our view is that if the obligation of the student to the school or a third party is extinguished completely prior to the student's completion of the GE program, it is no longer a debt obligation and should not need to be reported.

**Q2: Do you know when the initial institutional Debt-to-Earnings (D/E) rates will be released to the institutions?**

A2: Our guestimate is that the first set of draft D/E rates for the 2014-15 award year will be issued by the Department in Spring 2016 (i.e., March or later), based on the fact that the required Social Security Administration earnings data for calendar year 2014 will not become available until early 2016 based on information provided by the Department. However, the release of the draft D/E rates could slip for a variety of reasons so this is just a guestimate.

**Q3: Will institutional draft D/E rate numbers be public when they are released?**

***Important Caveat**: This information is provided for general guidance only and as a courtesy to those who attended our informational webinar. This and the webinar content should not and cannot be relied upon as legal advice. We hope that the information provided will assist your institution in spotting issues particular to your institution for further follow up. Please consult with legal counsel for advice specific to your institution's particular facts and circumstances. Thank you.*

A3: The Department has not stated that draft D/E rates will be made public. Rather, they have stated in the Final Rule only that each institution will receive written notice of the draft D/E rates. We anticipate that the Department will treat the draft D/E rates similar to draft CDR rates, and not release them to the public in draft form. The Department stated in the Preamble to the Final Rule, however, that mean and median earnings used to calculate D/E rates for each GE Program, as provided by SSA to the Department, will be posted on the Department's website. See 79 Fed. Reg. 64933.

**Q4: In terms of state authorization, in California the non-profit colleges still do not have a state agency in which to process student complaints to. Is ED considering another extension on enforcing state authorization rules?**

A4: Although this question is off-topic, it was posed by a webinar attendee and may be of general interest to other webinar attendees so we are including our answer here. We are not aware of any additional extension of the state authorization rule being contemplated by the Department applicable to California or any other similarly situated state. However, we learned recently through the California Department of Consumer Affairs that the state is working on crafting legislation that would establish a complaint process under state law that meets the requirements of the state authorization rule for institutions that are exempt from licensure under the California Bureau of Private Postsecondary Education's regulations. Based on the information available to us, the legislation is expected to be introduced early this year and enacted prior to July 1, 2015. It may require institutions to enter into agreements with a state entity that can manage a complaint process and the institution will be required to notify students of that process. The complaint body will be authorized to act on complaints and the institution will need to pay a fee for that function. At this time, the state is planning to limit this legislation to "independent institutions of higher education" as defined by Section 66010(b) of the California Education Code, which means private, non-profit institutions of higher education.

**Q5: How will institutions report GE Rule data to the Department?**

A5: Just after our webinar, the Department announced that on **January 13, 2015** and again on **January 15, 2015** at 1:00 P.M. (ET), it will present a webinar designed to provide institutions with information on reporting data to the Department GE Programs. The webinar will discuss the required GE Program reporting process using the National Student Loan Data System (NSLDS) and will include information on submitting files using the Student Aid Internet Gateway (SAIG) or using an online upload process. For more information, see http://ifap.ed.gov/dpcletters/ANN1427.html.

**Q6: When an institution reports outstanding student balances to the Department, should it be for students who used any Title IV or just students who have Title IV debt?**

A6: The former. The Final Rule defines "student" as an individual who received Title IV funds for enrolling in the GE Program. D/E rates are calculated based on data regarding students (limited to those who received any Title IV aid) who complete within the applicable cohort period. Students who used Title IV aid, but have no Title IV loan debt are not excluded from the D/E rate calculations. Therefore, the institution must report any institutional loan debt applicable to the student at the time he/she completes the GE Program, even if the student has no Title IV debt. See 34 C.F.R. § 668.404(d).

**Q7: What about students that have institutional debt but not T4 Debt?**

A7: Similar to the answer above, if the student utilized Title IV funds (grant or loan) to pay for the GE Program in which they were enrolled at the institution, that student is included within the applicable cohort and any debt obligation they have to the institution at the time of completion, whether institutional, Title IV or private, is utilized by the Department for the median loan debt calculation. Institutions must report institutional and private debt to the Department as part of their annual reporting obligations. See 34 C.F.R. § 668.411(a)(2)(iii).

