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OFFICE OF POSTSECONDARY EDUCATION
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ACCOUNTABILITY IN HIGHER EDUCATION AND ACCESS
THROUGH DEMAND-DRIVEN (AHEAD)
WORKFORCE PELL COMMITTEE
SESSION 2, DAY 2, AFTERNOON
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On the 6th day of January, 2026, the following meeting was held in-person, from 1:00 p.m. to 4:00 p.m.

P R O C E E D I N G S

MS. MACK: Welcome back from lunch, everyone. I am looking forward to a very productive afternoon. I believe that we are going to do one more switch at the table for the remainder section of this conversation. Kristin, is that accurate?

MS. HULTQUIST: Yes, it is. I invite Dr. Williams to be the alternate for the public colleges to join the table.

MS. MACK: Perfect. All right. For public institutions, we're bringing our alternate to the table. As a quick reminder, I know that we left our name tents up. We, we teed up the rest of this conversation, which we have probably in the agenda only about 30 minutes for. So I want to remind everybody that we're looking for comments on three things. First, reference group. I want to circle back to that and complete the, the name tensor and remarks for that if there are more than self-employed and then the -- I think it was the IRS income piece. Jeff, did you want to say more on that?

MR. ANDRADE: Can I -- I would like to add part-time employment to that as well.

MS. MACK: Okay. All right. I'm going to ask that everybody adding remarks make sure that their new ideas and new thoughts so that we're not repeating

ourselves, and we're using the next 30 to 40 minutes as productively as possible. Did you have a question on that, Dennis?

MR. CARIELLO: So are we completing -- like the last conversation was reference group. And then we were going to move on to self-employed. Is that what we're gonna -- okay. Thank you.

MS. MACK: Yeah. Okay, so noting the cards that are up, I do want to make sure that the cards that are up are going to our first topic, finishing up reference group. If that's the case, leave your card up. Matthew, you were next in my queue.

MR. FEEHAN: You will have to forgive me, I've got to remind myself what we were talking about. So, this is the cohort group for -- I think -- so my comment was initially when I saw this language for the proposed language, I actually drafted a potential proposal for student veterans. But when I noticed that the Department had, had focused on working adult, I actually pulled back that proposal because I don't think this will actually have a negative effect on the students, the students veterans community and military members. And what my concern is, if I went for that proposal and I crafted a carve-out -- again, another carve-out for my specific constituency, then we run into

the issue of the exception, (inaudible) the rule, and then we have departed from congressional intent. So that was my point on the cohort that as it stands in the draft language, the student veteran constituency doesn't have an issue with the cohorts. And then I would just add more generally that we definitely don't want to be in a position of relitigating what Congress has already spoken to.

MS. MACK: Thank you, Matthew. Next up, Dennis, please.

MR. CARIELLO: Yeah. I -- as we put in the paper, I mean, I think that it would be useful for the Department to consider a different threshold, given the similarities that the certificate -- that the folks that are going certificate programs have with the folks in the Workforce Pell population. I do think some function of the poverty rate makes a lot of sense. Or alternatively, I'd echo the comments that Aaron had, had said that if we had a metric that looked at ages 18 to 24 or 20 to 24 or whatever it would be, I think that would be at least a logically consistent rate. I don't know what that number is, so I'll reserve judgment once I see it. But I think that there is enough flexibility in the law that Congress created to have different standards because it does -- they've got different standards. And

then given the flexibility that the Department has with the Gainful Employment rule as it is, you could be able to do that, and I think get a much truer result and a much more apples-to-apples comparison for the types of people that are going to be looking at most certificate populations.

MS. MACK: Thank you, Dennis. Gary, please.

MR. LITKE: So we're staying now with the benchmarks, right? So I'd like to -- I don't think there's anywhere to go with this, but I think it's important for context. We looked at the census data that has been provided, and we ran a spreadsheet of 50 states inputting each state's minimum wage, which ranges from, I think \$7.25 to I forgot how much -- \$16 whatever it is, more than double that, but you will not find anywhere that the states that have double the minimum wage have double the high school earnings. So if you take 1600 hours a year of working and multiply it by the minimum wage, you would expect those states that have much higher minimum wages to have much higher high school earnings. And they do not. I think 46 of the 50 states are within 10% of each other, or 12 or 15. Don't, don't quote me. I'm giving you a representative view of the data that we ran. And there might be some exceptions, and I'm not here

to quibble about it. I'm here to say that the data that we're using, and I know that the bill says we are to use it, is profoundly flawed in some way or other that I don't think anyone around this table or in this room can really define what is the flaw. Having said that, I would suggest -- I would ask for suggestions about what to do about it so that we don't stumble into the deep flaws and keep using them over and over again. One suggestion is, and sorry if I'm taking too long, I apologize. Another point of interest is that the high school data, the way the law reads, is that people who earn zero are knocked out. So when you're figuring out the median, anyone who reports zero doesn't count. And on the other hand, on the income side, on the earnings side, it does count. And so that skews the median in, you know, in a way that makes it harder for the earners test to be met, my understanding. One suggestion is just knock out everybody who reports less than \$10,000 or some, some number like that, 12, 15, 10, I don't know exactly. Figure you will figure out what the right number is. But anyone who's a high school earner and is -- and -- or any earner who says, I'm working and I make -- and I'm making -- and I made \$4,800 last year, you know, you're not -- you know, I don't know what the definition of a working adult is, but, you know, to the person in the street that's not a

working adult, that's a person who's, you know, either unemployed or just working part-time on purpose or whatever, whatever the situation is. And just as a final thought, you know, if someone gets a degree in social work and they're making \$30,000 a year working very part-time, 8 or 10 hours a week, I would say that's a successful degree. That's a successful outcome, because look how much they can make in only 8 or 10 hours a week. But that person is making less than the \$34,000, you know, high school earner, and that program is going to get slapped. So I don't know what to do about all of these things, but I just want to give some context and food for thought.

