

DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
NEGOTIATED RULEMAKING
ACCOUNTABILITY IN HIGHER EDUCATION AND ACCESS
THROUGH DEMAND-DRIVEN (AHEAD)
WORKFORCE PELL COMMITTEE
SESSION 2, DAY 1, MORNING
January 5, 2026

On the 5th day of January, 2026, the following meeting was held in-person, from 9:00 a.m. to 12:00 p.m..

P R O C E E D I N G S

MS. MACK: Good morning, everyone. My name is Kayla Mack, and it is my pleasure and privilege to open and facilitate the second session with the Accountability and Higher Education and Access Through Demand-driven Workforce Committee, otherwise known as the AHEAD Committee. My co-facilitator, Mike Franczak, and I want to welcome and wish a very Happy New Year to each of the esteemed representatives from the Department sitting at the table, the notable representatives from our constituency groups, both primaries and alternates, and the individuals a bit more behind the scenes that helped make this effort possible, as well as the interested public who is viewing here in person and virtually across the country. I would like to start with introductions around the table. So for the Department, it's my pleasure to introduce Dave Musser, Acting Director of Policy Coordination Group, and our Federal negotiator. Jake Lallo, Attorney with the Office of General Counsel, and Jeff Andrade, Deputy Assistant Secretary. Gentlemen, did you want to say anything by way of introduction or welcome before I move on with the rest of the introductions?

MR. MUSSER: Nothing from me, except I look forward to working with everybody this week and

excited to, to work on this topic.

MS. MACK: Thank you, Dave.

MR. ANDRADE: And I'll just make a few remarks after we do the roll.

MS. MACK: Perfect. Okay. I'm going to ask that everybody briefly reintroduce themselves as we are beginning the second session. So I will call out the constituency. I'll ask for both primary and alternate to introduce themselves. Just make sure that you are speaking into those microphones. For our constituency group of students who are currently enrolled and receiving assistance from Title HEA programs.

MR. ATCHISON: Good morning, everybody. Eric Atchison with the Arkansas State University System, primary.

MS. MACK: Thank you. And our alternate?

MR. NOBLE: Good morning. I'm Magnus Noble, a student at the University of Illinois Springfield.

MS. MACK: Thank you. For students who are veterans, US military service members, or groups representing them, our primary?

MR. FEEHAN: Good morning. Matthew Feehan, Veterans Education Project.

MS. MACK: Thank you. And our alternate?

MS. HOWELL: Good morning, everyone. Happy New Year. My name is Julie Howell. I'm an associate legislative director with Paralyzed Veterans of America.

MS. MACK: Thank you, Julie. For employers and groups representing the business community, including small, medium, and large businesses, our primary?

MR. KAFAFIAN: Good morning. David Kafafian, Chief Operating Officer at Clasp. Present.

MS. MACK: Thank you. And our alternate?

MR. CARIELLO: Dennis Carrillo, shareholder of Hogan Marren Babbo & Rose. Thank you.

MS. MACK: Perfect. For our constituency with legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students. Our primary?

MS. HOFFMAN: Good morning. My name is Tamar Hoffman. I'm a staff attorney at Community Legal Services of Philadelphia.

MS. MACK: Thank you. And our alternate?

MS. KEMMERLING: Good morning. Zoe

Kimberling, staff attorney with the Consumer Unit at Legal Aid, D.C.

MS. MACK: Thank you. For public institutions of higher education, including institutions eligible to receive Federal assistance under Title III and Title V of HEA, tribal colleges and universities, and historically Black colleges and universities. Our primary?

MS. HULTQUIST: Good morning. I'm Kristin Hultquist. I'm chair of the board of the Metropolitan State University in Denver, a Hispanic-serving institution, and CEO of HCM Strategists.

MS. MACK: Thank you. And our alternate?

MS. WILLIAMS: Hi, I'm Tonjua Williams, president of Saint Petersburg College and a member of the Florida College System Council of presidents. Thank you.

MS. MACK: Thank you. For private, nonprofit institutions of higher education, including institutions eligible to receive Federal assistance under Title III and Title V of HEA, tribal colleges and universities, and historically Black colleges and universities. Our primary?

MR. LACEY: Aaron Lacey. Partner and

co-chair of the higher education practice at Thompson Coburn LLP.

MS. MACK: Thank you. And our alternate?

MS. ROUSH: Good morning. Joanna Roush, Executive Director of Institutional Compliance at Liberty University.

MS. MACK: Thank you. And for proprietary institutions of higher education, our primary?

MR. ARTHUR: Yeah. Jeff Arthur. ECPI University.

MS. MACK: Thank you. And our alternate?

MR. CLAYBAUGH: Ryan Claybaugh. Paul Mitchell, advanced education. Alternate.

MS. MACK: Thank you. And for state workforce agencies and workforce development boards, our primary?

MS. STEPHENS PARKER: Rachael Stephens Parker, Maryland Governor's Workforce Development Board.

MS. MACK: Thank you. And our alternate?

MS. DESANTIS: Good morning, Andrea DeSantis, North Carolina Department of Commerce.

MS. MACK: Thank you. For state grant agencies and other state and nonprofit higher education financing organizations. Our primary?

MR. MORROW: Good morning. Richie Morrow, financial aid officer with the Nebraska Coordinating Commission for postsecondary education.

MS. MACK: Thank you. And our alternate?

MS. MCCLOUD: Good morning. Elizabeth McCloud, vice president of state grant and special programs at the Pennsylvania Higher Education Assistance Agency, and serving as immediate past president of the National Association of State Student Grant and Aid Programs.

MS. MACK: Thank you. For state higher education, executive officers, state authorizing agencies, and other state regulators. Our primary?

MR. STAMPER: Good morning, everybody. Randy Stamper with the Virginia Community College System.

MS. MACK: Thank you. And our alternate?

MS. DELANGE: Good morning. I'm Heather DeLange. I'm the director of the Office of Private Postsecondary Education for the Colorado Department of Higher Education.

MS. MACK: Thank you. For accrediting agencies recognized by the Secretary. Our primary?

MR. MCCOMIS: Good morning. Michale McComis, Executive Director with the Accrediting Commission of Career Schools and Colleges.

MS. MACK: Thank you. And our alternate?

MR. LITKE: Good morning, Gary Litke, Association of Advanced Talmudic and Rabbinical Schools.

MS. MACK: Thank you. And organizations representing taxpayers and public interest.

MR. COOPER: Good morning, Preston Cooper with the American Enterprise Institute.

MS. MACK: And our alternate?

MR. POLLACK: Ethan Pollack, Senior Director of Jobs For The Future.

MS. MACK: Thank you very much. And again, welcome to all of our committee members. Few procedural reminders, and then I will hand it back over to Jeff. As a reminder, Mike and I are acting as neutral facilitators, are going to be focused on procedural quality and efficiency, advancing productive conversations, meaningful and respectful engagement, and making sure that everyone can operate here together in pursuit of consensus. At no time will we be advocating

for any position, proposal, or outcome. But again, we will try to facilitate a productive conversation and process in pursuit of that consensus. Over the course of the week, we're going to cover five accountability-related topics that are noted in your agendas. And as we do again, there are a few procedural reminders. So per the protocols, either the primary or the alternate for each constituency is going to be invited to speak on a topic. Should you get to a place where you would like to exchange seats at the table, please raise your comment card, and we will note that formally for the record. In front of you all, you have those green comment cards, please turn those on the end when you want to comment or ask a question, and we'll do our best again to capture those in the order in which they go up. When you are called upon, you will have three minutes. We will prompt you at the 30-second notice, or you can pay attention to these lights up here, it will go yellow if you can see them, when you, when you have 30 seconds remaining. When you're called upon, please make sure that you speak directly into those microphones so that we can make sure everyone in person or on the live stream can hear you, and for purposes of transcription and interpreting. As alternative language and proposals are submitted by and circulated with the committee members, we're going to ask

that you pay attention to those. Keep up to speed on those. We will address them here at the table as time allows. And there may be on occasion where we ask a committee member to speak to a particular proposal at different junctures. Anyone wishing to share anything, please email those directly to Mike and I and we will get them circulated timely. The only other additional request is to make sure that you're sharing that rationale. I know that that is incredibly helpful to the Department, and to make sure that you are putting it into a Word document or a PDF rather than the body of your email. So just a friendly reminder on that. If you wish to call a caucus, please indicate so by raising your comment card. We're going to ask you to share sort of the general nature of the, the caucus that's being called, which constituency groups you would like to participate, and about how long you estimate needing in that caucus. When you return, we'll ask you to do a sort of a high-level or brief report out on those discussions to the extent that those are available and helpful as well. Finally, over the course of the week and throughout our deliberations, we will be doing those pulse checks, culminating in a consensus check at the end. Reminder pulse checks are just a way to indicate the progress that we are making, or any lingering questions or concerns that we have

related to a particular topic or issue. So again, when we take those pulse checks, I'll be asking everybody to show a thumb. Up means you are in support of the idea which we are contemplating. Sideways means that you have a lingering question or concern; it may not be your first choice, but it is something that you would support and not block consensus on. And then the down thumb again is in fact blocking consensus. This means that you have a serious reservation, and we would need to address it to get everyone to a consensus check. There will be one consensus check at the end of the week, just like the previous session. With that is all of my procedural reminders. Jeff, I'd love to hand it over to you.

MR. ANDRADE: Great. Thanks, Kayla. Happy New Year, everybody, and welcome back. I think we are really looking forward to having this discussion with you. I know that a lot of you are looking forward to having that discussion with us and sat through some of the Workforce Pell provisions that you may not have been your first priority, but now is the time where we get to play the Super Bowl here on accountability. So just a couple of things, maybe how this differs from the previous table that we had last month. And this one is going to be much more data-driven. We, you know, unlike Workforce Pell, which was a brand new program, we didn't

have a lot of statistics; we do have a lot of statistics with regard to the programs that are out there. In our approach to this, we have looked at the data, and we've shared the data sets with you, and we'll have a very extensive discussion on the data later today and throughout the process. With that, because this is -- in a lot of these provisions are interrelated as opposed to maybe some of the past tables where we were able to sort of make more decisions at the table or give you some feedback. We're going to take things back a lot more in this session, just to study the interconnectedness and the impacts on the data on various proposals. The other point I wanted to make is that, and it's really to reiterate some of the Undersecretary's remarks, is that we are creating something new here. If you look at sort of what has happened before, we took a very small phrase in the institutional eligibility for -- in section of the statute and came up with a 725-page regulation on, on what those particularly two words meant. In this case, Congress has spoken and come up with an accountability framework. We've studied what that looks like, and we have tried to harmonize that with the other accountability frameworks we have. So we have something that we believe works across the board for all institutions and all programs. And so while we'll

entertain some other ideas around that, I, you know, we are -- the goal of harmonization is very important to us in terms of this rulemaking and how this all fits together. So I would hope that you, you know, could be mindful of that as we go through the discussions, because I think we can have something that produces a good result. Because what we've seen probably over the last 15 years or so is, you know, people have sat at these tables and designed regulations. But at the end of the day, not a single program has been eliminated based on those regulations. So what we're trying to create here is something that is going to work in terms of serving as a floor for, for basic eligibility that, that everybody can live with and be able to comply with. And with that said, our goal is not to make sure that no programs are eliminated. There is an expectation that there are programs that are not serving students well. I had the opportunity when I first started with the Department to work on the implementation of default initiative and set a minimum floor for that, where, you know, at a time when we had many institutions where half and more than half of the students were defaulted on their loans as soon as they left the institution. And I think, you know, in that instance, there was displacement, but the programs endured. And so there are going to be programs that lose

eligibility because they're not meeting the standard. I think everybody should sort of approach this with that expectation. And with that, you know, sort of, I guess, table setting, I'll just say we're looking forward to hearing your ideas. We appreciate the proposals that we've already received at, you know, at some point, similar to the last process, you know, we're going to have to stop so we can, you know, give those -- all those proposals a very good look over. But beyond that, we're really looking to having this discussion. And I hope that once we go through the data analysis, that you guys will have a better understanding on why we landed where we did on a number of these provisions. So thanks.

MS. MACK: Thank you, Jeff. Dave, can I turn it over to you to preview our agenda?