**Q8: Is there any projection as to when the Department will provide record layout requirements for the reporting?**

A8: See Q5/A5, above. We expect this information should be included in the Department's January 13 and 15, 2015 webinars on the NSLDS reporting process and requirements.

**Q9: If, after graduation, institutional debt is taken out by the parents, does it count in these calculations (similar to PLUS loans)?**

A9: 34 C.F.R. § 668.404(d)(i) states that loan debt for purpose of the D/E rate calculation does not include "Federal PLUS Loans made to parents of dependent students, Direct PLUS Loans made to parents of dependent students, and Direct Unsubsidized Loans that were converted from TEACH Grants." This question seems to contemplate parents taking on institutional debt in place of a student. Although we need more information to fully understand the question, we think the key determining factor here is whether the student has ANY obligation to repay such institutional loan at the time of completion, even if as a co-signatory to the institutional loan with a parent or if the obligation is to a third party for the benefit of the institution. 34 C.F.R. § 668.411(2)(iii). 34 C.F.R. § 668.411(a)(2)(iii) states that institutional debt is the amount the student owes **any party** after completing the Program. If the student owes the parent repayment for the institutional loan through a separate debt instrument of which the institution is aware, it is possible, in our opinion, that such obligation is debt that must be

included in the loan debt amount for D/E rate purposes, despite the fact that PLUS loans are excluded from loan debt. However, we need more information to fully answer this question.

**Q10: As for reporting all expenses a student has accrued for a GE Program, does this include actual expenses for each student, or can it be just a single 'typical' tuition/fees for the GE Program? I'm trying to visualize whether actual student account details will have to be used in reporting this data point or if just a generic 'program expense' can be reported for each student.**

A10: As provided in 34 C.F.R. §§ 668.411(a)(2)(iv) and (v), the tuition and fees amount and the total amount of the allowances for books, supplies, included in the student's title IV Cost of Attendance (COA) for each award year in which the student was enrolled in the GE Program (or a higher amount if assessed the student by the institution) are student-specific, not general, numbers.

**Q11: Any guidance on conflicting CIP Codes over the time periods and students in the transition periods?**

A11: We understand this question to be asking how to harmonize conflicting CIP codes for purposes of reporting data to the Department for one GE Program through the look back reporting period. We recommend referring this question to the Department in connection with its training on use of the NSLDS system for reporting GE Program information to obtain guidance on how to harmonize conflicting CIP codes .

**Q12: It was my understanding that alternate earnings challenge could come from local or State information such as labor statistics. Based on the presentation are you saying that the local or state information has to be from or more accurately about the individual?**

A12: Yes. Alternate earnings appeals data cannot be generalized local or state earnings information but, instead, must be about the student within the cohort being measured. Specifically, under 34 C.F.R. § 668.406, alternate earnings appeals must be based either on audited institutional surveys of the students in the actual measured cohort or on information from state-sponsored data systems that are also student specific. With respect to the latter, 34 C.F.R. § 668.406(d) provides that an institution must: (1) obtain annual earnings data from one or more State-sponsored data systems by submitting a list of the students in the cohort to the administrator of each State-sponsored data system used for the appeal; (2) demonstrate that annual earnings data were obtained for more than 50 percent of the number of students in the cohort period not excluded and that number of students must be 30 or more; and (3) submit as part of the appeal a certification signed by the institution's chief executive officer attesting that it accurately used the State-provided earnings data to recalculate the D/E rates (with any other

supporting documentation requested by the Secretary). Both alternate earnings appeals avenues are based on data about the actual students in the applicable cohort.