MS. MACK: Thank you, Gary. Cody, did you want to respond?

MR. CHRISTENSEN: Yes. Hello. I just a point of clarification on just a few of the points that were raised just to make sure we're on the same page. As far as this, you're alleging that there's an inconsistent comparison versus some of the zeros are included versus not. I just want to clarify that, remember we have two earnings benchmarks here. So we have the program earnings and we have the benchmark earnings. On the program earnings side of the ledger, remember, you have to be working. And the way we're thinking about that is having

a positive non-zero income. So the folks that are not working or report zeros are kicked out. So that's not weighing against any of the programs. But then on the other side of the ledger for the benchmark earnings, remember we're also defining that as having a positive non-zero earnings from employment. So we're actually comparing a consistent apples-to-apples the way we're thinking about it such that zeros are not included on one side but not the other. We're trying to make that as consistent as possible. And then just the final point of clarification I would raise on, I would just caution against sort of blanket you know, assertions that the census data are flawed. I think the example that was raised was regarding that the -- in states with a -- the Federal poverty line with higher and -- higher minimum thresholds, you would expect more -- higher minimum wages, you would expect more incomes. I think there could be a lot of different reasons why you wouldn't necessarily find that doubling essentially. It could be differences in labor markets, differences in the, you know, the share of people are working. It could be that some states have a lot more high-income folks. So I think that -- I don't think the data we provided allows us to necessarily determine, I think the conclusion that was raised, and just the final point I would raise is, since

we are bound -- the Department is bound to use data from the US Census Bureau, we're really limited to, I think, just the American Community Survey. But if anybody else does have alternative data set ideas, we would be more than willing to entertain those, definitely.

MS. MACK: Follow up, Gary? Thank you, Cody.

MR. LITKE: Thank you very -- thank you. We did not see and if I missed it, I apologize, but we did not see in the earnings test. We saw in the benchmark that the zeros are knocked out. We did not see in the earnings test that the zeros are knocked out. Am I correct or am I incorrect?

MR. MUSSER: So the -- because the statute indicates that an individual must be working in order to be included in the median earnings that constitutes a non-zero income. So though all of those individuals are kicked out so the zeros do not drag the earnings down calculated for the program.

MR. LITKE: Thank you. And the main point, you know, about, about the, the data, I well understand that we are stuck, stuck with or blessed with the, the census, the ACS information, because that's what the law says. But to the extent it's inherently flawed or can't be explained, maybe it's not flawed. Maybe it's

perfect information and there are explanations, but there's no one who can -- you cannot explain the metrics that I have seen and that I'm happy to share with anybody. But, but with that information, perhaps putting in some kind of a, as I said, you know, some sort of a floor, just knock out everyone under \$10,000 on both sides of the equation. And you will see, you know, that the numbers for the programs, you know, the social works and the, and the religious and the others, I forget who all they are, you know, that that showed up on that chart, you will see that it's not as bad anymore because it just makes sense again.

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

MR. COOPER: Very quickly. So I pulled up some data from the National Postsecondary Student Aid Study on the average age of completion by program type for certificates. The median student completes at the age of 26 years old. If you're measuring their earnings four years later, that student is 30, which puts you smack dab right in the middle of the 25 to 34 age range that we're comparing those to. So another point in favor of 25 to 34 being an appropriate comparison group. In addition, on average, certificate completers are older by about two years than associate's degree completers and four years

older than bachelor's degree completers.

MS. MACK: Thank you, Preston. Randy?

MR. STAMPER: For those of you who came back from lunch with rotten tomatoes, get them ready. I'm going to forego my comments and ask that we have a caucus if possible, 15 minutes with institutions, business and employers, and the Department to talk specifically about scope and latitude on the undergraduate certificates.

MS. MACK: Can we be clear? You wanted the Department, you wanted employers, and whom else?

MR. STAMPER: Representatives from institutions, both public and private.

MS. MACK: Thank you. Are we going to host this in the first-floor conference room and Department, is this a good time for you?

MR. MUSSER: Well, we would ask Randy, would you be okay if we held off on this until we finish the discussion -- any other discussion on this? On the, on the other topics as well?

MR. STAMPER: Sure.

MR. MUSSER: Okay. Because we'd be happy to do that, but we just want to get -- make sure that we get through that.

MR. STAMPER: And in that event, can I

throw out one comment then?

MS. MACK: Please do.

MR. STAMPER: In thinking about, again, the undergraduate certificates and a few people have brought up the intent of Congress and the resultant effects of this due to what we are currently considering as the definition and criteria of the group, it would seem to me that congressional intent is not to produce fewer teachers, fewer allied health professionals, fewer religious professionals, fewer childcare programs, but rather everything I've heard is that we need more of that. I would argue that we need more English majors and Rhetoricians as well. But you know, if I have somebody to take care of me when I'm old and frail, I'll concede the English majors. So I think -- and the reason I want to have this caucus is, is to find out, to Aaron's earlier point, what are the nuances that we can entertain to actually get a metric or a comparison group that is indicative of what the needs of the workforce are? Thank you.

MS. MACK: Thank you, Randy. Dennis, please. And then I'm going to suggest we move to our next topic.

MR. CARIELLO: Sure. Just real quickly in response to Preston's -- I think the point is

not the age that the person is. It's the number of years they've been working. And I think that's what we're trying to do by looking at a lower age metric that we're having a much more apples-to-apples comparison than sure someone could graduate from a cosmetology program when they're 40, right? And -- but if they've only worked for years, comparing them to a group that has worked, as, you know, between what is it between 7 and 16 years just doesn't seem particularly fair.

MS. MACK: Thank you, Dennis. Preston?