MR. MUSSER: Yep. Absolutely. Andrea, if you could pull up the information -- the summary first. So, actually, Andrea, could you pull up the summary document? The other one. We'll go through the agenda in just a moment. But before we do that, I'd like to walk through the Department's high-level summary of what we're attempting to accomplish in these regulations. Just as Jeff did, to do a little bit of table setting to explain what the Department's intent is with some of the much more detailed changes that I'll go through in just a

moment. So if you could scroll down just a little bit, Andrea. So, as you guys know, the One Big Beautiful Bill Act includes provisions related to an accountability framework that applies to a range of postsecondary programs that are eligible for Title IV assistance. The framework compares the median earnings of graduates to those of working adults and will result in discontinuation of a program's Direct Loan eligibility if its graduates earn less than the group that it's being compared to. And the statute has different comparison groups depending on whether a student is in a graduate program or an undergraduate program, in addition to several other factors. So there -- although certain elements of the framework resemble elements of the existing regulations for financial value transparency and Gainful Employment, there are differences that exist in the populations of institutions and programs, and in the methodology that is used to evaluate program outcomes. So in order to implement the statutory provisions and to provide useful information to families, students, and other stakeholders, the Department is revising the financial value transparency and Gainful Employment regulations to align, and I guess I would add, to harmonize with the new statutory requirements that apply to other sets of programs. So scroll down a little bit

more, Andrea. The major thrust of what the Department is attempting to do is to adapt the transparency and metric calculation framework under 34 CFR part 668, subpart Q, and the Accountability Framework, which includes eligibility consequences for programs under part 668, subpart S, to align with the requirement -- the new requirements in the Higher Education Act, section 454 C, as it's revised by the One Big Beautiful Bill Act, section 84001. Our intent is to apply both frameworks consistently across Title IV eligible GE and non-GE programs, regardless of institutional sector and program type. So I want to pause here to really emphasize this point. This alignment and harmonization is a very important facet of the Department's design of these regulations. And we -- although we will certainly entertain ideas or proposals that would treat certain programs, types of programs, or sectors differently from one another with respect to these metrics, it will be more challenging for the Department to accept those proposals given this intent. Our strong intent is to maintain alignment across all Title IV eligible programs with respect to how the metric applies to them. So to that end, we plan to remove the debt-to-earnings rate metric, including all references to that metric in both subparts Q and S. Now, this is obviously a very

significant change and we arrived at this decision not merely because of our intent to harmonize across all of Title -- all of higher ed these requirements but also because we determined using our analysis of existing data that the use of debt-to-earnings was not worth the complicated and costly process of actually implementing those regulations in addition to the statutory framework for accountability. However, we do want to talk to all of you as negotiators about the positive and negative consequences of eliminating that metric because it is such a significant step. So before we do that, we do plan to go through several presentations that the Department has put together based on our analysis of the data that we've already provided to you to explain our reasoning for how we arrived at this position. And then we hope to have a robust discussion with all of you about, again, the pros and cons of moving in this direction. So, in addition to that, we would also, in order to maintain alignment, you could scroll down a little bit more, Andrea, we would limit the consequences under part 668, subpart S, for GE programs that fail the earnings premium measure to result in the loss of Direct Loan program eligibility only. If we did not take this step, then all GE programs would lose eligibility for all Title IV aid, versus only Direct Loan program eligibility. And again,

as an effort -- in an effort to harmonize the two, and because we believe that the law supports this approach, we would treat -- we would cause those programs only to lose Direct Loan program eligibility. We would also amend the earnings threshold to align with the statutory framework. Obviously, this is the most -- some of these are the very significant changes to, to the earnings premium framework that is currently in part 668, subpart Q, to align with all of the statutory provisions, again, that are part of the One Big Beautiful Bill Act, section 84001. You see a second note here. There are some areas that the One Big Beautiful Bill Act does not address in sufficient detail for us to, to have a clean sort of design for -- in our regulatory framework. And so the Department did make some decisions about how to treat the US territories, the freely associated states, and foreign institutions which are not explicitly described in the statute. And we want to have, again, a substantive and robust discussion with all of you about how we -- our current proposal for how to treat those areas where the Department does not have the same amount of data that it does for states. So then, in addition to those things, we would establish cohort expansion procedures for small programmatic cohorts that are again described in the law. First, by aggregating additional years of completers in

the same program. And by program here, we mean the program at the six-digit CIP code level and credential level. So we would first go back several years to include completers from earlier years, and then we would aggregate similar programs at the same credential level, essentially by moving up to the four-digit CIP code level and then to the two-digit CIP code level. So we'll talk about that in much more detail when we get to that section. So if you could scroll around just a little bit more. We would also streamline reporting requirements under part 668, subpart Q, to more narrowly collect information needed to a, calculate the earnings premium measure, and b, to produce informational disclosures of program net price. We believe that this is an exceptionally important component of the existing financial value transparency regulations. Although we don't believe that all of the data that the Department is currently collecting is necessary to produce a strong net price value for recipients of Title IV aid. We would also change, and again, this is in alignment with the One Big Beautiful Bill Act, we would reduce the period of ineligibility for failing programs from three years to two years. That's what's expressed in the statute. We would also tailor the student warning requirements to align with what's in the statute when a program fails the

metrics, and that will result in the elimination of some of the components of those warning regulations. And finally, we would remove the student acknowledgment requirements under part 668, subpart Q, for programs other than undergraduate degree programs that fail the debt-to-earnings rate metric. Part -- in part because we are eliminating the debt-to-earnings rate metric, but also in order to reduce overall administrative burden for institutions and students. So that's the broad strokes of what we intend to accomplish. We will talk about each of these things as we go through the -- all of the various specific sections of the regulations. But I did want to give you guys a little bit more detail about how we plan to go through all of the regulations. Unlike Workforce Pell, which had more sort of delineated sections that, that were sort of easy to go through one at a time, it's a little harder for us to do that here. We did divide it into topics as best we could. And prior to our discussion of many topics, we will have a discussion by members of our Office of the Chief Economist to explain in more detail the Department's rationale for how we arrived at our proposal and to describe again, the proposal at a high level before we get into the actual specific changes to the amendatory text. The regulatory language in many cases is hard to understand without an explanation of the

broad strokes of how the Department is planning to make the changes. So with that, I will now go to our agenda and walk through kind of our plan for the week. And Andrea is pulling that up right now. All right. So today we have already gone through our opening remarks and our introductions. We will deal in this morning with again, starting with some technical and conforming changes that are necessary in order to implement these regulations. That will include changes to 34 CFR 600.10, 600.21. Those are the parts of institutional eligibility regulations having to do with program approvals and reporting of programs to the Department. We will make updates to 668.43, and we'll discuss those on institutional and programmatic information. So those are -- those largely deal with the information that the Department will provide related to price of postsecondary programs that are eligible for Title IV aid. We will talk about 668.91, which has to do with the appeal process for programs that lose eligibility. And then we will deal with two parts -- two sections of the Direct Loan regulations. First, some definition changes and then some changes to 685.300 that actually incorporate all -- the subparts Q and S requirements into agreements that institutions sign in order to participate in the Direct Loan program. Then we will move on to topic two if we can get through that this

morning and talk about general definitions. Now that's only one section, but that will include a substantial amount of information about how the Department proposes to construct cohorts for purposes of metric calculation, as well as the comparison groups that we will use to compare earnings against for those cohorts. And we'll go to lunch. And then this afternoon, we will talk about the specifics of the student tuition and transparency system metric calculation, as well as the broad strokes of the transparency framework. So that will include -- this is all part of 34 CFR 668, subpart Q. That's 668.401, the scope and purpose. 668.402 again, the general framework, and then 403 is the calculating the earnings premium measure. So that's the general structure of the earnings premium measure. Then, 404 is the process for how we will obtain the data and calculate that measure. And finally, the determination of the measure and how that will play out. So that will constitute our discussions for today. As you guys can see, today is going to be heavy on discussions of the metrics themselves, which is also why many -- for all of these we will have presentations preceding them to give you some information about how we arrived at our proposal for designing this framework. If we could scroll down then on Tuesday we will talk through topic four for reporting requirements -- the reporting

requirements where the Department proposes to remove some of the items that are currently included as items that institutions must report to the Department. As part of financial transparency, we are proposing to remove some of those while maintaining the majority of them, in order to calculate accurate net price amounts for eligible programs. And I want to pause here to mention that, a couple of things. First, we received a couple of proposals from negotiators already. And thank you guys for your submission of those. Gave us some time to review them before we started. We are not going to discuss those today. We are still evaluating them. And in all likelihood, many of you are also evaluating them. There were several that were quite substantive. However, we would like to discuss them tomorrow morning. So I would ask that for folks who submitted proposals prior to the beginning of our discussion today be prepared to talk about your proposal, and we can have a discussion with all negotiators at the table about those on Tuesday morning. The other thing I want to mention at this point is, as we did last time, we would also like to cut off all new proposals and all new data requests by 7:30a.m. on Thursday. This is largely for practical reasons. The Department has only so much time that we can use to consider new proposals and data requests received, but

that late is are simply things we wouldn't be able to fulfill in time in order for them to be useful for this discussion. Okay. So coming back now to the remainder of Tuesday's agenda. After the lunch break, we would talk through topic five. And this is on the subpart S of part 668, which deals with the consequences of failing the earnings premium metric, and that includes the scope and purpose, the broad strokes of the criteria in 668.602 it describes what, what constitutes a low-earnings outcome program, and it also describes how the certification requirements that institutions would be subject to for GE and non-GE programs, as well as the warnings that they would be required to offer in cases where a program fails the metric, and then a severability clause at the end. That would largely round out our discussion on Tuesday. So if we could scroll down a little bit. On Wednesday and Thursday, we will go back over new proposals. We will conduct pulse checks as we did last time. So you guys all recall how that worked. We will continue our discussion of, of the draft regulations, and then moving into Friday, we plan to have our final consensus vote on Friday, unless we determine that, that we can have that earlier, which we will entertain if we get -- if we reach that point. So at this point, I think we are finished with the agenda. I want to pause and just open it up to

see if anybody has any questions about how the flow of how things are going to go this week, or any of what I've discussed so far. Not getting into the substance, but if you guys have questions or comments about how we plan to go through all of these changes.

MS. MACK: Thanks, Dave. Any questions comments from the committee? Seeing none, are we ready for our first presentation?

MR. MUSSER: I think so.

MS. MACK: Perfect.

MR. MUSSER: So I'd like to introduce Cody Christensen from our Office of the Chief Economist. He is going to provide a presentation on the changes in the One Big Beautiful Bill Act and the Department's proposal for aligning those with the Gainful Employment regulations. He's -- we're currently passing out the presentation information to all of you, and Cody will kick us off. Thanks, Cody.

MR. CHRISTENSEN: Thank you, Dave. Thank you, everybody, and Happy New Year. As mentioned, my name is Cody Christensen, and I'm a senior advisor here at the Department. This is a presentation that is about the earnings test in our proposed rule, which is based off of the earnings test and the One Big Beautiful Bill Act, and also our changes to the Gainful Employment

regulations. Before I begin with the objectives of this specific presentation, I just want to say that this is the first of a series of presentations that the Office of the Chief Economist will be giving throughout the week. We have presentations on the impact of -- the estimated impact of what we think these earnings tests will do. We have presentations on the debt-to-earnings test. We have a variety of different presentations that are upcoming. This first presentation is specifically about how the earnings test and Gainful Employment, and the statute which are this aligned earnings test, how it will actually work in practice. So when you have questions, I imagine you're going to have lots of questions on what's the impact of this, what about debt-to-earnings? We have future presentations forthcoming. We ask you to hold those questions for that time, while we first make sure we're all on the same page for how this earnings test would work. So there are three specific objectives for this presentation. The first is to simply describe what is in our amendatory text. The second is we're going to provide some specific clarifications regarding to the treatment of programs at foreign college -- foreign colleges, as Dave had already mentioned and alluded to. And then lastly, we're going to talk about the modifications to the Gainful Employment rule and how it

becomes aligned with the One Big Beautiful Bill Act earnings test. So that's the high-level three objectives that we're going to accomplish in this specific presentation. Next slide, please. Just as a brief disclaimer, the following presentation contains preliminary analysis from the Office of the Chief Economist. This is just a standard disclaimer that we include at the Department. Okay, so as almost everybody knows, the One Big Beautiful Bill Act includes a new earnings test for higher education programs. This earnings test compares two things. It compares the earnings of program graduates to an earnings benchmark. These are the two metrics that we're really going to flesh out in this presentation. And for much of the day-to-day, to be honest. Programs that fail -- programs will fail if their graduates' earnings are below the benchmark. The earnings test, as specified in section 84001 of the One Big Beautiful Bill Act, applies to associate degree programs, bachelor's degree programs, and all types of graduate level programs. And programs that fail the earnings test, two out of three consecutive years, will lose access to Federal student loans. Now, let's go on to the next slide to dive into what these two earnings metrics are. On one side, we have the program earnings. These are the earnings of program graduates.

And more specifically, that measure is the median earnings of Title IV graduates who are working and not enrolled in college, measured four years after they complete. The program level earnings are going to come from a federal agency with individual income data, such as the IRS. So that's on one side of the ledger. On the other side is the earnings benchmark that is a specific program gets compared to. The earnings benchmark. There are several of them as you likely know from reading statute and our amendatory language, but in general, it's going to be measured as the median earnings of working 25 to 34 year olds with the relevant credential level, so either a high school diploma or a bachelor's degree, depending on the credential level of the program, and the relevant geographic area, so state or nationally in the relevant field of study, if applicable, in that specific to graduate programs. So the benchmark earnings data comes from the US Census Bureau. As we have questions throughout the week or throughout the day about the earnings measure, it's going to be really important that we specify, are we talking about the program earnings measure or are we talking about how we're calculating the earnings benchmark measure? So that's just one thing to keep in mind here. There's two measures that are getting compared. So now to the earnings benchmark measures.