**Q13: If the first draft D/E rates won't be issued until Spring of 2016, how did the Department make their projections on ineligible programs and students?**

A13: In 2012, the Department estimated the impact of the draft GE Rule and issued "informational rates" to the public as part of the negotiated rulemaking process based on NSLDS data for students who completed GE Programs in October 1, 2007 through September 30, 2009 and using 2011 calendar year mean and median earnings provided to the Department by the Social Security Administration (SSA). The higher of the mean or median 2011 earnings was used as the annual earnings component of the annual earnings rate and discretionary income rate calculations. For more about the Department's methodology, see http://www2.ed.gov/policy/highered/reg/hearulemaking/2012/2012-ge-info-rates-methodology050714.pdf

**Q14: How can the school obtain challenge data on an individual when you don't know what income data or value was used for that individual? When the earnings data comes back from ED we only see an aggregate number correct?**

A14: Correct. The Social Security Administration ("SSA") only provides aggregated mean and median earnings information for each GE Program to the Department. Pursuant to 34 C.F.R. § 668.413(b)(9), the Secretary determines the median earnings for the students who completed the GE Program during the cohort period by: (A) creating a list of the students who completed the program during the cohort period and providing it to the institution, (B) allowing the institution to correct the information about the students on the list, (C) obtaining from SSA the median annual earnings of the students on the list, and (D) notifying the institution of the median annual earnings for the students on the list (without identifying data for individual students). The GE Rule does not permit institutions to challenge the SSA's earnings data directly. However, institutions that have GE Programs in the zone or failing based on final D/E rates are permitted to file "alternate earnings appeals" based on institutional survey or state-sponsored data base information for the students in the cohort. See 34 CFR § 668.406. If the Department accepts the institutional survey or state-sponsored database information, the median earnings information would be substituted for SSA data for purposes of recalculating the D/E rates.

**Q15: If during the transition period, the look-back cohort is greater than 30 students but the current year (the transition year) is less than 30 students, can the transition year numbers count for testing?**

A15: This question is not answered in the Preamble or text of the Final Rule. Our presumption is that transition rates would not be able to be calculated by the Department for that year due to the fact that the cohort size for measuring median loan debt is not 30 students or above, which is a fundamental requirement for calculating D/E rates in the Final Rule. However, we are not certain that this would be the Department's position.

**Q16: How does the Department incorporate the institutional and private financing into the D/E rates?**

A16: Pursuant to 34 C.F.R. § 668.404(d) and 34 C.F.R. § 668.411(a)(2), institutions are required to report institutional loan and private education loan information to the Department for each student in the cohort so that the Department can use that data in its median loan debt calculation. Specifically, by July 31, 2015, institutions must report (among other data items): the total amount the student received from private education loans, as described in 34 C.F.R. § 668.404(d)(1)(ii), for enrollment in the program "that the institution is, or should reasonably be, aware of" and the total amount of institutional debt, as described in 34 C.F.R. § 668.404(d)(1)(iii), that the student owes any party after completion of the GE Program. Institutional debt includes credit extensions for which the student has an outstanding obligation to the school or another party at the time of completion.

**Q17: Did I misunderstand...I thought the final rule eliminated the different credential level as a way to establish a different GE program.**

A17: The Final Rule did not eliminate credential level as a way to differentiate GE Programs, except for determining whether a GE Program is "substantially similar" to an ineligible GE Program . Specifically, as defined in 34 C.F.R. § 668.402, a GE Program is an educational program identified by a combination of the institution's six-digit Office of Postsecondary Education ID (OPEID) number, the program's six-digit CIP code as assigned by the institution or determined by the Secretary, and the program's credential level. Thus, 2 programs with the same 6 digit CIP code but different credential levels are 2 different GE Programs for purposes of calculating D/E rates and reporting. The Final Rule also made a change to treat all undergraduate programs with the same CIP code and the same credential level as one GE Program, without regard to program length, rather than breaking down the undergraduate programs with the same credential level by program length. This was done remove complexity in reporting and rate calculation for programs that differ only by program length. (However, the Department requires institutions that offers a GE Program with different program lengths to publish a separate GE Program Disclosure Template that corresponds to each GE Program length.) What we think you are getting at is that the Final Rule did eliminate a different credential level as a means to establish that a *new GE Program* is not "substantially similar" to a GE Program that was deemed ineligible. In other words, the Department did not want