MR. COOPER: Yeah. I mean, if you're 26, when you're graduating from the certificate program, you probably have some work experience already before you enrolled in that program. And I would also argue that you know, the postsecondary education program that you're enrolled in should be equivalent to experience. I mean, if you're going through a cosmetology program and that doesn't help improve your earnings capacity to an equal degree that working a year would have, I'm not sure that's a positive outcome.

MS. MACK: Gentlemen, thank you both. Department, do we have what we need on reference groups so that I can move to self-employed?

MR. MUSSER: Yes, we do.

MS. MACK: Thank you very much. Please

raise your cards if you have a comment or idea around the self-employed piece. Preston?

MR. COOPER: Yeah. I just want to, you know, point out that the definition of income that is going to be used here to measure earnings already includes tips. It already includes self-employment income. Specifically, it's income reported on the W-2, which includes tips and includes income reported on schedule SE, which is self-employment income. Now granted, sometimes people receive a cash tip and they're not going to report that to the IRS for obvious reasons. But, you know, I do think that we need to be cognizant of the fact that they are still supposed to report that. And if they are not reporting their tips there, that is illegal activity. And I'm not sure we want to necessarily design the rules here around accommodating illegal activity. I would also point out that there is a paper from Stephanie Cellini which is published a few years ago which says that our best estimate based on IRS underreporting of income is that about 8% of earnings go underreported by hairdressers and cosmetologists. I mean, that's not nothing. That's not a huge amount either. She also finds that if you're using alternatives earnings data sources such as surveys of graduates, that results in earnings that are about 82% higher than the reported

earnings. So, I mean, if you're trying to use an alternative way to measure earnings like surveys, I mean, you're getting way further from the true answer than you are if you're just using the earnings that are reported to the IRS. So, you know, I would point out that, like, I think we already have a pretty good measure of -- you know, pretty good comprehensive measure of earnings from tips and self-employment income that is reported to the IRS. And I think that we should stick with it.

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

MR. CARIELLO: Sure. A couple points. First, on the surveys, I would note it as the American Community Survey. Right? So some of the issues with reporting of income, if people are inflating it because they want to tell a surveyor that they're doing better than perhaps they are, those are still going to be inherent in that as well. We've kind of gotten over that. And so I do think that surveys can be a very useful measure for figuring out income on both, on both the benchmark, but also for the, for the institution. I mean, the Department has recognized repeatedly the problem of unreported income and both -- again, both tip income, which I think it's a real focus on as a focus of the Cellini paper, but also on unreported service income.

Again, when you go to the barber, you pay the barber in cash. And that's service income that may or may not be reported. A lot of that is not done, you know, and it's very different from other places where if you go to a restaurant, you put a tip on your credit card, doesn't happen nearly as much. And I think that the, the IRS has taken notice of this issue and specifically with regard to barbers and hairstylists. The Department has taken notice of this issue repeatedly in the 2019 preamble. The Department needs to have some way of dealing with the issue of unreported income in a way that does not harm -- unfairly harm the programs that are providing valuable, again, providing valuable skills for these folks so they go make that income. I understand that it is hard, I think in the paper I propose a couple of ideas, a couple of modifiers based on information that the IRS has put out. I think that information can definitely be improved. That should be something that the Department should take on, but I don't know how you cannot account for this issue that the Federal government has repeatedly said is an issue for the self-employed.

MS. MACK: Thank you. Please.

MR. MUSSER: Can I just first make a point for the record? I just want to be sure that we're all on the same page about the reference that Preston

just made to the 82% value. That was in reference to the data that was coming through on the alternate earnings information from schools, when they would provide that to the Department. That was part of the reason that in the most recent negotiated rulemaking and in the -- the both the notice of proposed rulemaking and in the final rule, the Department reversed itself on the topic of alternate earnings appeals because we found that that data simply wasn't reliable especially when compared with the data that we receive from other Federal agencies. So that's the reason, really, that the Department at this stage -- we really can't entertain the idea of an alternate earnings appeal. We just haven't -- we don't have evidence that that is a reliable form of data.

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

MR. ANDRADE: Yeah. And just to clarify, I mean, we got to move from the abstract to sort of concrete proposals. Are you proposing a plus-up on earnings or you're proposing as the alternative with self-reported data? Because if your argument is on self-reported data, as Dave sort of pointed out from our past experience, you're basically -- your argument is basically saying we have people who are not reporting the accurate information to the IRS, so self-reported data is

the substitute that we're advocating for. And I think that sort of falls a little bit short.

MR. CARIELLO: Sure. No, I think what I'm arguing for is -- and what I lay on the paper is a plus-up. Right? I think there are a few things, you know, if you -- the -- so focusing solely on tips, literature is all over the place on that, I think. The most recent paper from 2022 is the Cellini paper that she puts at about 8%, but it says could be as high as 15. Right? So if I suggest in there that if you pick a -- you know, something between 8 and 15, I think I suggested 12, you just -- and you add that to the number. And again, we're doing that to say, okay, this is what the school is responsible for -- the school should not be responsible for the personal choices of the students. Right? These are our (inaudible). So that's that idea. And then with the self-reported income, I also put in a plus-up as well there to reflect the IRS's understanding of what the likely unreported income would be. I understand that that's a bit more speculative for sure, but I think the Department has to come up with something to say we knew of this issue, and we treated it seriously, seriously, and we're not holding schools unfairly to account for revenue that's just not being reported.

MR. ANDRADE: So the Cellini paper

said 8%. But then also concluded that even plussing-up that 8%, it wouldn't have a result in terms of -- an impact in terms of reducing the number of programs that that failed -- that didn't -- that did not meet the GE standard. So in the event -- are you advocating that we plus it up, even if it doesn't significantly change the, the number of programs that don't fail, that that don't meet the standard?