These are much more detailed. And in statute there are six benchmark measures that are contemplated by Congress here. And we've listed them all out and given them specific shorthand names so we can easily refer to them. I'm going to have Andrea actually flip back. Not yet, but flip back and forth to the next slide and then back to this slide as I explained this -- how the benchmarks work. But benchmarks one and two are for bachelor's level programs. These are the high school benchmarks that a bachelor's level -- that undergraduate level programs would be compared to. Excuse me, undergraduate level programs. Benchmarks three, four, five, and six are benchmarks that graduate level programs could be compared to. Now the key question is, how do you know which specific benchmark a specific program gets compared to? Andrea, could you please go to the next slide? So this is a help. Some people really like this. Some people, you know, don't find it as helpful. I find this helpful. I hope you do as well. This is a simple decision tree that can help you very clearly identify what benchmark a specific program would be compared to. So at the top of the tree here, it says is the program, I have a laser clicker here, or it's a little too faint to show on the screen. So I'll just reference at the top of the tree it says is a program at the undergraduate or graduate level.

Let's assume it's at the undergraduate level. You would follow the left hand branch. The next question you ask yourself is it a degree granting program or not? If the answer is no, that program is not listed in section 84001 of the One Big Beautiful Bill Act. And remember, we're specifically talking about that earnings test now. If the answer is yes, though, you have one final question. Does the institution enroll mostly in-state or out-of-state students? If the answer is yes, you get compared to benchmark number one. If the answer is no, you get compared to benchmark number two. And on the last slide, the negotiators have it. You can flip back and see that the one and two correspond to number one and number two on the previous slide for the in-state or the out of state high school benchmarks. The same thing for the graduate level, except it's a little bit -- just a little different. The, the only question you have to answer is, does the institution enroll mostly in-state students? And if yes, you actually take the lowest of benchmarks three, four, and five. And if no, you take the lowest of benchmarks 5 or 6. So what this means is programs at the same college could be compared to different benchmarks. Each individual program gets an individual benchmark depending on the share of in-state and out-of-state students and the credential level that the program is at.

Next slide, please. So here's one specific example to highlight how this works at the undergraduate level. So for this associate degree program at a college in California, which you can see it enrolls 99% of students from in-state. So you can see that this program following the decision tree on the prior slide, it would be compared to the in-state high school benchmark. This program's median four-year earnings is \$53,800. It exceeds the relevant earnings benchmark, which is \$36,080. That's the in-state high school benchmark. So this program would pass. Next slide, please. Here's a second example for a graduate program. This is a master's program at a college in New York which enrolls mostly students from out of state. You can see that 77% of students at the college are from out of state. This program would be compared to the lowest of the national same field bachelor's degree benchmark and the national bachelor's degree benchmark, the lower of those two numbers. In this case, the program's four-year median earnings is \$46,000, and the relevant benchmark, the national same field BA, is \$48,300. So this program earning actually falls below the threshold, and it would fail the earnings test. And if this was the data, this would be the first strike, and remember, you have to fail two out of three years to lose eligibility to Federal

loans. Next slide, please. There are a few data adjustments, as Dave mentioned at the introduction, that need to be made for how colleges that are not located in one of the 50 states in DC are treated. Specifically, we're talking about colleges located in US territories and freely associated states, like colleges in Puerto Rico, Guam, the Virgin Islands. And we're talking about foreign colleges and international countries that still receive Title IV aid, such as the London School of Economics, for example. So there's two types of international colleges, US territories and international colleges, and other countries that are caught up in the earnings test. The issue is that the Census Bureau does not collect data on these specific regions. For that reason, we made some adjustments to the earnings test to make as parallel a test as possible, given the data limitations of the US Census Bureau. So for US territories, the proposed rule, which again, we would like to discuss with you, we use for the in-state benchmarks, we use census data from Puerto Rico. So if you're a college in Puerto Rico, you get compared to Puerto Rico benchmarks. That's because the US Census Bureau has very robust and detailed data on Puerto Rico, but not the other territories like Guam or the Virgin Islands. If you're a college in Guam, this means you

would be compared to the Puerto Rico benchmark. That's what this is saying if it's an in-state serving in territory, serving college. For foreign country colleges like the London School of Economics, you would always be compared to the relevant national out of state benchmark. There is no equivalent to an in-state benchmark for London. Students are coming from the US to go there. They're always getting compared to the national benchmarks. Next slide, please. So this is the much more complicated but completely thorough description of how this test is calculated, or how you can identify which of the six benchmarks are going to be applied to international colleges. I'm not going to walk through it. I just want to highlight that on the left side of the tree. If you answer yes, that's suggesting that your college in one of the US territories, Puerto Rico, Guam, the Virgin Islands, and if you answer no, it's an international college. But like the London School of Economics is a foreign college in another country, and the same benchmarks apply with just the relevant data tweaks. Next slide, please. So one example here. This is a program at a college in Puerto Rico. It's a master's program. It gets compared to the -- it serves mostly in state or in territory students, so it gets compared to the lowest of the three benchmarks that are relevant to

the in-state graduate programs. The \$34,900 exceeds the relevant benchmark of \$22,000. So this benchmark -- this program would pass. Next slide, please. All right. This is, this is about the end of the presentation. This is the third objective. We are discussing how we align the Gainful Employment earnings test. The test in Gainful Employment, which in our proposed rule is just an earnings test to the earnings test articulated in the One Big Beautiful Bill Act. This table articulates all of the changes in the current Gainful Employment rule and our proposed rule. So, in the current Gainful Employment rule, it applies just to Gainful Employment programs, and our proposed rule, it also applies to just Gainful Employment programs. The test in our proposed rule is just an earnings test. The earnings measurement and our proposed rule is a four-year median earnings of working individuals. This is different than the current Gainful Employment, which uses three-year median earnings and both working and non-working individuals. The earnings benchmarks in our proposed rule are aligned with OB3. It's the six earnings benchmarks we've been discussing throughout the presentation. The process for aggregating small programs in our proposed rule is also aligned with what we're suggesting to do for the One Big Beautiful Bill Act, which differs from the current Gainful

Employment regulations, which has a two-year or four-year roll-up process. And then the exemptions, the only exemption in our rule would be for programs where there are fewer than 30 Title IV Completers after conducting our roll up method, which differs from the current Gainful Employment rule, which exempts foreign colleges, qualified graduate programs, and different types of small programs. And then finally, the sanction in our proposed rule is only a loss of Federal student loans, which differs from the existing Gainful Employment rule, which is a loss of all Title IV aid. Next slide, please. So this is the summary. This is the end. When you align the, the Gainful Employment earnings test with the earnings test from OB3, they're a mirror of each other. They line up perfectly. So when you stack them on top of each other, you actually get a very simplified version of the decision tree. This is the decision tree that we are proposing using to evaluate programs. You simply ask, are you an undergraduate or graduate program? And then do students come from mostly in-state or out of state? And from that standpoint, you then can use the relevant earnings test. The final slide has the simplified version of the international programs that's also in front of you on your deck as well. The same thing applies for those as well. That brings to the end of the presentation. I don't

know if we have time for a few questions, but that is the point of this presentation is simply to explain precisely how the earnings test works in our proposed rule.

MS. MACK: Thank you very much. I know that we were short a couple of hard copies. We're working on some additional copies, and we also are going to circulate this electronically as well. Are there any questions? Perfect. Preston, please.

MR. COOPER: Thank you very much for this, for this presentation. This was extremely informative, and I really appreciate the flow charts. I think they make what is a very complicated rule very clear. So very much appreciate that. I have a question. So about the definition of working used for the -- to get the earnings for the benchmarks from the American Community Survey. How are we defining working individuals there, and how does that compare to how working individuals are defined for the purposes of earnings for the actual graduate earnings?

MR. CHRISTENSEN: Yes. Thank you for the question. It's much appreciated. There are several key terms, such as working or earnings, that our proposed rule has not defined. This was an explicit choice. The reason we're doing that is because we think it is more appropriate to define these terms through subregulatory

guidance. That said, we can still explain how we're defining. For example, in the data set we produce, we obviously implemented specific definitions to define terms like working as you've suggested. But the reason we do that is because the US Census Bureau could change its variables in the years ahead. And if we were to specify a specific variable used by an agency, that's not the Department, and if they decide to change their data collection and reporting methodology, we would have to reregulate this rule. So for that reason, we believed it was advantageous to not specify in the regulatory text a specific definition for working in the event that the American Community Survey is changed in a future year, that would necessitate us reregulating this entire rule. So, to answer your question, I actually think the best time to answer that question is when we discuss the public data set, where we can talk about the definitions of working and earning. We also have some more analysis we can share with you at that time.

MR. COOPER: I appreciate that. Thank you.

MS. MACK: Thank you, Preston. Thank you, Cody. Jeff, let's go to you.

MR. ARTHUR: Yeah. Just a quick point of clarification, and I'm not sure which it is. This got

me confused a little, and I think it could matter for some institutions. You're referring to 50% of enrollment out of state. Is it 50% enrollment or 50% of completers?

MR. CHRISTENSEN: 50% of enrollment. And I believe that comes from the statute.

MR. ARTHUR: The statute didn't use completers? I guess I had assumed completers.

MR. CHRISTENSEN: Institutional -- institution-level enrollment. Yeah.

MS. MACK: Thank you. Aaron, please.

MR. LACEY: Yeah, on that same data point. So are we talking about 50% of the students enrolled in the earnings year? 50% of the students enrolled at the time the cohorts completed? 50% of the students enrolled in the year -- award year that you guys are doing the calculations? And is that enrolled on the first day of the fall semester? Is that enrolled January 1? Like, how are you guys making the determination? And then the other question is, are we talking about where they're physically located, where they reside? Lots of questions around that data point.

MR. CHRISTENSEN: Yeah, absolutely. To operationalize this variable, I think the best data that the Department has comes from the FAFSA, and we would be using the -- so it would be inherently the percent --

where students live, percent in-state or out of state based on the, based on the state they report living in when they receive Federal financial aid on the FAFSA. So if a student submits a FAFSA and they live in Virginia, but they attend college in Maryland, we would call that an out-of-state student because the college headquarters is in Maryland. The student reported that they live in Virginia on the FAFSA. So it is a share of Title IV enrollees during the -- that specific award year. So if the award year is being administered in 2027, it would be that current year.

MR. LACEY: So it's the year you guys are crunching the numbers?

MR. CHRISTENSEN: Correct.

MR. LACEY: Got it.

MS. MACK: Thank you, Aaron. Eric?

MR. ATCHISON: To piggyback off of Aaron's question, is this the last FAFSA that a student submitted? Because, as you know, they have to submit every year.

MR. CHRISTENSEN: I believe it would be the most recent filed FAFSA that is on file. But this is a question that the Department is still considering. This is the Department -- this is a question we're still considering, and Dave will articulate more.

MR. MUSSER: Yeah, we are still considering that particular point. I will note that for the existing regulations, the Department was -- our plan was to use the first FAFSA submitted, which we believe would be more representative of the state that the student is from, rather than where they may be living at the time that they fill out a subsequent FAFSA.

MR. ATCHISON: And to follow up, just two quick technical questions about the census American Community Survey. Are you using one-year or five-year estimates for the earnings data?

MR. CHRISTENSEN: We have not specified that in the PPD data. In the data set that we've put together, we use the five-year estimates.

MR. ATCHISON: I recommend that be used just because in our own usage of earnings data, we see a lot more variability in one-year estimates. Second, the age range of 25 to 34 applied to both undergraduate and graduate. Is there any rationale that the Department has on why you applied the same age ranges for those students?

MR. CHRISTENSEN: That is in -- that's specified in law.

MR. ATCHISON: Is it?

MR. CHRISTENSEN: Yeah. In the One Big

Beautiful Bill Act, it specifically says working individuals age 25 to 34. It says that in section 84001, for both the undergraduate level test first, and then a few paragraphs later in the graduate level test as well.

MR. ATCHISON: Apologize for missing that. Thank you.

MS. MACK: Thank you, Eric. David, I had you next. Do you have? Your good? Jeff, did you have something else? Aaron? Richie, please.

MR. MORROW: So, going back to Aaron and Eric's question on the state of residency. Is it the state of the address that the student puts on the FAFSA or state of residency?

MR. MUSSER: So again, we are still evaluating exactly how to get to this. But what's on the FAFSA is the address, not where the student resides. And that's in large part because state residency rules are extraordinarily complicated, and the Department does not have that information in any of our data to know where they are residing.

MR. MORROW: Because I can tell you, students from out of state are going to start putting their address where they're living, going to their campus. I mean, we've got some students that put their residence hall address, but they come from out of state.

So.

MR. MUSSER: We know that there are limitations to this particular approach. And that's one of them. The Department is considering ways that we could improve the information on the FAFSA to help folks get the -- put the right address. And it's also useful for the school to have the correct permanent address at the outset as well. So we are intending to improve that process as well. But again, this is in part a -- an area where we have limited data, and we simply don't know all of the factors of the student's residency. And there is no way for us to obtain that in any way other than on the FAFSA. And as you know, we have strict limits on what we can collect on the FAFSA.