institutions that had lost eligibility for one GE Program to be able to establish a new GE Program that simply differed only by credential level. So, when an institution discontinues a GE Program after receiving draft D/E rates that are failing or in the zone (but before receiving final D/E rates that make the program ineligible) or after a GE Program becomes ineligible based on final D/E rates, the Final Rule states in 34 C.F.R. § 668.410 that an institution cannot establish a new GE Program that is "substantially similar" to the ineligible program if they share the same four digit CIP code, *regardless of credential level*. An institution may establish a new GE Program with a different four-digit CIP code that is not substantially similar to an ineligible or discontinued program, and provide an explanation of how the new program is different when it submits the certification for the new GE Program. The Department will "presume based on that submission that the new GE Program is not substantially similar to the ineligible or discontinued program, but the information may be reviewed on a case by case basis to ensure a new GE Program is not substantially similar to the other program."

**Q18: Diploma vs associate degree MA...If an institution offers both are these 2 different GE Programs with 2 different calculations.**

A18: Yes, these are two different GE Programs with different D/E rate calculations performed by the Department. If one or both of these GE Programs loses eligibility, or is discontinued after receiving zone or failing draft D/E rates (and before issuance of final zone or failing rates that would have made the program ineligible), the school cannot establish a new GE Program with the same 4 digit CIP code and distinguish it by credential level as a new program. However, we believe that if the two GE Programs are already approved program listed on the school's ECAR as of July 1, 2015, ineligibility of one GE Program will not affect the other program even if they share the same 4 digit CIP code. That interpretation, however, has not been confirmed by the Department to our knowledge.

**Q19: For an individual who owns their own business and doesn't draw a salary but takes dividends from the business, how will SSA count their income?**

A19: Based on our review of information available from the Department, we believe that that dividend income would not be included as earnings in the SSA's aggregated earnings information. Therefore, the only avenue to getting that data considered would be through an alternate earnings appeal based on a graduate survey, which is only permitted if the GE Program is in the zone or failing based on final rates.

**Q20: Will the Department provide a template for the report or will the report be submitted via NSLDS?**

***Important Caveat**: This information is provided for general guidance only and as a courtesy to those who attended our informational webinar. This and the webinar content should not and cannot be relied upon as legal advice. We hope that the information provided will assist your institution in spotting issues particular to your institution for further follow up. Please consult with legal counsel for advice specific to your institution's particular facts and circumstances. Thank you.*

A20: Please see Q5/A5.

**Q21: Is it true that this will eliminate the use Cohort Default Rates?**

A21: No, the GE Final Rule does not eliminate the Department's use of Cohort Default Rates. The Final Rule does not change any aspect of the Cohort Default Rate regulations which remain in full force.

**Q22: What data elements are institutions required to report by 7/31/2015?**

A22: Pursuant to 34 C.F.R. § 668.411, for each student enrolled in a GE Program during an award year who received Title IV funds for enrolling in that program, the institution must report to the Department: (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, as described in 34 C.F.R. § 668.402; (iv) the date the student initially enrolled in the program; (v) the student's attendance dates and attendance status (e.g., enrolled, withdrawn, or completed) in the program during the award year; and (vi) the student's enrollment status (e.g., full-time, three-quarter time, halftime, less than half-time) as of the first day of the student's enrollment in the program. In addition, for students who completed or withdrew from the GE program during the award year, the institution must report: (i) the date the student completed or withdrew from the program; (ii) the total amount the student received from private education loans, as described in 34 C.F.R. § 668.404(d)(1)(ii), for enrollment in the program that the institution is, or should reasonably be, aware of; (iii) the total amount of institutional debt, as described in 34 C.F.R. § 668.404(d)(1)(iii), 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 student's entire enrollment in the program; and (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. In addition, if the institution is required by its accrediting agency or State to calculate a placement rate for either the institution or the 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. This information is required to be submitted to the Department by July 31, 2015 for the FY 2014-15 award year, except for the placement rate information which will be reported based on a deadline to be published in the Federal Register.