MR. CARIELLO: Yeah, I think, so it will affect some for sure. And I think that's important. I would suggest though, we're talking about tips there. The issue of unreported income. The IRS in some studies had said that 56% of income was unreported. Right? That's, that's a huge number. And it comes from the IRS. I'm not suggesting we pick that number, but I think we do need to account for both of those issues and plus them up. And yeah, if it -- if the program still fails. I mean, this is an accountability metric. And I fully support the idea that someone's got to fail here. I mean, but a school should not fail unfairly. And I think that's the issue.

MS. MACK: Thank you, Jeff. Thank you, Dennis. Matthew, thank you for your patience.

MR. FEEHAN: Yeah. No worries at all. I don't want to step on Jake's toes here, speaking to the

ninth circuit, recent decision. So I'll let you talk to that, Jake, if it comes -- becomes relevant. But I'm a little bit concerned that we're essentially doing the IRS's homework here from a -- from the Department's standpoint, one. Two, we're not the IRS. We're not the VA as well. I've had to concede that point with respect to data. So I don't want to give -- I'm not sure if it was Cody or if it was Jason. Whoever said it, I apologize, whoever didn't, but stated that we have to keep a buffer zone with respect to some of these definitions because we're relying on third-party agency data, and that's a really good point. So again, I apologize if it was Cody or Jason who said it. But we do need to be cognizant of the fact that if the Department goes too far in regulating what is essentially IRS definitions or another agency's definitions, we run into problems.

MS. MACK: Thank you, Matthew. Jake?

MR. LALLO: Yeah. We don't deem to speak for the IRS, but I would like you to elaborate a little bit more on how you feel that this is us doing their homework so to speak. Because I think we would like to flesh that out a little bit.

MR. FEEHAN: Yeah. I don't think you're doing the IRS's homework at all. I'm saying if we go forward into creating special regulations for the IRS,

then yes, we would potentially run the -- run afoul of getting into another agency's regulation.

MR. LALLO: That's what I wanted to hear. Thank you.

MS. MACK: Thank you, Matthew. Thank you, Jake. Gary, please.

MR. LITKE: Just on, on self-employment still. And it just bleeds a little bit into the next topic, but -- and self-employment, you know, let's just take a given for a moment that, you know, we're all law abiding and we're all reporting our tips, but there's another whole group of self-employed folks for whom the tax code gives a certain kind of a treatment. You may have heard of the Pelosi family or the Trump family who are both fabulously wealthy real estate operators. And one of the reasons that they're so fabulously wealthy is because the tax code favors real estate depreciation and favors the status of someone who spends, I forget, 500 or 1,000 hours a year, you know doing their real estate business, real estate operators category. And I have friends, and I'm sure you all do of real estate guys and gals who make a ton of money and they pay zero tax. And so it really gets again to the question of which line in the tax return are we talking about? Above the line, in the middle of the line, below

the line? And that's really -- I think there's a lot of devil in that detail. And obviously we'd like to capture the real income of a person not as -- not their tax bill as much, as much as possible. And I'll have more to say about this when we get to the, the W-2 kind of folks.

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

MR. ANDRADE: Yeah, I will make a -- we are talking about earnings and not income in this context.

MS. MACK: Thank you. Preston, you have the floor.

MR. COOPER: Thank you very much. I forgot -- actually, I'll -- come back to me. I need to look something up.

MS. MACK: No problem. That means Tamar, over to you. Moving right along, Preston.

MR. COOPER: Sorry about that. I have had -- mixed up my notes here. Yeah, just one other point that I wanted to make around this underreporting issue is that purely from a taxpayer perspective, the underreporting doesn't really matter because your official income is the income you report to pay your loans through the Repayment Assistance Plan and other Income Driven Repayment plans. And so if you're under-

reporting your income, you know, that is still what your payment is based on and that is still what your subsidy under the Repayment Assistance Plan is based on. So if you say your income is 30,000 and your income is really 35,000, your payments are going to be based on the 30,000 income, and you're going to get subsidies from the Federal Government that are concordant with that \$30,000 income. So the taxpayer's, you know, losing money on that regardless, even if your true income is higher.

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

MR. CLAYBAUGH: Yeah, I guess. I mean, just thank you for that example. But if the taxpayer isn't paying the extra \$5,000, they're not paying taxes on that \$5,000. So maybe it's -- it works out better for them. But I just -- that was just a quick thought, but my initial thought is we're a very tip-heavy society. I mean, everyone got lunch today, probably when they paid could have added a tip. I mean, you probably buy lottery tickets now and they ask you for tips. But we're very tip heavy. And the reason, you know, we have this -- and maybe it was a political move, I don't know, but there's -- the no tax on tip is coming. And I guess we'll see what the data says when that comes out. But the fact that that's out there tells me that that tipping is a big deal

out there, and not a lot of it is being reported. And so whatever the number comes in at, you know, we'll see. I heard the comment that, you know, IRS is -- you know, if someone under reports to the IRS, you know, that's, that's illegal and I agree. But again, you know -- we're, you know, like we said earlier, we're looking at earnings of an individual whether they report those earnings or not. I get we had to choose a data source. The data source is the IRS. But again, I'm not sure they're 100%, the data there is 100%. And so that's why we're asking. There's going to be some -- a multiplier or some -- something else to equate for unreported earnings.

MS. MACK: Thank you, Ryan. I'm going to get one more card that's up and then I'll move back to the Department to tell me what you'd like to hear on next. Tamar, please.