MR. MORROW: Yeah. Okay.

MS. MACK: Thank you, Richie. David?

MR. KAFAFIAN: Now I'm a little confused because I thought I heard you say that you were intending to use calculated each year, but use the first FAFSA submitted by a student for that given program. So that it would avoid and mitigate what Richard just said, but is that not the case?

MR. MUSSER: Sorry, say that again.

MR. KAFAFIAN: So my understanding was that you were going to calculate this in state out of

state fraction on an annual basis. You would do it for all students enrolled at that point in time. But for each student, you were going to use the FAFSA that was first submitted by that student for that program, which would mitigate the student who's a junior changing their address to their residency, but not, you know, if the student submitted as a freshman, oh, I'm out of state because I have got Mom and Dad's address.

MR. MUSSER: Okay, maybe I misunderstood Richie's original point. Which I thought was that students, when they were coming into school the first time, will sometimes give their address of where they're planning to live. But you are correct. The intent is to not get into that particular problem of students changing their permanent address to their campus address in subsequent years.

MR. KAFAFIAN: Got it. So, just to use a specific example, the student who is from Virginia going to school in Pennsylvania, they submit Mom and Dad's Virginia address heading into the first year, they change it in subsequent years to Penn State or wherever they are, that student would exist throughout the calculation as a Virginia resident. Thank you.

MS. MACK: Jeff, please.

MR. ANDRADE: And not that anybody

reads it, but the FAFSA instructions do say use your permanent mailing address on there. So this is not a new issue. It has come up in other, other contexts, but the official instruction is to use your permanent address.

MS. MACK: Thank you, Jeff. Eric? Any other questions? Any final notes?

MR. CHRISTENSEN: Thank you very much.

MS. MACK: Thank you. Dave, are we ready to move into topic one?

MR. MUSSER: I think it's probably time for a quick break, and then we'll move into topic one afterwards.

MS. MACK: How does ten minutes sound?

MR. MUSSER: That works.

MS. MACK: Perfect. Let's come back in ten. Thank you. Welcome back from break, everyone. I believe we are ready to begin topic one, accountability, technical, and conforming changes. Dave, I'm happy to turn it immediately over to you.

MR. MUSSER: Thanks so much, Kayla. Yep, we'll go ahead and get started. So let's pull up the first topic. All right. So, topic number one, these are various technical and conforming changes that are needed to parts of the regulations other than subpart Q and S of part 668. So here we'll start with part 600, which are

the institutional eligibility regulations. Here in subpart A, we're making a change to 34 CFR 600.10 (c) (3). So recall we actually talked about this section when we discussed Workforce Pell in the work in this section C for Workforce Pell, we were discussing requirements for program approval. This is not program approval here.

(c) (3) refers to requirements for updates of applications under 621. And 621, yeah, you can scroll down just a little bit, Andrea, is updating application information. These are essentially the reporting requirements that the Department incorporates into the, the eligibility process in Partner Connect. So if you could scroll back up again, Andrea. So, what we've done here we have added for a Gainful Employment program or an eligible non-GE program under 34 CFR part 668, subpart S, subject to any restrictions in 34 CFR 68.603 on establishing or reestablishing the Direct Loan eligibility of the program, the institution must update its application. So let me go through each of the changes and explain each -- explain them individually. In the first case, we've added eligible non-GE program here. Because the changes in the One Big Beautiful Bill Act necessitate the schools to report all of their eligible non-GE programs to the Department in order for the Department to take action to eliminate the eligibility of programs in the event that

they fail the metric in two out of three consecutive years. So what this means for institutions, and I want to be upfront about this, is that in the past, the only requirements, the hard requirement was that institutions submit their Gainful Employment programs as part of the 621 reporting requirements whenever they added a new one. If they make changes to it, you would make -- you would -- if you have an existing one, you make changes to it, you deal with the changes largely in either at your time of your choosing or in recertifications. But if you add a new one, you need to report it to the Department in Partner Connect. You did not necessarily have to do that for degree programs that were not GE programs. In those cases, institutions were permitted to self-certify eligibility and were not required to actually provide information about the program in Partner Connect. This will change that. If we adopt this change, institutions will be required to report all of their both Gainful Employment and eligible non-GE programs to the Department, and that includes all degree programs, both undergraduate and graduate. Schools are still permitted to self-certify the eligibility of those programs. We're not requiring that the Department approve them prior to the institution providing Title IV aid to students in those programs, but they're required to report them

within ten days of establishment. The second change here is that we are, we are changing the concept of the eligibility broadly to say, Direct Loan eligibility. And this is part of the broad harmonization effort the Department's making here that when a program fails the metric in two out of three consecutive award years, the program loses only Direct Loan eligibility. So now I'll pause, and I'll pause Kayla, after each section for this component for questions and comments.

MS. MACK: Perfect. Jeff, let's start with you.

MR. ARTHUR: Can you comment on the impact? Does the status of the PPA have any -- does anything come into play regarding program approval and your PPA status?

MR. MUSSER: No. So the existing requirements for program participation agreements, both full and provisional, would still apply. So if you were a provisional school that had to get all of its programs approved, you'd still have to do that under this, under this process. The only thing that this changes is in cases where an institution is fully certified or provisionally certified without a requirement for approval of every program, the school would then have to report its degree programs where it didn't previously.

MR. ARTHUR: Let me just make sure I follow that. So if you're provisionally certified and you're offering a degree program and you don't have to currently notify the Department about that, then is that program -- to be clear, is that program -- is it still a ten-day notification or are you now adding it?

MR. MUSSER: We're not -- we would not change the conditions of a provisional agreement, we would be adding the requirement for reporting in that circumstance.

MS. MACK: Thank you, Jeff. Thank you, Dave. Aaron, please.

MR. LACEY: An expression of concern, I and I'm happy to be corrected on this, genuinely. You know, my understanding is this essentially extends the existing framework that applies to non-degree GE programs to all Title IV programs insofar as reporting notification self-certification is concerned. You know, my concern here. I mean, you can imagine the collective groan from higher education. Because we're talking about reporting hundreds of thousands, potentially, of programs to the Department. There are -- many institutions have hundreds and hundreds of programs. But, you know, the reporting is one thing. My concern is on, candidly, the Department's ability to approve changes. You know, higher

education is contracting. We're expecting hundreds of institutions to close in the coming years. Many of those institutions, in an effort to try to right the ship, are going to be interested in rolling out new programs, modifying programs, etc. This agency is under a standing order to diminish itself to the maximum extent possible under the law. My understanding is any institution that's provisionally certified, if it's on heightened cash monitoring and a number of other requirements, cannot self-certify. Right. I think that's usually about 10% to 15% of all institutions of higher education. The last time I checked, you know, the public list of who's on HCM1, that kind of thing, it's five, six, 700 institutions. So my concern is that we are putting the most challenged institutions, who are likely most in need of getting program approvals, in a position where they are now listing all of their programs, and if they want to make any changes to those programs or roll out new programs, they're going to have to supply those notifications to the Department and wait for approval until they can roll out those programs and fund. Because those institutions aren't eligible for self-certification. And, and the accompanying concern is, will the Department really have the hands on deck to timely make those approvals? And I'm just concerned about

creating a framework here where over the next 2 or 3 years, we're going to put schools in a position, particularly those most in need of not being able to timely get approvals, recognizing the resource constraints at the agency.

MR. MUSSER: Yeah. Excellent point, Aaron. And to be very frank, the Department understands your concern and has already begun considering how it will adapt to this new requirement. I would say a couple of things. First, you said as part of your comment that the school would have to wait for approval in order to offer the program. It does not have to wait in the reporting world. So. So, yeah, you have to tell it. Yes, we have to receive the report within ten days. But you don't have to wait for us to do anything with it in order to continue offering the program. If you're not required to seek approval prior to it, if you're not in the provisional status. So, in most cases, that will not impair the institution's ability to offer the program. The resource constraints is still a concern of the Department's, and we acknowledge it. We are making efforts to reduce the amount of things that the Department staff will require a school to provide. We have been undergoing an effort to minimize those sorts of things as part of the Partner Connect process in order to

streamline it. We are also considering other ways to improve the data and processing that we do in Partner Connect. But your comment is well taken, and we are aware of those parts of the issues, but we think that schools will still have a path to getting their programs up and running. That does not involve the Department approving every single one before they're before they receive Title IV aid.

MR. LACEY: And just to confirm, I want to make sure we're on the same page. I think we are. It's just the schools who are not eligible to self-certify. But you agree that schools who are on provisional HCM1 who aren't eligible to self-certify pursuant to this revision, they would have to wait for approval.

MR. MUSSER: They would, and they already do. Those already are required to wait for the Department's approval. Yeah.

MS. MACK: Please, Jake.

MR. LALLO: Yeah. Just to tag on to that. This is, I think, at its core, a data collection system. We're not really changing anything related to approvals here. This just requires schools to actually report all these programs to us. It helps us give a better understanding of, you know, what's being offered

by schools. It helps providing more concrete set of data. And I don't really view this as increasing the size of the Department. Actually, to the opposite end, I think in terms of, you know, diminishing our role to some extent, the more transparent data, the more data we have, makes it much easier for us to actually properly rightsize things.

MR. LACEY: So, just so I understand. So even currently, if you've got a public private nonprofit institution that is provisionally certified HCM1, etc., they are already obligated by virtue of being in that status, to report their degree programs to you all and wait for approval?

MR. MUSSER: Not, not in every case. I think I want to be really careful about this one. In some cases, schools that are, that are on provisional status have a particular provisional condition that requires the Department approval of programs. Right. If you do not have that condition, whether you're fully or provisionally certified, you are not required to submit your -- those programs for approval prior to providing Title IV aid to the programs.

MS. MACK: Thank you. Matt?

MR. FEEHAN: Thank you. So I was just going to address the, the Direct Loan eligibility. But

before I get there, with respect to what is essentially, and I'm going to echo the Department's point here, data collection, to Aaron's point, with, with the 30,000 foot level of institutions. Yeah, there's definitely some at risk, and diversifying the revenue streams and opening up new programs. I think this is one of the reasons why this increased data collection would be more beneficial to the Department and to our constituency group, because we'd like to see these, these new programs that are being created. So we support the Department's implementation of that eligible non-GE program reporting requirement. But just to the Direct Loan eligibility piece, I was hoping the Department could possibly expand on its reasoning. Just to, to hear more of our constituency on why we're limiting or not limiting, but why are we focusing directly on just Direct Loan eligibility?

MR. LALLO: Yeah. This is really to harmonize along with, you know, OBB and its focus on Direct Loan. You know, the Department is -- had GE on the books for a while. We've tested it in court. It's held up in court. That being said, you know, we'd never had any real congressional direction beyond that programs lead to Gainful Employment. This is the first time that Congress has ever really spoken on this issue clearly to us. And they spoke in regards to Direct Loans. Now, we've

previously, you know, had Pell as part of this as well. We think it makes sense for us to align the two together to not create two separate frameworks where some schools could lose Pell eligibility and Direct Loan eligibility, while others could only lose Direct Loan eligibility. It doesn't seem particularly fair, especially given the way that, you know, institutions -- this is an institutional eligibility metric. And we think it makes sense to harmonize those things together, both in terms of what the bill says, but also in terms of an implementation thing. Creating two separate frameworks for us increases -- it creates an incredible amount of burden on Federal student aid for administrative purposes. You know, Aaron has spoken about, you know, the difficulty in getting things approved. If we have two different, you know, systems, it becomes very difficult from a workforce perspective for us. And this just makes it cleaner. We also think that, you know, this still focuses on the core issue, which is students, you know, having large debt loads. Direct Loans have that. Pell doesn't have that. So we think that this bill addresses the core issues. And we're not really losing much to remove Pell from this. But I think that's the big thing. We -- the big goal overall is that we really want everything to harmonize with the HEA, and, you know, we don't want to create

multiple systems.

MR. FEEHAN: Yeah, that makes a lot of sense. So I appreciate the Department sharing that additional reasoning, and for that reason, the veterans constituency would support this draft language as written.

MS. MACK: Thank you, Matt. Tamar?

MS. HOFFMAN: Thank you for going through this with us. I have a question as well about why only loss of Federal loan eligibility and not Title IV eligibility. I understand the Department's desire to harmonize regulations, but I'm wondering where exactly the Department's authority to make this change comes from. Given statutory authority about losing Pell eligibility for programs that were designated as Gainful Employment programs. And to that end, would like to propose that the universal policy just be loss of Pell eligibility along with Direct Loan eligibility, given the potential harm to students as well as to the public of wasting taxpayer dollars on Pell Grants for programs that are just not worth it and can't pass muster.

MR. LALLO: Yeah, I can speak to that. So, in regard to your proposal about total loss of Title IV eligibility, I don't think we have statutory authority to do that. You know, again, this is the first time

Congress has really spoken on that issue. If they wanted us to take all Title IV eligibility, they would have said so. They were very specific that we're only supposed to take Direct Loan eligibility. In regard to the broader, you know, where we've previously had it as all Title IV eligibility, you know, we've established in court that we have authority to do that. However, we feel that these should be harmonized against each other, and we think it makes much more sense to do them with just Direct Loans across the board. Your point is taken about, you know, expenditures and whatnot. But given, you know, the administrative burden on the Department, we feel that it would make much more sense to keep the two tied together.