***Important Caveat**: This information is provided for general guidance only and as a courtesy to those who attended our informational webinar. This and the webinar content should not and cannot be relied upon as legal advice. We hope that the information provided will assist your institution in spotting issues particular to your institution for further follow up. Please consult with legal counsel for advice specific to your institution's particular facts and circumstances. Thank you.*

**Q23: Can you recommend resource for more deeply understanding the BASICS of GE?**

A23: Although it is extremely lengthy, we recommend taking the time to read the text of the Final Rule and the portions of the Preamble that address areas you do not understand. This is a complex rule with many ramifications for Title IV institutions with GE Programs. Understanding the framework of the rule as it is explained in the Final Rule and its Preamble is the best way, in our opinion, to grasp the overall structure of the rule. In addition, the Department is expected to publish a GE handbook and additional guidance, although timing of that is uncertain.

**Q24: Does the Title IV loan debt include living expenses disbursed to the student, or only the actual amount paid toward all educational cost?**

A24: In the Preamble to the Final Rule (79 Fed Reg 64918), the Department makes clear that 34 C.F.R. § 668.404(b)(1) limits the amount of debt that will be evaluated under the D/E rates measure to the total amount for tuition and fees and books, supplies, and equipment, thus establishing a "cap" on debt that will be considered by the Department. However, if the actual loan amount is lower than the cap (the tuition/fees/books/supplies/equipment total), then "the Department evaluates the actual loan amount, including any portion taken out for living expenses." Thus, "the D/E rates measure will typically capture, as a commenter noted, not the actual total student debt, but only a portion of that debt—up to the amount of direct charges." So, living expenses may be included in median loan debt, but only where the actual loan amount is less than the cap established by the amount of the tuition/fees/books/supplies/equipment cap.

**Q25: Two years failing of three consecutive years. Does this mean if a GE Program fails the first and third year of a three year period the program become ineligible? Is the three years the most recent three years? Or is the failing years need to be consecutive?**

A25: The relevant measurement period is three consecutive years, but the 2 failing years do not have to be consecutive. In other words, failure in any two of the three years in the consecutive three year measurement period means the GE Program becomes ineligible for three years. The chart below shows one example of how this might play out:

| Award Year | dDTE | aDTE | D/E Rate Result |
|---|---|---|---|
| 14-15 | Pass | Fail | Pass (the program passes if it passes one of the 2 metrics) |
| 15-16 | Zone | Pass | Pass (the program passes if it passes one of the 2 metrics) |
| 16-17 | Fail | Fail | Fail (the program fails if it fails BOTH metrics) – |

***Important Caveat**: This information is provided for general guidance only and as a courtesy to those who attended our informational webinar. This and the webinar content should not and cannot be relied upon as legal advice. We hope that the information provided will assist your institution in spotting issues particular to your institution for further follow up. Please consult with legal counsel for advice specific to your institution's particular facts and circumstances. Thank you.*

| | | | |
|---|---|---|---|
| | | | Warnings required |
| 17-18 | Zone | Fail | Zone (the program only fails if it passes BOTH metrics) – Warnings required |
| 18-19 | Fail | Fail | Fail = **INELIGIBLE** program because it failed 2 out of3 consecutive years (16-17, 17-18, 18-19) . Ineligibility lasts for 3 years from date of the Notice of Ineligibility. |

**Q26: If a student comes to us and has completed education at another school, are their loans from that school included in the calculation for the current school.**

A26: The general answer is no, except that the Department in 34 C.F.R. § 668.404(d)(3) left itself the discretion to "include loan debt incurred by the student for enrollment in GE programs at other institutions if the institution and the other institutions are under common ownership or control, as determined by the Secretary in accordance with 34 C.F.R. § 600.31."In addition, in 34 C.F.R. § 668.507 the Department left itself discretion, in calculating the program cohort default rate of a GE Program, to include loan debt incurred by the borrower for enrolling in GE Programs at other institutions if the institution and the other institutions are under common ownership or control, as determined by the Secretary in accordance with 34 C.F.R. § 600.31.

**Q27: To make things simple, what problem is this legislation trying to solve? Is it fair to say that this is an attempt to control escalating tuition fees in relation to expected earnings?**

A27: As set forth in the Preamble to the Final Rule, the stated purpose for issuance of this regulation (it is not a statute, but instead an agency regulation promulgated pursuant to the authority contained in the Higher Education Act of 1965, as amended) is to eliminate from Title IV program eligibility those programs that leave students with levels of debt that are too high, in the view of the Department of Education, as compared to earnings. Although the Department asserts the regulation is not an attempt to control quality or price of GE Programs, the rule will certainly force some institutions to lower tuition (directly or through grants and other means) in order to meet the requirements of the rule.