MS. HOFFMAN: Thanks. Yeah, on the note of tipped income and the point that Ryan just brought up, I'd like to first of all, introduce the idea that tipped income has changed a lot in recent years and that more and more it is being reported because it's being electronically captured. It's actually very -- it's getting increasingly difficult to not report your tipped income. So I think that that's something that we should all be holding in mind here. And beyond that, to the

extent that folks are considering a multiplier, I'm sort of baffled by how this would be a reliable indicator. There isn't a single multiplier that I think is consistent enough that it could account for what people are actually making. I don't know that there's -- to me, that seems like just inflating what somebody's actual income is more than a descriptor of a reality. So I'm very concerned with that idea. And I appreciate your consideration of these issues as we move forward.

MS. MACK: Thank you, Tamar.

Department, what would we like to hear on next?

MR. ANDRADE: I think we like discussion on -- this will be on W-2 filers and whether or not there are anomalies among professions that have W-2 filers.

MS. MACK: Thank you, Jeff. Would anyone like to comment on that at this time? Gary, please.

MR. LITKE: Thanks. I kind of spilled the beans before lunch about this already, but I'll just go through it, hopefully in an orderly fashion. So again, the tax code builds, builds in certain features for certain kinds of wage earners. I'm going to talk about clergy and teachers, because that's what I happen to be familiar with from my work at Arts over the past couple

of years. And -- but I'm sure there are other examples where they talked about real estate operators a moment ago. And that could be a W-2 situation as well as it could be a self-employment situation. But things like parsonage do not show up on a 1040, as far as I'm aware. In other words, you could, you could review a 1040 and you would have no idea that this person got, you know, x tens of thousands of dollars, you know, in parsonage to cover their, their living expenses. And so, you know, we're quickly out of apples to apples and we're quickly showing much less income than the way you would express the income. You know, the contract, I believe, has to say -- the employment contract has to say you're going to get \$100,000, of which \$25,000 will be paid as parsonage. But all that's going to show up is, you know, is the 75. And then after the tuition you know, the QTR, you know, tuition benefit payments and all the other stuff, that person could wind up with a -- a person with a large family could wind up with a relatively low income approaching, you know, a high school type -- a high school graduate type number. Part-time workers, you know, again, I don't know that, I don't know that working adults means people who make, you know, \$1,100 a year or \$4,000 a year. I don't know how that is a working adult in today's day and age. And if we're going to count them,

it's going to skew the data. And my final point is, again, speaking solely to the sort of faith-based religious type of studies, is that the tendency -- and I don't have data. I'm sorry. I wasn't really prepared for this lengthy conversation. The, the tendency is that these graduates live relatively frugal lives. They are relatively debt-free, student loan debt-free and debt-free for the most part. And they would ironically, please, if there's any rotten tomatoes left in the room, please don't throw them at me -- ironically, if we gave these folks a debt-to-earnings test, they would pass with flying colors. Absolutely flying colors. I'm not suggesting that we actually do that. Preston, you're licking your chops here, and I'm teasing. I'm teasing. I'm usually on your side of the argument in 99% of what goes on. But just bringing up that point that we might be penalizing the folks who made a decision that they don't want to make a lot of money, they want to live a certain kind of a life, which adds value in a different kind of way. And because their income is lower, they're going to get, they're going to get penalized or pushed out of these programs for which they should be beneficiaries and they add a lot of value.

MS. MACK: Thank you, Gary. Jeff, can we hear from you on this?

MR. ANDRADE: Yeah. Just so I understand it for the record, Gary. So, so the issue here is that the parsonage benefits, because they're untaxed and excluded from income are significant and it results in an underreported income. Okay. Thank you.

MR. LITKE: Among other examples, yes.

MS. MACK: Thank you, Gary. Thank you, Jeff. Tamar, please.

MS. HOFFMAN: Thanks. I appreciate the perspective. There were a few remarks that caught my attention that I would just like some clarity on. One is the idea that there are adults making \$12,000 a year who should not be considered as working adults. I represent many low-income people who unfortunately have very low incomes, not unlike what you just mentioned, and they are very much working adults. So just because our economy is in the shape that it's in, and there's lack of opportunity that leads working adults to make very low incomes, does not mean that we should be adjusting appropriately. And the other thing is that you mentioned people who live very frugal lives by choice, who also are relatively debt-free, in the event that there's no debt, I don't really see what the issue here is, because we're talking about student loan borrowers who, by definition, have debt.

MS. MACK: Please, Gary.

MR. LITKE: The -- I was talking about W-2 \$12,000 earners or, you know, or \$2,000 earners not self-employed 2 or \$12,000 earners. And just going back to the discussion about minimum wage and how many hours that person might be working. So that person is basically unemployed more than they're employed. And I just -- it goes back to the definition of a working adult. It was not a -- it wasn't a stab at self-employed. It was an observation about, about W-2 workers who just don't have the hours that is enough -- there's not enough there to count. And in terms of the -- having a low debt, I will parry with you, does that mean that you're withdrawing the, the proposal to broaden this -- the entirety of this discussion to include Pell Grants, because if we're limiting it only to student loans. So then that might be workable.

MS. MACK: Tamar, would you like to respond before I move on?

MS. HOFFMAN: Sure. Again, if there's no debt, then debt-to-earnings is also not an issue. I think that's my response to that.

MS. MACK: Thank you, Gary. Thank you, Tamar. No other cards are up. Department, if you would like to tee up the final I think topic that we wanted to

hear on, or are we ready to move on?

MR. MUSSER: Yeah. We'd like to introduce the topic of part-time employment. We've heard some concerns expressed about that.

MS. MACK: Okay. Randy, I have not forgotten about your caucus, but this was the final topic to, to discuss. So let's get through cards and then we'll return to that. Dennis, would you get us started, please?