MS. MACK: Thank you, Jake. Jeff, did you want to speak on that, too?

MR. ANDRADE: Yeah. I guess my question back would be if we were to have two separate standards, one for with loss of Pell eligibility, how -- I mean, that just seems like that would be a total nightmare for institutions, particularly nonprofit institutions, where you would have some, some programs that were not eligible for loans but were eligible for Pell. But if they were degree programs, they wouldn't be eligible for loans. I mean, I just don't see how that would work to have two separate standards at the same

institution. I would ask you if you could talk to that.

MR. MUSSER: And the last, yeah, go ahead, Tamar, before I do.

MS. HOFFMAN: Oh, sorry. No, just Jeff asked a question. I don't necessarily understand what the issue here is, especially given the statutory authority that makes it very clear that Workforce Pell programs, sorry, not Workforce Pell, that I'm sorry changing, changing gears here, that Gainful Employment programs would lose all Title IV eligibility. Especially given that these programs are clearly delineated from one another. And we're happy to submit a proposal that could help speak to this. We don't have to go through it all right now. But perhaps I'm misunderstanding your point, and I'm happy to hear it again.

MR. ANDRADE: No, I just wanted to get more of a rationale on why you think that that would be - - it would be workable to have two separate standards. One for certificate programs at the undergraduate level and one for degree programs and graduate certificates.

MS. HOFFMAN: Well, as you clearly described, these are very different programs and institutions are large. And it makes sense that there are different standards that apply to different programs that happens across the board within an institution. And more

than that, I think that the Department has clearly expressed to all of us, especially the last week of negotiated rulemaking, that there are clear constraints on Pell Grants, especially with the extension of Workforce Pell grants and lack of funding coming in for - - to continue to fund these programs. And it makes sense in that regard to make sure that the money is well spent and is actually going to programs that are serving its students, and that students are not using their lifetime Pell eligibility on programs that are not going to lead to any kind of meaningful outcomes after graduation.

MS. MACK: Dave, did you want to speak on this before I move on?

MR. MUSSER: Before I say anything, let's let the other negotiators give their comments.

MS. MACK: Perfect. Preston, you're next.

MR. COOPER: Thank you very much. I just want to echo the comments made by Tamar that I do believe that it's a big concern that, you know, Pell eligibility -- losing Pell eligibility is no longer a consequence of failing the Gainful Employment side of the rule. I ran some of the numbers last night, and the One Big Beautiful data set that you guys all put out, and it's \$1.2 billion in Pell Grants per year that go to GE

programs, which fail the new earnings benchmark test. I mean, that's a lot of money. From a taxpayer perspective, I've got my 330 million constituents who are spending their hard-earned tax dollars funding these programs, that's a very tough pill to swallow. I'd also like to point out that, you know, I very much support the policy goal of harmonization here. You know, it does make sense to have one standard for all programs. But at the end of the day, we still are dealing with two different legal authorities. There's the OB3 legal authority for some programs, and then there's the Gainful Employment authority for certificate programs and certain degree programs. The Gainful Employment authority lives in section 102 of the Higher Education Act, which deals with institutional Eligibility for Title IV, and I would argue that implies that the consequences of failing Gainful Employment do have to be all or nothing. It does have to be all Title IV eligibility that it's actually more of a legal challenge to cut off only Direct Loans for GE programs. I would argue that if you're going to do loans, you also have to do Pell Grants for GE programs specifically. And just to add to the point that Tamar made earlier, I think that, you know, for institutions, it's not a huge administrative burden to know that there's different types of aid available for different

programs. I mean, they do this today with programs that are below 600 clock hours. Those are not eligible for aid. They've been able to figure out how to make it work when some programs are eligible for aid. Some programs are not. I don't think it would be too big a challenge for institutions to figure out how to say, okay, well, this program is eligible for Pell. This program is not. So we need to decide which students are eligible. So just some points on that. Would be happy to hear the Department's POV on this.

MS. MACK: Thank you, Preston. I've got Jeff and then Rachael.

MR. ARTHUR: Yeah. Just a quick comment to that. The, the only degree program subject to the Gainful Employment rule, as it's currently written, are proprietary institutions. And I can assure you that a proprietary institution that loses Direct Loan eligibility has lost their Pell Grant eligibility because they won't be able to financially offer that program.

MS. MACK: Thank you, Jeff.

MR. ARTHUR: And to make one other point again, I'm going to beat the dead horse again. I believe I'm stating this correctly, that any proprietary institution, because all their programs are Gainful Employment, that they -- we already have to report every

program on our ECAR. So we do need to have prior approval as a proprietary institution to be able to offer a new program if you're provisionally certified.

MR. MUSSER: If you are provisionally certified with the condition of requiring prior approval.

MR. ARTHUR: So, so that that is a and I go back to I finally put that together that this is a concern for our sector. And I would also point out that, you know, I've done 30 plus recertifications in my career, and probably 50, 60 EAPs or probably more. The time frame has been incredibly long. And I'll point that out that I think the quickest I got one was maybe four months, but generally it's an average of over a year. So, we've -- our sector does not have that opportunity to offer a new program if you're provisionally certified. As we do now, I understand that, but the point is that this rule does -- that's why I wanted to clarify that the ten-day thing is not exclusive of that.

MR. MUSSER: Yeah. That is true, and the Department does take your concern about the time frame issues. And we are still -- we are currently evaluating how to improve those things.

MS. MACK: Thank you, Jeff. Thank you, Dave. Rachael?

MS. STEPHENS PARKER: Thank you. I'd

like to generally express agreement with some of the points being raised around the concerns around Pell eligibility. And I think actually, for me and my constituency group and thinking about why learners attend higher education, there are of course multiple reasons, but one is certainly an expectation or hope for some level of economic gain for a vast majority of students. And so I'd actually wonder not only about Pell eligibility as described related to sections of HEA for GE programs, but also for non-GE programs under the One Big Beautiful Bill Act. I recognize the text specifically calls out Direct Loan eligibility. So perhaps when you're answering some of the other kind of points and questions just raised, I'd also love to hear why there's a sort of reluctance to consider, yes, that is called out, are there other, you know, do we marry it in the opposite direction? Because I support the idea of creating one standard. We can marry this in the opposite direction and, and expand Title IV eligibility, and where you see those authority lines being drawn. I will say I just feel I think a lot of us feel very uncomfortable with the notion that being a short-term program that does not meet the workforce benchmarks is the only way to lose Pell eligibility. But now there's much more I think good rigor around losing other type of, you know, around losing

Direct Loan eligibility.

MR. MUSSER: And just a quick response to that. I would point out that were the Department to subject programs to losing Pell eligibility, that would be one additional accountability constraint on Workforce Pell programs that doesn't otherwise exist. And I just wanted to make sure that that was clear.

MS. STEPHENS PARKER: And that actually might get to another clarifying question we had from our constituency group, thinking about the overlap here with Workforce Pell. My understanding, in reading this and talking to colleagues, kind of on break is, right now, as written, all Workforce Pell programs would also go through this GE test, even though there's no consequence for them because they buy their short-term nature, are not Direct Loan eligible, they would just be run through the test with no consequence. As of right now, they would lose Pell eligibility right now just under their Workforce Pell. Yeah.

MR. MUSSER: That's all correct.

MS. STEPHENS PARKER: Okay, interesting. Thank you.

MS. MACK: Thank you, Rachael. Matt?

MR. FEEHAN: Yeah. I'd just like to respond to one point that was raised by Preston, and more

so kind of bring this conversation back to what was the guiding, the guiding principle from the Ed Department and really from Congress, which was to harmonize. So I'll use the direct quote, the regulations. So what has me a little bit concerned is if we're borrowing from prior -- from essentially prior statutory authorities, we might be running into an issue of conflicting statutory authorities here with what Congress has put forward with One Big Beautiful Bill Act. So just a point of concern from the vets group that one of the things that our constituency is very happy with this department, and this obviously what Congress has pushed forward is a move to harmonize regulations and accountability, accountability metrics that apply to all sectors. And if we're going down this road of borrowing statutory authority from previous administrations to justify regulatory changes here, I just think that we might run into some problems. So, just a general concern.

MS. MACK: Okay. Thank you.

MR. MUSSER: I just want to ask if there's any other comments from institutions on this, given the potential issues with losing eligibility for both Pell Grants and Direct Loans. If not, if Tamar, oh, do we have something from David?

MS. MACK: David and then Jeff.

MR. KAFAFIAN: Yeah, I guess I would just -- I don't know that there's an obvious answer here. I guess I would acknowledge that from the outset. I think you've all been very thoughtful with the collective set of proposals that you've put forward here. I'm cognizant that it is a relatively low bar empirically across the board that we see, we see 1%, 1.2% of bachelor's programs failing, 4% of master's programs failing, a massive number of undergrad certs. But we will talk about that, I'm sure, in due time. That said, I do side with Jeff's point, which is that, practically speaking, a student taking Pell and not having access to Direct Loan is likely a student who's not taking that program. And so I think to your point, on 1.2 billion, Preston, I guess I would just think of, you know, the counter positive there is in a world where that student didn't have access to that -- those dollars, would they have, in fact, persisted in taking that program and taken those dollars out? I suspect that that, you know, it's not something that's unknowable, but I suspect that that number shrinks dramatically in that context. So, yeah, it's just some things to think about. I don't know that. Points that are going in both directions here. I'm aware of that. But as we all try to formulate our thoughts, some things, I'd throw it out to the group.

MS. MACK: Thank you, David. Jeff, did you have something? Okay. Aaron and then Preston.

MR. LACEY: Yeah. A couple of comments. I mean, I think the first is it's important to keep in mind what an earnings test measures and what it does not measure. Just to be very clear, it doesn't measure the quality of an academic program or its curriculum or its instructors. It does not measure graduation or placement success. A program with a 10% graduation rate could still ostensibly and easily pass this test. It doesn't measure value-added earnings or upward mobility. It doesn't measure lifetime financial value of a program. And the reason I point this out is to say Congress, in proposing this accountability framework, I don't think is suggesting that these programs lack merit, because that's not what this test determines. What this test determines is whether or not graduates of this program, in a particular occupation, four years after they graduate, are making a certain amount of money based on what they reported to the IRS. It's a very limited data point. And I think Congress said it's a limited data point, these programs may have merit, but we don't want these students to be borrowing. If after they graduate, they're not going to make beyond a certain amount. Pell Grants don't increase the debt burden on these students,

and these programs may have merit. I mean, look, we're going to get to this later, but the Department's data set suggests that 92% of cosmetology programs in the United States would fail this test. I do not believe that 92% of the programs in the United States for cosmetology lack merit. They just don't pass this test in the way that it's formulated. And I think Congress has said the consequence here is a lack of, of opportunity to borrow. I think there's a real question still as to whether the Department has the statutory authority to extend this test at all to non-degree programs. I do not think it is a foregone conclusion that there is some clear statutory authority for the Department to build some sort of accountability framework in and around the phrase Gainful Employment. And the fact that there's been all this back and forth, and agencies have taken different views on this point, does not increase the likelihood that that would be successful in court. Right? Sort of the definition of arbitrary. We've got an agency every four years, taking a different view. But to the extent the Department is going to rationalize and extend this to non-degree programs, I think trying to adhere to the consequence and sort of the philosophical outlook of Congress makes a lot of sense. And I think one of the agency's primary objectives here is to try to fashion a

rule that everybody can finally get on board with. We've got Democrats and Republicans in statute saying, okay, we're buying into an earnings premium and that, and that treating the application to non-degree programs in a way that's consistent with congressional intent, and the OB3 language probably makes this more likely to stick through future administrations and through future litigation. So I think there's a lot of merit to taking that approach. And I think there is risk if you don't take that approach, that you increase the likelihood of litigation and challenge by future administrations, and raising the even bigger question of whether there's even a statutory basis to extend this framework to non-degree programs in the first place.

MS. MACK: Thank you, Aaron. Preston?

MR. COOPER: I just want to mention that there are still consequences for students of taking Pell Grants on, you know, programs that are, you know, not likely to lead to a good return on investment. I mean, students are still using their lifetime Pell eligibility there. That limits the number of semesters that they can take Pell grants going forward. And that's even beyond the taxpayer costs, which I want to reiterate, \$1.2 billion a year going to programs which are likely to fail, GE programs which are likely to fail

the earnings benchmark test. And it's actually more common than you would think for students to take only Pell, but not loans. There's about 10%, I believe, of community colleges out there that participate in the Pell Grant program and not the direct student loan program, and I just pulled up some of the numbers from NCES. 42% of undergraduate students take Federal grants, but only 35% take Federal loans. So there are a lot of students out there who actually are, you know, taking Pell Grants but not taking loans. You know, we can discuss the reasons for that. But, you know, there are a lot of students out there who are, you know, pursuing degree programs, pursuing certificate programs based only on their Pell Grant eligibility. So I just, you know, I want to really make the point that, you know, Pell eligibility being a consequence of failing the GI side of the rule, you know, still is important, you know, and I would strongly support the proposal to include loss of Pell eligibility as a consequence of failing the earnings benchmark test for GE.