**Q28: How is the institutional loan debt calculated? Is remaining balance owed, if so as of what date?**

A28: Institutional loan debt is the amount owed by the student to the institution or a third party at the time of completion of the GE Program. See Q1/A1 for additional explanation.

**Q29: If the 4 digit code group can cause an MA program to affect a Pharm Tech program, are those program groups lumped together for all the GE calculations initially? Or, would programs within a 4 digit group report separately?**

A29: Initially, GE Programs of different credential levels are treated as separate GE Programs for purposes of the D/E rate calculations. It is only when a GE Program becomes ineligible (or is discontinued because it is about to become ineligible) that a school seeking to establish a new GE Program with the same 4 digit CIP code, regardless of credential level, cannot do so because the Department treats such new program as "substantially similar" to the failing or zone program.

**Q30: How will ED determine interest rate and payment rate for private loans or amounts owed to the school?**

A30: The Department applies the same interest rate to all of the debt included in the aggregated median loan debt amount, regardless of whether it is Title IV, private or institutional loan debt.

**Q31: Will private loans be included in the annual loan payment if the loan balance has been written off by the school? (No longer an obligation for the student.)**

A31: If the loan balance is written off by the school prior to the student completing the program, we believe there is a good argument that the private loan amounts are not to be included as loan debt because they are no longer a financial obligation of the student. However, we do not have all of the information we need to provide a complete answer. The key question is whether the student has an obligation to the school or a third party for the debt at the time he/she completes the program.

**Q32: What is the school's reporting responsibility?**

A32: See Q22/A22.

**Q34: If the Department determines median loan debt and gets income information from SSA, what calculations will school's be required to provide?**

A34: The institution does not perform any D/E rate calculations. Instead, the school is required to report to the Department the data points it needs to calculate the D/E rates, including private and institutional loan debt amounts for example.

**Q35: With the GE Rule taking effect in July 2015, a 4-year program will be evaluated on data from which preceding years?**

A35: Assuming the use of a Two-Year Cohort, for the D/E rates calculated for the 2014-15 award year, a completer of a 4-year program could complete anywhere from July 1, 2010 to June 30, 2012. Therefore, the loan debt accumulated for the 4-year program that is applicable to a student who graduates July 1, 2010, for example, could be for years reaching back as early as the 2006-07 award year, or for a student who graduates June 30, 2012, could be for years as early as the 2008-09 award year. However, in order to account for this retroactive effect and ease the initial impact of the GE Rule and allow institutions to take steps to improve programs and lower debt, the Department has establishing the transitional GE rate. The way that works is that when a GE program fails or is in the zone based on the final D/E rate calculation, the Department will automatically calculate a transitional rate that uses the median loan debt for Title IV students in the same award year for which the D/E rate are issued. For example, for the 14-15 Award Year D/E rates, the transitional rate would not use the 2 Year look back cohort, but instead Title IV aided completers in the 14-15 Award Year. If the GE Program passes the transitional rates, it passes notwithstanding that it may have failed the D/E rates under the normal calculation. Programs longer than two years g get 7 years of transitional rates for purposes of allowing schools to take steps now to lower debt before transition period expires.

**Q36: Is there a possibility that GE regulations may not go into effect by 2015 or at all?**

A36: We understand that in light of active legal challenges to the GE Rule and Republican Party control of both the House and Senate in the 114$^{th}$ Congress, there is some optimism that the implementation of the GE Rule may be delayed or halted entirely before the July 1, 2015 effective date. We cannot predict the outcome of the lawsuits nor can we predict the likelihood of a legislative repeal or de-funding of the GE Rule prior to July 1, 2015. Our advice to all of our clients is to prepare now for full implementation and enforcement of the rule by July 1, 2015 by identifying those programs that have the potential to be in the zone or fail the GE metrics, and develop an action plan to lower debt, or develop new programs, where necessary, to improve GE Rule outcomes.