MR. CARIELLO: Thank you. I appreciate you addressing this. Yeah. I think it goes back to the definition of what is a working adult? And if we're comparing the working adults that have graduated from a school to working adults in, you know, age 25, 34 with, with high school degree, you know, if there's a mismatch there then you're not giving a student an apples to apples comparison of what is actually performing and what is, you know, the kind of the value of that degree. I think this is probably the one that's most easily addressed because the ACS does have data on professions, and you can look at it by age and so forth to figure out, you know, how many hours the mean and median number of hours that a person in the profession works. And if there is a disparity between the population as a whole, then there should be a modifier for that. I mean, I think that's -- I think it's a huge issue. And getting at what

Gary was alluding to, you know, if you have someone that is just -- by choice, is not working a lot, or as the Department recognized previously that if the student, if the graduate, you know, can only work 20, 30 hours a week, can't put in a full week because they're taking care of children, that it would be wrong to hold the school accountable for that personal choice and, and very valid choice.

MS. MACK: Thank you, Dennis. Jeff?

MR. ANDRADE: There's an important distinction here. The ACS is looking at asking people how much do they earn. And that reference group, it's -- doesn't say full-time, part-time does. Doesn't ask for the number of hours. The statute doesn't assume full-time as well as how much did you earn? And so what are you basing the assumption that this is meant to be for full-time?

MR. CARIELLO: Well, I think they're -

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MR. ANDRADE: Full-time equivalent, excuse me.

MR. CARIELLO: Sure, it's -- it -- and yeah, it's twofold. One, Congress is asking for working. Right? And they're setting -- so I think it comes to the definition of what does the Department think it means to

be working? Also, Congress, you know, is trying to set up and taking great pains to set up apples-to-apples comparisons. So this way, students and the government, but students have quality data. They can make decisions and the Department, you know, removes from loan eligibility programs that are not meeting the measure. It wouldn't -- you know, we've you know, Aaron's brought up Miss Beauty -- Miss Betty's Beauty School and comparing that to the Stanford economics degree, that just feels wrong. It just doesn't make a heck of a lot of sense. You want to compare like to like. And I think here is a really clear example where the Department can avoid the mismatch. And if a profession is going to have a -- you know, typical hours that are less than the comparator and the comparator is typically 40 hours, at least for -- from my research, then the Department can very easily put a modifier onto that. But I think it's all inherent in the word working. Like, what are we trying to do or try to look at? And the purpose of the statute, which is to give apples-to-apples comparisons for students and for measuring performance of programs.

MS. MACK: Thank you, Dennis. Jeff?

MR. ANDRADE: But that didn't answer my question. My question was, what do you see in the statute where you reach the assumption that this means

full-time employment?

MR. CARIELLO: So I don't -- I'm not suggesting that -- I mean, I suppose you could -- there could be a threshold that you'd say no, below this, we don't count you. That's not what I'm suggesting. So it doesn't have to be full-time. But what you want to do is you want to have an equivalent. If the benchmark, if the benchmark is 38 hours, we'll say, let's say that's the mean hour -- hours worked -- what? I'm sorry.

MR. ANDRADE: But it's not based on hours. It's what was your income that year? What was in -- you know, what were your earnings? And in the case of the benchmark, same question. What were your earnings? I mean, we're looking at it you know, calendar year to calendar year. It's assuming what was not necessarily how many hours were involved in that or an equivalency in that in terms of hours. It's how much did you earn?

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

MR. CARIELLO: So I think it's in -- again, the word working. That's a definable term. We can figure that out. I think it's in the way the structure -- the statute is structured in trying to achieve apples-to-apples comparisons when we're looking at let's compare this wage to when we get to graduate earnings, you know,

other people that are in the same field, right? I think that's an important way of looking at this. I don't -- and I think that it just doesn't make a heck of a lot of sense for the Department to compare groups that only work 20 hours to groups that work 40 hours. Like that just -- that seems like it's misleading a student as to what's going on. I'm sorry. Go ahead, Jeff.

MR. ANDRADE: But where do you assume that it's groups that are working 40 -- like the comparison groups work -- groups that are working 40 hours. That's not -- because that's not what the question in the ACA asks.

MR. CARIELLO: No, but -- so they don't need to work 40 hours. We just need to make sure that the numbers are equivalent. Right? So if the comparison group works 38 hours and you're comparing it to a program at a school where they all work 30 hours. Okay, well, you can normalize that wage to make sure that, okay, if everyone is working 38 hours, this is what they earn.

MS. MACK: Thank you, Dennis. Cody, did you want to speak on this?

MR. CHRISTENSEN: Yeah. I just wanted to talk a little bit about the ACS and the data and to try to understand the adjustment that you're suggesting.

So my understanding of what the ACS includes is that the field of study information collected in the ACS is solely for bachelor's degree recipients. We don't see field of study for the associate degree level. We don't see it at the master's degree level. We just see folks if they have a college degree, if it's a bachelor's degree, what is the two-digit CIP of their degree? That's the most detailed level field of study information we have in the American Community Survey. So I have two questions here. If you're suggesting that we look at the field of study, which is just for bachelor's degree at the two-digit CIP, you would be suggesting that we do a plus-up based on that, based on the share of folks with bachelor's degrees who are part-time versus full-time working, or what I think you might be suggesting is look at what occupation they're in. And if folks in a certain occupation, let's call it cosmetologists, work an average of 30 hours a week, you'd be saying, well, plus-up everybody who has a cosmetology -- who's a cosmetologist, the difference. That -- there's issues on both sides of that I'm trying to say, that it's not just a simple math calculation that we can formulate. If it's the former, we won't be able to do any of that for any degree level other than at the bachelor's degree level. If it's the latter, this opens up a Pandora's box of complications for how you sort

degrees into occupations. For cosmetologists, it might be a 1-to-1. You get a cosmetologist certificate, you become a cosmetologist. If you're an English major and you graduate, you can go into a million different occupations. And it's just not clear to me how you would know what to plus-up an English major based on their occupations there in at all these different credential levels. So for very technical data reasons, I don't think a plus-up is feasible. And then one other thing I would weigh on, this comment applies to the part-time thing. This comment applies to the tipped income thing. The benchmark measures were calculating for both program earnings and benchmark earnings is a median. It's not an average. Because it's a median, let me use the tipped income example. If one person from -- let's say a program has 20 completers and one person out of the 20 has a ton of unreported tipped income, that doesn't change the median at all. If two of them have a ton of unreported tipped income, doesn't change the median at all, you'd have to have more than half of the folks to shift the median just a little bit between the 10th and 11th person if there's 20 people in the program. So that is a reason that like a universal plus-up is actually -- I think would be over-adjusting this issue. And the same thing works for part-time workers on both sides of the ledger.