MS. MACK: Thank you, Preston.

Kristin?

MS. HULTQUIST: Thank you very much.

So, you're absolutely are hearing from all of us. This is the top issue that we've been kind of batting around

behind the scenes, and are grateful that you invited us to have a conversation on pros and cons. Preston mentioned last night, and God bless you, Preston, that he ran data on this, but might we get, please, some data that help us better understand if Pell were included, which programs, which sector, which -- how many students, how much money? We need to better understand the consequences. Aaron's talked a little bit about what's happening in our sectors, but to capture people who don't perceive value, to capture people who don't have the time to take as much time off, they are moving into these short-term certificate programs. The public sector is embracing them, particularly in the community college. And so just to understand what are the consequences, I think you've raised the right question. We are appreciating the tradeoffs you've had, but the data aren't clear to us.

MR. MUSSER: Certainly, if you'd like to submit the data request, we will do -- we will see if we can fulfill it.

MS. MACK: Thank you. David, please.

MR. KAFAFIAN: I think my concern and I supported very much of your saying early on that you want to take things away because we have to actually look at what the data says each and every time. And so it's

the assembly of the ingredients in the pot that are going to matter here. To the other side of your point, though, Preston, my concern is you also have 28% of mental health graduate certificates, 38% of master's in mental and social health services failing under this -- under these rules, substantial numbers for a country that not to be too political, but that frequently says thoughts and prayers and doesn't do anything about mass shootings. Right? And so I guess I just worry, like, how else are students going to take these courses? Are we only going to allow these courses for social work and mental health services to students who are rich? We need more of these professionals. I gather that, like our powers here are a bit limited, but we do need to find grant dollars for these programs. They are people acting in the public service. They're choosing lower-earning careers to help all of us, and in doing so, they need some mechanism that is not indebting themselves for the future to go pursue those programs. The only answer I can come up with is cash from savings or scholarships. Those are the two buckets. And so I wouldn't want to cut off scholarships for students in these lower-earning programs. Again, it does matter which lower-earning programs. I'm sure we all have different perspectives on which low-earning programs. And so I think that's just the nature of the

debate and where we all need to be looking to Kristin's point, very specifically at which programs, because the proverbial basket weaving one we can all agree on, the other ones are less so.

MS. MACK: Thank you, David. Aaron, please.

MR. LACEY: Just a couple of points. I mean, the first is I'm, you know, Kristin, I like your data request, and I appreciate the request, but going back to Jeff's point, as a practical matter, the vast majority of institutions, if they lose Direct Loan eligibility, my expectation are not going to be able to offer those programs. So, you know, Preston, respectfully, with the data point you referenced earlier, I mean, I assume the assumption there is that all those programs continue to run, and that's all the Pell that would go out. I don't think that's a fair assumption. I think the vast majority of those programs will stop. So candidly, the Delta and what we're talking about here, like how much Title IV is still going out, is probably pretty small. I don't think -- I've talked with folks in the cosmetology and other non-degree program areas, they can't run their programs on just Pell, and these are 1000-hour programs. I mean, forget about a lot of the other programs. The other point I just want to make is I

want to take issue with the characterization of programs that fail this test as having a low return on investment. I mean, I made the point earlier, and I'm going to hammer this for the entire week if I have to, this test does not measure lifetime financial value, right? So what it measures is how much someone is making four years after they graduate. If you look at the number -- again, 92% of cosmetology programs are going to fail this test. If you look at BLS data, it suggests that the median earnings for Cosmetologists is \$35,000. The 25% point is \$29,000, which means 75% of the people in this profession are earning more than what is the bar, the benchmark against which they're being measured for years after they graduate. So it's -- this test does not measure lifetime financial value, or whether folks are going to be able to make a living successfully, particularly if they're working part-time, things like that. That's not what it does. It only measures four years after they graduate, how much they're making. That's all it tells us, right? The other thing is, to Dave's point, it also does not measure the societal benefit of the people who are working out there. So when you've got social workers and folks, musicians, studio musicians, others, you've got all these people who are doing things that may have value for society and taxpayers, but because for years after

they graduate, they're not hitting the benchmark. Those programs are failing, too. So when you talk about are these programs, do they have a return on investment? First of all, they may have a very strong return on investment ultimately over the lifetime for the students who are graduating. They may also have a return on investment for society. We're talking about health care and social and mental health, etc. All the test tells us is that four years after they graduate, they are not reporting to the IRS enough income to satisfy this threshold. That's what the test tells us.

MS. MACK: Thank you. Tamar, please.

MS. HOFFMAN: Thank you. I'll just be very brief, only because the point of a master's in social work has come up now a few times. I just think it's worth clarifying that none of those programs are eligible for Pell Grants. So that's really not what is at issue here.

MR. MUSSER: Yeah. That's correct. I was going to make that point in a moment. So thank you, Tamar.

MS. MACK: Thank you, Dave. Jeff?

MR. ANDRADE: Yeah, I think to, to Aaron's point, I mean let's also, you know, remember that this is a floor. You know, a minimum floor that you have.

And so having a standard where or floor where you're expected to earn basically four years after you complete a program, more than what people who didn't go through that program or any program for that matter. It's not a high bar. So, this is not -- I don't think anyone has ever said this is a measure of quality, but this is a minimum that you have to sort of, and it's not even gating, it's just it's a minimum floor which allows you to participate in the student loan programs. Not unlike, you know, what we have for default rates, where, you know, we allow a significant percentage of people to default right afterwards, and the program still continues. So but, but there's got to be a point where it's unreasonable to allow programs to continue in the loan programs based on the earnings of people, you know, four, in this case, four years out is where Congress landed. So I think, you know, let's keep in mind that this is the, you know, a minimum that we're trying to establish here for participation.

MS. MACK: Thank you, Jeff. Jeff?

MR. ARTHUR: Yeah. I'm pretty confident that at the end of the day, the remaining Pell eligibility that gets used will be pretty minimal. And I think there's something to be said for allowing students to have some access to student aid. An institution may

want to phase out a program, teach it out. It's a way to help those students be successful. And again, this is not a major quality. I would ask for a little patience because the Department's rule is proposing to collect a lot more robust outcomes information. That's going to be very insightful. We're looking at things that are going to be -- they're going to help complement this measure. And when we get, get this information, we don't know this information on these programs right now. Truly, to the total cost, time to completion, those kind of factors are going to be very insightful and informing future policy and identifying programs that are quality or low quality or don't provide a good value. I mean, success rates are certainly a measure of quality. All these measures that they're collecting are measures of quality, and one metric, it's not appropriate to take such dramatic action on that basis.

MS. MACK: Thank you, Jeff. Randy, please.

MR. STAMPER: Thank you. So I want to echo a couple of things that have been said with, with particular perspective towards the idea of expanding ineligibility to Pell. During our last meeting in December, the Department, I think, rightly, came from a philosophy of this is something new. We want to go slow.

We don't want to have blanket effects, unexpected unintended consequences, etcetera. And both today and during that week, the Department regularly cited what they were allowed to do, what was statutory, where their authority was. So with respect to a proposal that, to Aaron's point, a metric that does not -- is not serving as a proxy for quality, a metric that is not serving as a proxy for impact or for lifetime earnings or anything like that be used to suddenly disqualify programs that are not called out specifically by Congress would be an error. It would -- we don't even know the definitions yet of, of all of the things that are going to trigger some of these reactions. So I would urge my colleagues, very respectfully, to not start making claims or targets on things like Pell based on a single metric that does not represent many of the concerns that we addressed in December about short-term programs. Thank you.

MS. MACK: Thank you, Randy. Preston, please.

MR. COOPER: Thank you. I just want to echo the point that Jeff made earlier that this is a low bar. You know, we are comparing the earnings for years after completion of only completers, we're not even talking about noncompleters, to people of a similar age in the same state who have only a high school diploma.

That is a low bar. We have a lot of economic research showing that people who choose to pursue higher education have higher earnings potential than people who only have a high school diploma. So if anything, I mean, the appropriate benchmark should be higher than the typical earnings of somebody with only a high school diploma. Unfortunately, that's difficult to calculate. So we are using the high school diploma as a very low bar. But according to the Department's data set that was released, it's less than 5% of programs overall that are going to fail the standard. When we know that, you know, the number of programs that are probably not performing is significantly higher than 5%. So I just want to reiterate, you know, this is a low bar. And I think for programs that are showing those absolutely very low abysmal earnings outcomes, you know, very severe consequences, including loss of all Title IV eligibility, is appropriate.

MS. MACK: Thank you, Preston. Matt?

MR. FEEHAN: Yeah, I'll just keep this really short. I've seen and for the veterans constituency a stark increase in the, I don't want to say targeting, recruitment of GI Bill funds and other sources of revenue from my constituency to really what is offsetting a drop in postsecondary enrollment. So with that in mind, again,

echoing Preston's point, this is a really low bar. So what I like about this is to incentivize institutions to really start thinking about when you're recruiting a student veteran for their GI Bill benefits, is what their, what their outcomes are going to be financially. Again low bar. It will incentivize -- hopefully incentivize institutions to think more deliberately about their recruitment strategy and their enrollment strategies that will better serve our respective populations.

MS. MACK: Thank you, Matt. Jeff?

MR. ARTHUR: Yeah. I would just point out when we're looking at service industry fields, child care, cosmetology, and culinary fields like that, you know, \$36,000 salary for somebody that's taken six, nine, 12 months of education at a pretty low cost, I think is probably I guess it's the methodology we've got to ensure isn't setting a low bar for all programs, and that I know we're going to revisit that. But certainly, when you look at those programs, we're going to need to do some work to ensure that it is truly an appropriate bar for those programs as well.

MS. MACK: Thank you, Jeff. Dave, are we ready to go to the next section?

MR. MUSSER: Yeah, I think so. I just

want to say thank you for all of the discussion on this. Again, if there are substantive proposals which it sounded like there was from Tamar, please submit those in writing for the Department to, to consider. But we appreciate very much the robust discussion on this. We know it's an important point. I do think it's worth spending time going through the remainder of the changes, as well as the additional data analysis the Department has done, before we talk further about it. But again, thank you for the discussion on this one.

MS. MACK: Thank you, Dave. Next section.

MR. MUSSER: So if we could pull up the amendatory text changes. So here in subpart B again, 600.21 deals with reporting requirements for institutions. If we could scroll down. The only change to this section is a conforming change because the Department has removed one of the sections of, of 34 CFR subpart S, and we'll talk about that when we get to that section. I think we can keep going here. If anyone wants to talk about that, we can talk about it after we go through this section. So here this is 668.43, institutional and programmatic information. This section largely has to do with information that institutions are required to, to provide to their students. This section

however, is also about the program information website that the Department will establish and maintain as part of its transparency efforts. We'll get to it in just a moment. But the reason it's in this section is because institutions are required to provide information to their students about how to get to this website. But it also requires the Secretary to maintain the website. So the only change here at the beginning is we're eliminating the start date. The Department will establish this as soon as possible when we have the available information. We didn't believe that a start date was, was necessary to implement that. We could scroll down. Here, we added a component to the items that the website must include. Which again, as you see in the stem of the sentence, these are not all the items that the website might include. I want to be clear about that, but these are going to be included. We are mandating that the Department include the median length of calendar time in weeks, months, or years taken for full-time and less than full-time students to complete the program's academic requirements and obtain the degree or credential awarded by the program. We believe that this is important information for individuals who are considering enrolling in a program. We provide a significant amount of information on, for example, the College Scorecard right

now about earnings at the institution level and in some ways at the, at the program level. We hope to improve that information substantially through this process. But there's not as much information coming from individualized student data about the time it takes for students to complete programs. There are similar information that is collected on the, on the IPEDS survey at the institution level, but not at the program level. So we believe that because there is significant opportunity cost for students to enroll in postsecondary education, this is also a valuable thing for them to know if they go to the Department's website for information about price and cost for their program. So we can scroll down. And we've renumbered obviously here for the, for the addition. Here we're just making a cross-reference to 34 CFR 668.404 (c) for clarity. If we could scroll down. The next change is the removal. Not, not quite that far. Sorry. Go back up a little bit. The strikethrough here is related to elimination of the debt-to-earnings rate. So it's a conforming change for that. Now we can go ahead and scroll down. Thank you, Andrea. And then here we struck (e) because this section dealt with information about whether students who graduate from a program are required to complete a post-graduation training program to obtain licensure before becoming eligible for

independent practice. Although this might be a piece of valuable information to students, we believe that by and large, students do know this when they enter one of these programs and professions. This was included in part previously, because whether or not a student was in this situation also affected the calculation of the debt-to-earnings rate, because it created a larger period of time between when the student graduated and when their earnings were measured for purposes of that calculation. And because the Department is proposing to strike that calculation, this information is less relevant for that reason. But we also believe, in general, it is not as relevant as the other information, and the Department is attempting to focus on the student cost for the program itself, which, as I mentioned, does include opportunity cost for the time it takes the student to complete the program. Not necessarily what happens after that.