If one of your people out of 20 is part-time working, that's not going to affect your median value. The same sort of concept is baked in there. So I think the fact that we're using medians rather than averages presents both programs and the benchmark with a much more reliable number for these types of anomalies. And then the last point I would raise is that sometimes the mis -- you're right that there's a mismatch that can occur and you're talking about Congress. And I think everybody wants an apples-to-apples comparison. But sometimes the mismatch that occurs actually benefits the program. It's -- I feel like the way it's being framed, it seems like it's always to the contrary of the program. So if we're comparing older people to younger people or -- sometimes a program has a bunch of, full-time students and then the counterfactual group includes 18% part-time students. Right? So it's -- it actually -- there's a lot of cases where the, the, the mismatch that's occurring, if we want to call it that, is to the benefit of the programs. So this is not just an issue that's always hurting programs. And so our position I think, is that these sort of -- the fact that we're using medians, the fact that this mismatch is occurring in both cases, the fact that we think the age range lines up and that the part-time stuff, we feel like that all of those things together are

sort of presenting the best possible counterfactual group, which is, I think, in line with what Congress and the statute, in statute presented us with, which is sort of from the baseline of the regulatory text we proposed. So those are just a few clarifying points to put on the table from the Department's perspective.

MS. MACK: Thank you, Cody. Dennis, did you have any response? Otherwise, I'm going to move throughout the cards on this. Perfect. Thank you. Preston, please.

MR. COOPER: Thank you very much. That was brilliant. Thank you very much for that explanation. You stole a lot of the words out of my mouth, so I appreciate that. I just want to point out that, you know, a critical part of the promise of higher education and economic mobility is the idea that, you know, you can take that education and that will lead you to get a better job, a more sustaining job. And that includes being able to move from part-time to full-time work. That if you -- if you're working ten hours a week at McDonald's without the -- without postsecondary education, and then that enables you to get a full-time, 40-hour-a-week job that is a success that, you know, we should be counting and that we should be cognizant of. And so I'm very worried about, you know, making

adjustments for part-time and such because that might be an out for institutions that are failing to deliver on that promise of economic mobility by not helping their graduates move into jobs that are -- you know, jobs that are full-time and, you know, paying, paying better salaries. I also want to point out that, you know, I'm worried about an occupational adjustment, because a huge part of the reason that some institutions fail to deliver on that promise of economic mobility is that people aren't actually able to work in the occupation that they're being trained for. I mean, there are some, you know, cosmetology schools where the licensure pass rates are not very good and so people can't actually get a job in their field. And if we're making adjustments, you know, based on the assumption that everyone's working in their field, you know, we are failing to capture that huge problem that is, you know, some schools are not able to actually get people the jobs that they were trained for. So I don't think -- you know, I also just want to point out that you know, any kind of part-time, full-time adjustment would probably work against institutions in the aggregate, because people with higher levels of education are disproportionately more likely to work full-time, people with only a high school education, which is the comparison group. You know, they are

somewhat less likely to work full-time. So I would argue against any kind of adjustment based on the part-time, full-time thing.

MS. MACK: Thank you, Preston. Aaron?

MR. LACEY: Just a couple of comments.

First, Jeff, you know, you asked about sort of congressional intent and the statute. I mean, I think Congress was aware of the standard. There were a lot of conversations that were occurring, you know, that previously was being used at the non-degree level. I think they heard the arguments from people saying, look, if folks are staying home with family, if they're not working, if they're making life choices, you know, those numbers shouldn't be included when you're calculating the median. And I think their response to that, which I think institutions agree with, was to insert working. The problem is if you go to part-time, you know, you open up the -- and I think what Congress is saying is, look, we're holding -- what we're saying is we want schools to show us that the programs that they're offering are allowing people to graduate and earn a certain amount of money above a certain threshold. And I think the logic was, well, look, if those folks are working part-time or they're not working at all, and they're included in that number, that's not a good measure. So I think the reason

Congress included working specifically was to try to level set and say what we actually want to capture is what are people making who are working, doing the job they were prepared to make? And I -- you know, that's not all articulated in the statute, obviously, but I think that is the conversation that happened. All that being said, I -- you know, I hear Cody and Preston loud and clear. And I'm also looking at -- I mean, my understanding was the ACS could be cut to include or restricted to full-time. Like, that's one of the numbers you guys provided us, right? And you know, it sets a higher benchmark. So, for the earnings threshold, it's going to elevate that number. And you know my understanding is the Department is committed -- by the way, I submitted a comment. I'd love for this commitment to be firm. You know if you get the ACS data and you're using full-time with positive income for ACS, the expectation is you would be trying to use full-time with positive income for the completers group on the other side of the equation. You know, but my understanding is you're going to elevate both, right? I mean, the completers, if you're restricted to full-time is going to go up, but so is the benchmark. And what would be really interesting to see I think -- because again, I don't like to argue over things that don't matter. You know, I don't

know if it's possible in the next 24 or 48 hours to pick like maybe one profession like cosmetology and just say, what is the difference in the passage rate? If we ran the number using employed full-time with positive income on both sides versus employed with positive income, but not full-time on both sides, I don't know. To your guys' point, it might not be better for schools. It might be worse. I have no idea of knowing whether this is really significant or not. And I think that data point could be really helpful, at least for me, and sort of informing whether I think this is material.