Scrolling down. Here, we've deleted the requirement, a little bit back up, there we go, under (2) here, the Department has proposed deleting the program web pages section, which requires the institution to provide a prominent link to the link to the website that the Secretary has created on any page containing academic costs, financial aid or admissions information. We believe that that was simply too broad and that it

creates information overload for students for this to be presented in all of those different places. You'll note that it's still required for the institution to provide the relevant information for students to access the website. That hasn't changed. However, we believed that this particular requirement added more burden than was worthwhile. Given that, given that we already have a requirement below that the institution provide information about how to get to the website. So we could scroll down a little bit more. We've renumbered here, and that's the end of that section. So let's pause here for comments and questions about this section.

MS. MACK: Thank you, Dave. Tamar, will you get us started?

MS. HOFFMAN: Sure. Thank you. Dave, thanks for walking us through that. I'm curious if you could tell us a little bit more about the program web page elimination. I understand what you're saying in terms of desire to eliminate burden, but with all due respect, it's a link on a web page, and it just -- I'm struggling to see why this is so burdensome.

MR. MUSSER: Well, to be clear, it's not just one web page. It's a web -- it's web pages across the institution's websites. Which institutions, especially large institutions, have numerous places where

they describe admissions criteria, where they describe financial aid, and in many cases, they do it by program, because when they're describing financial aid, they're not just describing Title IV aid, they're describing aid for the program itself, which often differs. So, incorporating this website into every single one of those places and doing it in every single case, we believe, added a burden that again was not justified given the general requirement. But that is that's the reasoning is that it does create a lot of work for an institution to keep this website -- keep the link to the website on every single page where this is discussed.

MS. HOFFMAN: Thank you for offering that. That's helpful context. And I think with that in mind, it sounds to me like, with good reason, this has to be in multiple places, because that is aligned with how consumers take in information. Right? Consumers are likely to navigate to the pages that have to do with their program, not a page that has to do with a completely other random program that they are not enrolled in. And given that it's linking to a consistent URL, it's not that the information needs to be updated on every single page, it just has to include the same URL. So, given how important that is to consumers, I would ask that the Department reconsider that position.

MR. MUSSER: You can -- we can certainly entertain that. You could submit that. Thank you.

MS. MACK: Thank you, Tamar. Matt?

MR. FEEHAN: So I was hoping that the Department could clarify on subsection B for the total completion time that you're expecting to, to hear from. It seems, correct me if I'm wrong, that you are factoring by student the total length, not by published program amounts. I just -- the way I'm reading this, the subsection almost seems like it's the published amounts or the publish time frame versus the actual time frame. It's the intent of the Department to capture the actual time frame, correct?

MR. MUSSER: That's correct. The actual time frame, the median for the program, for students in the program.

MR. FEEHAN: So on that note, then I'd be curious whether the Department would be open to, and if so, I'll be happy to submit a proposal on pushing a carve-out for service members who are in these programs. The only reason I'm stating that is because I'm a little bit worried about the disincentivization we could see from institutions from service members who inadvertently have their program stopped. You know, give you a few

examples. The easiest examples of full-time one-year deployment which is a significant time frame. So that's going to affect your data if you have any students in that program. Now granted, it's probably a small number of students, but that will throw off the data with, you know, a number of students in the program who get deployed for a year. But what will be more problematic is if there are student service members drilling either in the reserve or the guard who have a term, a semester pushback. Again, that's going to negatively affect the data. And the only thing I'm concerned about and why I might be interested in putting a carve-out in there, is for institutions being disincentivized from enrolling students who have active military obligations because it may hurt their actual completion metrics.

MR. MUSSER: So thank you, Matthew, if you'd like to submit that, certainly fine to do that. I think the Department is still working on exactly how we will calculate the median here. I think there's some open questions about whether we will include periods during which the student was withdrawn, for example, which, in many cases, especially at colleges where students tend to stop in and stop out, may not be a good indication of the actual time it takes for someone who is continuously enrolled to complete the program. So we can take that

back and think. It may, you know, it may not be something that we could accept in the regulatory text, but it might be something that we could agree to put in the preamble about how we would calculate this, to avoid creating situations where stop-outs substantially extend the length of the program. But it's something we can consider.

MR. FEEHAN: Yeah. And I think you actually pretty accurately capture that using median data. So I don't think it's a major concern. I was just curious if you'd be willing to hear a proposal, but it sounds like that might not actually be needed for the regulatory text. It might just be a preamble thing. Thank you.

MR. MUSSER: Yeah. Thank you.

MS. MACK: Thank you, Matt. I'm going to move over to Preston.

MR. COOPER: Thank you. I'm thrilled with this addition about the median length of calendar time for full-time and less than full-time students. You know, I often hear from organizations representing taxpayers. Why the heck do we measure six-year graduation rates for what's supposed to be a four-year program? So I'm glad that we're going to have some better data on the actual amount of time it takes to complete these

programs. I do wonder if it might be possible, we have this broken out by full-time and less than full-time for the, the median length of time to completion. I wonder if it would be possible to add the percentage of students who are full-time versus less than full-time for these programs. So we can get a sense of just the breakdown of which students are pursuing these different pathways.

MR. MUSSER: We can entertain that.

MS. MACK: Thank you. Aaron, please.

MR. LACEY: I just want to support the Department's removal of the website link requirement. And for the non-institutional folks here, I just want to, I mean, first of all, institutions are not concerned about disclosing this information, truly. I mean, you're going to have to give a -- the Department's website is going to be out there. You're going to have to make a disclosure to every current and enrolled student. I don't think that's -- an institution if you are inclined to peruse 668. 41, 42, 43 institutions are disclosing an enormous amount of information already under the consumer information requirements. Like, that's not the problem. It really was an operational challenge. I had conversations with a lot of schools. I mean, if you read the way this language read, it said, you have to put this link anywhere it says on any web page containing academic

cost, financial aid, or admissions information about the program or the institution. I mean, what, what page on an institution's website does not include academic cost, financial aid, or admissions information about the institution? So schools with hundreds and hundreds and hundreds of pages on their websites, we're trying to, you know, we're spending time trying to figure out like which pages on our website actually fall into all -- it was a significant administrative burden on schools. It created a lot of frustration. And again, I mean, I don't think anyone -- I don't think institutions object to the idea of providing these disclosures to current and prospective students for, you know, the students to be able to go view the information. I just want to affirm, I think this was very much a logistical operational issue, and I appreciate the Department recognizing that.

MS. MACK: Thank you. Richie?

MR. MORROW: I was just going to -- I'm going to second Aaron's comments on eliminating subsection H. There's no, at a lot of our large institutions, there's no one entity that controls all the websites that are available to students. You have different colleges, you have different departments that are publishing their own information, putting it out there for students, and trying to provide a link to that

information. It was just cumbersome and burdensome. So I appreciate, and I'll second Aaron's comment, eliminating that burden.

MS. MACK: Thank you, Richie. Jeff?

MR. ARTHUR: Yeah. So in that vein, the 668.43, all the consumer disclosure requirements we are required to make, we deliver them at the institution. And I guess I look back at the GE template, that process that we went through before, where we took the required disclosure information and made it available. And I think it might be simpler just to and more effective to give this information to the students where they are on your site, put it on your program web page, and disclose it there. Certainly, I agree with the Department collecting that -- that's necessary, but I would suggest using the GE template type methodology and disclose it on your program web page. And when you, certainly, any students looking at a program would see it. And when you have a prospective student, once they've identified a program, that you provide a link to that information on your program page and just keep it with the spirit of the other consumer disclosure requirements. And certainly that's all audited in an annual compliance audit or the single audit for other institutions. And of course, we're going to have the information we submitted is going to

be, I'm sure, part of the audit guide. And so I just thought that might be a more effective process. I get somewhat concerned about sending students to another site that's run by somebody else to get information about my institution. I think that could be presented in influential ways versus neutral stating of the information.

MS. MACK: Thank you, Jeff. Eric?

MR. ATCHISON: Thank you to the Department for walking us through this and allowing us to discuss this very important type of transparency topic here. I want to start with subsection B on the length of time. At what point do you determine a student to be full-time or part-time? Because, as we know, students tend to move into and out of enrollment intensity over time. And so in other survey systems like IPEDS, I know we count students in their first term as being full-time or part-time, and I didn't know if the Department had any insights there. And then I have two other non-redline text suggestions as well.

MR. MUSSER: Yeah. Let me start with that one. And unfortunately, I don't have a specific answer for you except that we have already thought about -- we have thought about this, and we are evaluating the different ways it could be done. It could be done as an

average amount of time, the average amount of time that the student spends in the various enrollment statuses. It could be done with the initial one, with maybe exceptions for students who are only in that status for a very short amount of time. We haven't landed on one of those in particular. But we are still looking at what data is available in NSLDS and whether, whether one of those approaches looks like it's the better one in this case.

MR. ATCHISON: Thank you. Just two more quick things. Under subsection D, we have total cost of tuition and fees, total cost of books and supplies. But that's not really being very transparent for students in terms of total cost of attendance because it doesn't include the cost of transportation, food, and housing, other miscellaneous expenses. And so, just wondering what the Department's temperature is on thinking about those types of expenses as well. And then one thing that's missing here that is becoming more and more prevalent, and how higher education supports students, is really considering the amount of emergency aid that institutions distribute to students. Maybe putting that also in some sort of transparency reporting would help students better understand when they have a flat tire, and it becomes -- I mean, I use that as a tongue-in-cheek example, but when that happens, are those opportunities available to

students to access that type of aid within the institution?

MR. MUSSER: So certainly we would entertain if you have ideas for items that could be, you know, amended here for the ones that exist, or if you have a suggestion for something that you think should be added, we can certainly look at that. I would say that it, it would be a bit challenging, I think, to provide useful information about the use of emergency aid. Just because the Department doesn't -- a lot of these things are things that we're collecting through the what is currently called the financial transparency, and will be called the stats process, the data collection and reporting process. And reporting on emergency aid specifically would, I think would create some additional challenges, but we can entertain that if you think that it's a valuable thing to include here.

MR. ATCHISON: Sure. Just to clarify, reporting on private loans is also included in subpart, what's new now, subpart E. So that's something that the Department doesn't already have access to, I presume?

MR. MUSSER: So, yeah. What I'm getting at is that, that private loans are one of the items that's being reported currently. And to be very frank, it is -- that is a burdensome item for schools to

report. However, we feel that it's important to get that information because it's a very important aspect of what the student is using to pay for college. Emergency aid is, I think, an interesting topic, and it is something that I think students would find valuable. We have to look at, you know, whether the reporting that at that level and defining it, that's the other thing that we have to keep in mind is that there is -- while there is a statutory definition, the definition is very flexible, and getting good information about what constitutes emergency aid may be a little bit challenging here, but we can look at it.

MR. ATCHISON: Thank you very much for the consideration. I'll work on that.

MS. MACK: Thank you, Eric. Thank you, Dave. Randy, you have the floor.

MR. STAMPER: Thank you. Yeah. I just wanted to make a couple of comments in thinking about the less than full-time, and the median, and how you're going to calculate that. I'm very glad to hear that there is some consideration about what, what constitutes a linear path versus a non-linear path and stop-outs. You know, at least in Virginia, 75% of our students are part-time. We did a study of one of our colleges, five years' worth of dropouts and stop-outs, and their average GPA was 3.2. So

it's not a matter of academic progress or those sorts of things, quite often, particularly with community college students. So whether it's language in the preamble and conversation about how are we going to calculate what a median completion rate is among students who are quite often at multiple institutions in and out of semester to semester. Happy to hear that. Thank you.

MS. MACK: Thank you, Randy. David?

MR. KAFAFIAN: Similar vein, other side of the market, I think very supportive of the idea of collecting time. I think time is the single biggest cost, frankly, that most students incur in pursuing higher education. I also am supportive of Preston's suggestion about just understanding the split. It would be helpful to understand how the Departments thought about calculating this for doctoral programs, where you have a whole host of other ins and outs, you know, concurrent residences, joint programs like doctoral programs, sometimes they get bundled with a master's degree, and then they persist thereafter. So it's just a technical point. I don't know if the Department's already thought about this.

MR. MUSSER: Yeah, that's a good point. Dual degree programs are something else that we're going to have to try to work out when we decide what

constitutes a median there. So we'll think about that as well.

MS. MACK: Please, Jeff.

MR. ARTHUR: Yeah, I would -- we submit a lot of -- the COD records you send every time you make a disbursement has a lot of information in it. And I would suggest using the, I believe it ends up in NSLDS or whatever. I would just consider any attempted payment period towards the median completion. And so basically, whatever that time frame is for that attempted payment period, semester, quarter, clock hour block, whatever it is, that that's what you go by and you accumulate the total of all that were attempted. And I think you could also -- I think you've got some enrollment intensity information in there. You come up with some kind of a formula to determine, frankly, I think that might bypass all of that to get to the term. But I guess if you're taking fewer credits, you could use that enrollment intensity information to try to come up with an estimated median time to completion. And it's not going to be perfect, but it's going to be very insightful.

MS. MACK: Thank you, Jeff.

MR. MUSSER: Yeah. And I would just clarify that, yeah, it is our intent to use the NSLDS

information that schools are required to report anyway to do that, and it does have limitations as well. You know, the enrollment status, you know, can vary quite significantly, as folks have pointed out. But we do think that there are ways that we can get at a useful value here.

MS. MACK: That is all the comments and questions that we have. Are we ready for the next section?

MR. MUSSER: I think we are. Yep. So, Andrea, if you could pull that up. Okay. So that takes us to 668.91, initial and final decisions. So this section has been -- was built previously to deal with cases where a GE program failed the metric in two out of three consecutive award years and therefore lost eligibility and was subject to a termination action under subpart G. So some context here to explain what we're doing. There are several different ways that a program can lose eligibility under existing regulations. One of them is called a termination. And that is an action taken against an institution that is fully certified and is not under a provisional Program Participation Agreement. There is also what we call a revocation action, where the institution revokes some or all of the institution's eligibility if they are provisionally certified. And the

third way that a program can lose eligibility is through the recertification process, when the Department determines that a program, either currently or in the past -- well, determines that the program currently does not meet the requirements to be Title IV eligible and takes the program off of the institution's eligibility report in Partner Connect and thereby making the program ineligible moving forward. So those are the three ways that under, under the existing regulations that a GE program could, could lose eligibility. And it would depend on which of those applied in the particular circumstance when the Department calculated the metric and determined that the program needed to lose eligibility. So the Department here had some concerns in looking at those original regulations, about -- especially since the breadth of this has changed substantially with the introduction of the One Big Beautiful Bill Act changes, as well as that law's requirement for the Department to provide an appeal process. We believe that there needs to be a clear appeal process in every circumstance where a program loses eligibility. So what we've done is a little bit simple here is to add or eligible non-GE program to essentially ensure, and there are a few other conforming changes that we make. But this is essentially to ensure that in every

case where a program loses eligibility as a result of failing the earnings premium metric, they are afforded the opportunity to undergo a subpart G appeals process. That appeals process would, would essentially constitute an evaluation of the data used in the calculation. The Department does not propose, currently, other options for an appeal. We propose that the -- we -- the school would have access to all of the factors that the Department can legally provide about how the calculation was performed, and the school could, could appeal based on an inaccuracy on any of those factors in order to, to contest the termination of the program's eligibility. And the other change here is just a conforming change to eliminate that cross-reference.

MS. MACK: Thank you, Dave. Preston?

MR. COOPER: Thank you very much. I'm thrilled with this language. I think this is a this is extremely strong language. I'm very strongly supportive of the move here to limit the appeals to calculation errors. I have been worried that the appeals process would just become a get out of jail free card for everyone to bypass, you know, the rules that Congress very clearly set out about the earnings benchmark standard here. So I'm very happy with this section that the appeals process is going to be limited to

circumstances where the official concludes that the Secretary erred in the calculation. So thank you very much for this.

MS. MACK: Thank you, Preston. Aaron?

MR. LACEY: I'll reserve comments on appeals for when we get to that topic. My question here is, I'm just trying to understand operationally. So, so you calculate for the second award year. So you've got a round of programs that have failed once, you issue those notices of determination, and for the first time, schools find out that they have programs that have failed twice. At this point, they've essentially, you know, lost Direct Loan eligibility. But from a practical timing standpoint, it sounds like what we're anticipating is actually that determination is then sent off to a hearing appeals administrator. I mean, I'm not sure who's overseeing the subpart G proceeding. Says hearing official. You're talking about an ALJ. And then there -- and it looks to me like it's not just when there's an appeal. It looks like in every case, this gets forwarded to someone over there. And the actual determination has to be carried out under a subpart G proceeding. So I'm just trying to understand practically. And then also, if you could comment on because I didn't see this really anywhere, on the timing at which point the program actually loses, or

the students lose access to Direct Loan if it's midterm, when the decision is received, is that in the middle of the term, like just sort of practically what this looks like?

MR. MUSSER: Sorry, it looks like I was on. All very good questions, Aaron. So the way that this works in broad strokes, and if we need more specificity, I can bring in my FSA colleagues. But generally, what happens is when the Department carries out a termination action, it provides notice to the institution, and it says we are going to take this action. If you, if you wish to appeal, you must do so in this process, in this amount of time. And then if the school fails to do that, the termination would move forward. So the program does not actually lose eligibility until that time frame has elapsed. And then if the institution appeals, then the eligibility is extended during the period of the appeal. The appeal does not immediately go to an administrative law judge and ALJ as you described. First, it goes to the Department, and the Department will evaluate the institution's appeal. So in this circumstance, we would look at what the institution is telling us about the data calculation, whether it was accurate, and if we agree, we would simply reverse the termination action, and that would be the

end. If we disagree, then the institution has the ability to again request that it move to an administrative law judge for a decision there, and then it's decided on the merits. After that, if the decision still is not satisfying to the institution, it can request the Secretary evaluate that, and that's the last stage of the administrative process. So that's how it will play out. And we believe that in most cases given that the Department is limiting this to data factors that most of these will be resolved in the earlier stages, because if the school can clearly show that there was a data error that, that would result in the program remaining eligible, the Department will simply accept that and that the likelihood of complex issues arising that would need to go to an ALJ are unlikely. Again, that's with -- that's assuming that the appeal is limited to the data points in the calculation.

MR. ARTHUR: Any retro ineligibility in that time? I mean, if you appeal, you remain eligible, but if you fail the appeal does it -- when is it effective?

MR. MUSSER: And I realized, Jeff, sorry, I forgot to answer the second part of Aaron's question. So if, after all of that happens, the determination is ultimately that the program will lose

eligibility, it loses eligibility only at that time. So the program remained eligible through the entire process. And only at that time does it actually finally lose eligibility. And if that happens in the middle of a term, obviously, if it happens before the term begins, then it's ineligible for that term -- for the next term and thereafter. If it happens in the middle of a term, the Department has a set of regulations under 668.26 that delineate exactly how that works. And we have -- we describe how it works with respect to all of the Title IV programs. And some of them have different rules. But with respect to Direct Loans, what it says is if you've already originated the loan and made a disbursement to the student, you can make a disbursement for the remaining period if you haven't made that disbursement yet. If you've not originated the loan, or if you haven't made a disbursement, you can't -- you cannot make disbursements after that point. But those are -- those rules are in the 668.26 loss of eligibility section. And although it says loss of eligibility for institutions, we apply the same rules for programs.

MR. ARTHUR: Okay. You can withdraw my proposal to do just that.

MR. MUSSER: Duly noted.

MS. MACK: That is all the questions

and comments for that section. Can we move to the next?

MR. MUSSER: I think we can. Yep. All right. And that takes us to part 685. The only place where we are making changes to the Direct Loan regulations themselves. Here are just a few areas where we have added terms that appear in parts in 668, which we'll talk about in a second. And that do not currently appear in the Direct Loan program. These are just cross-references again. So scrolling down. We also have the Gainful Employment program, GE program, which is not currently in the Direct Loan regulations. So if we scroll down a little further. That takes us to 34 CFR 685.300. So this is the section of the regulations that deals with the agreement that the school makes in order to participate in the Direct Loan program. And here we've added a third paragraph to this. So I'll just -- let me pause real quickly to sort of say how this plays out. Participation of a school in the Direct Loan program means that eligible students may receive Direct Loans. And in order to do that, the school must demonstrate that the school meets the general requirements for eligibility. Enter into the PPA with the Secretary. And then the third one here for a GE program or an eligible non-GE program, meet the student tuition and Transparency System requirements under 34 CFR part 668, subpart Q, and

the Earnings Accountability Requirements under subpart S. So this essentially conditions Direct Loan eligibility at the program level on complying with these, these two subparts of part 668. And I'll pause for other questions or comments.

MS. MACK: Preston, please get us started.

MR. COOPER: Thank you. Just a very quick clarifying question. Is there any program that would be eligible for Title IV that is not either a GE program or an eligible non-GE program?

MR. MUSSER: Yes. There are a very small number of programs that do not fit into either of those categories. One of them is a program that is eligible for Pell Grants only, which really doesn't have a whole lot of bearing under the Department's current proposal here. And that is when the student is enrolled in a program leading to state certification to teach that does not otherwise lead to a credential. And there's -- my FSA colleagues may have to help me. There are 1 or 2 other, oh, another one includes programs that are offered by community colleges, largely that are two-year or more transfer programs that do not culminate in a credential but that result in an articulation agreement to another institution to complete that program. Those programs

would not be either a GE or an eligible non-GE program. Especially with respect to the latter category of programs. We believe that those, those programs -- these -- both the transparency and the accountability requirements don't make sense in that context, given that the intent of the program is not to complete but to transfer, and there would be no completers, per se of the transfer program. In terms of the Pell only programs, there are only a very small number of those programs. And they also generally are not -- they're a little different from our standard, our standard type of program. So they don't fall under GE, so we didn't believe that they were appropriate to address here either.

MR. COOPER: Thank you very much. That's very helpful. Kayla, I would also like to call a caucus for about 15 minutes. I don't know if, since we're getting to the end of the section, this would be an appropriate time to do that. But tell me what you think.

MS. MACK: Yeah. Will we reconvene here before lunch?

MR. COOPER: This would just be a caucus between just taxpayers and the Department. We would need about 15 minutes. So I think that would take us right up to lunch. So it's up to you whether you'd want to convene or not.

MR. MUSSER: Let's, let's reconvene if -- Yeah, let's reconvene just before lunch so that we can give a quick readout of the discussion, and then we'll break for lunch.

MS. MACK: That sounds good. Before we break, though, I did want to get to one additional card. Michale?

MR. MCCOMIS: I just had a quick clarifying question on (3) that was there just seconds ago. It seems that under 685.300 (a) it's establishing what participation of a school and a school's eligibility to participate. And it goes through, and talks about the school has to demonstrate that it's eligible and the school has to enter into a written agreement. But (3) seems to now make it that it's a -- there's -- it doesn't make clear that it is a for the program to be eligible to participate.

MR. MUSSER: So hold on to that, Michale. We have language in subpart S that I think addresses the eligibility consequences. And if you don't think that it's adequate, we're happy to take suggestions on how to make those changes. But this is intended to deal with what the school has to broadly agree to under that framework, where subpart S will actually end the eligibility itself.

MR. MCCOMIS: I understand. Yeah.

MS. MACK: Thank you, Jeff. Really quickly, and then we'll break for a caucus.

MR. ARTHUR: I just wanted to go back to something I forgot to mention on the reporting of information for the Department's website. When it comes to reporting private loans, that's a difficult thing to define. It's a very burdensome thing for institutions to track. They do it very inconsistently. Credit card debt, there's so many different ways to measure that, and I'm not sure it contributes a lot to the when we're already collecting the cost of programs, and in that, I just, I don't see that as a very accurate or helpful and potentially misleading figure.

MR. MUSSER: So if you have, if you have a suggestion on it, you can certainly provide it. But I would say the Department's view is that it is a valuable -- if we're talking about issues of cost, the difference between borrowing a Federal loan and a private loan can be significant. And it does result in a cost to the student, both in terms of the benefits that are conferred by the Direct Loan program and in terms of interest rates and other issues. We do have a definition of a private loan that goes back to part 601, which we'll talk about in just a moment. I do take your point that

private loans cover a lot of ground and are not necessarily simple to define. But I would say just generally what we mean when we say private loans, and we've given this guidance to schools in the context of financial value transparency, is these are loans that are provided for enrollment at the institution. We're not talking about what mortgages on homes. We're not talking about, you know, credit that the student takes out that the school is not aware of. These are things that are provided to the school financial aid office, you know, in order for the student to borrow to go to school. We're not asking you to do extra hunting to find this information. But again, if you have a proposal, we can certainly entertain it.

MR. ARTHUR: Yeah. I just comment that all those other measures of taking out mortgages and all that are all important too, just they are the equivalent. So. Okay.

MR. MUSSER: And you're absolutely right. And frankly, that's just an operational issue. We just don't believe it's possible to obtain that information consistently.

MS. MACK: Okay. Thank you very much. I'm going to move us to caucus. And being told that the green room right here behind me is available for

efficiency and timing purposes, and we will try to reconvene in about 13 minutes, so that we can check in before, before the lunch. Thank you very much. Welcome back, everyone. We're just before lunch, but I do want to turn it over to you, Preston, if I may, so that we can get a quick report out from the caucus that was just called.

MR. COOPER: Thank you very much. We discussed the harmonization of Gainful Employment, and the Do No Harm test under the One Big Beautiful Bill Act, and the current structure of the regulations.

MS. MACK: Perfect. I appreciate that. Dave, we are just before our lunch hour. Are we ready to take that hour? And if so, are we resuming right at one?

MR. MUSSER: Yes, we are.

MS. MACK: Okay, perfect. Enjoy lunch, everyone. I'll see you in this afternoon's session.