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

MR. CHRISTENSEN: Thank you, Aaron. And those comments are very well taken. Just a few points of clarification that you raised in the publicly available data set that the Department released, the earnings -- let me, let me start on --

MR. LACEY: It's not full-time.

MR. CHRISTENSEN: It's not full-time. Exactly. We did flesh out that there is a way to do -- where you could do full-time on the benchmark side. The issue that I would just highlight is that on the IRS side, on the program level earnings side, there is not a clear way at this time that we would know how to

determine who is a full-time worker, because we're just seeing a number for the dollars that come in. So while you're saying that if it was full-time and full-time on both sides, I wouldn't have a problem with it. The issue is that if we went full-time on the benchmark side, we couldn't have -- so what we've done with the Department data and the way that we have always tried to think about this is well, it's full-time and part-time on the program side. It's full-time and part-time on the benchmark side. There might be the people that are earning \$500 or \$12,000, but those people show up on both sides of the threshold and in some cases is going to benefit the program. In some cases, you know, it might hurt the program, but it comes out, I think, with the median values pretty squarely, evenly. So that's to Aaron's point on the numbers that we're trying to keep in comparison here.

MS. MACK: Thank you very much, Cody. Rachael, I'm going to give you the floor.

MS. STEPHENS PARKER: This will be quick because this back and forth made me think maybe one of my points does not matter. Maybe both. But one question I had in thinking about all this, too, is we're thinking about some of these hypotheticals coming up largely because of some very specific occupations or

occupational categories. I recognize -- I think it's in the data. I think we can actually run some of this ourselves as negotiators. But to have a sense -- like for me, off the top of my head, I don't have a great sense of loan volume for students in cosmetology programs. Right? How many are using Direct Loans to fund those programs? How many people will this -- where we fall on the side of this dialog really impact for some of the specific programs and scenarios that we're running through? That said, I think it's in data we can probably run ourselves, but if we were making some requests, I was thinking, I'm going to add on. And if we're maybe not, then not. But that's all. Thanks.

MS. MACK: Thank you very much, Rachael. Cody, Jake, did either one of you have -- just want to make sure. Randy, you have the floor.

MR. STAMPER: Yeah, just two things. One, Cody, we all still love you and your flowcharts, and you're kicking it, man, you're doing great. And I -- you know, this is incredibly hard stuff, and you've given it an amazing amount of thought and moved through a really complex issue and helped educate us. I would posit that to the point of in some cases, it could benefit programs. In some cases, it will not benefit programs. There's one clear area where it does not benefit programs. And that's

the -- and I think that is an area which again, obviously, I want to focus on that. But the second thing I would say that, that underlies not just the undergraduate certificates, but I think this entire conversation is -- and I would caution against this idea that higher education institutions, particularly community colleges, but even four years, the conversation seems like we are increasingly responsible for not just training somebody to get a job, but to get them a job, to have them keep a job. Are we going to be responsible for, you know, workers comp claims and if they get fired from a job down the line? Our responsibility should clearly stop at some point. And I would like whatever the results of this are to make clear that our responsibility ends at X point, I'm willing to debate what that point should be. But once they leave our doors and they have a job, we have satisfied, in my opinion, our responsibilities and done it well.

MS. MACK: Thank you, Randy. Cody, did you want to respond?

MR. CHRISTENSEN: Thank you, Randy, and thank you for the very kind words. My response is -- and you highlight the certificate programs where you see 92% fail rates, 100% fail rates. How could it be that these programs are ever coming out ahead? I would just

raise the age example that I think Preston clearly articulated earlier, where these undergraduate certificate programs, the completers leave, they're 26 and they're 30 by the time earnings are measured. In the ACS data, they're compared to an average of folks who are 28 to 29, about 29 on average. So they actually are getting -- they're 30, their benchmark is 29. If experience and everything matters on average, they're getting compared to folks who are younger than them on average. So that is -- even though those fail rates are still so high, it's not true that it's -- things aren't ever working in their favor. On average, they're actually getting a more favorable age comparison because they're being compared to younger folks on average. And the fail rates are still higher. And these are based on the numbers that Preston mentioned earlier from the National Postsecondary Student Aid Survey.

MS. MACK: Okay. Thank you, Cody. I've got three more cards up, and then I'm going to check in with the Department on where we go next. Or --

MR. MUSSER: Just to clarify, we're going to go through any remaining comments. And I think we'd like to kind of end discussion on this and move forward after the comments that are up are finished, and then we'll go to the caucus, right?

MS. MACK: Sounds good. Okay, Matthew, you're next.

MR. FEEHAN: Yeah. Just responding to a comment stated by my colleague here. So I represent my constituency group where I've had student veterans and service members even go to these higher education institutions, and I'm not -- there's no specific sector here, just higher education institutions in general with the assumption and inherent promise that they will be coming out of this institution with a job. This isn't the -- this isn't a game and ship of you know who's got the best -- the swimming pool at the university or who's got the best track team. This is about when you go into this university and you're enrolling for a graphic design degree, or if you're enrolling for a -- another undergraduate degree, you're looking for -- to jumping into that field. This is our first shot at accountability, I would argue that goes a step further and holding institutions accountable. It's been clear from Congress. It's been clear from the Secretary. It's been clear from the Undersecretary. Speaking on behalf of student veterans, I'm happy to see this. And yeah, we do need to draw the line, and it needs to be well beyond just the door of getting into the university, because I have a lot of constituents who have a lot of debt and no

jobs from universities that made a lot of promises to them. And this first kind of accountability measure came out from mandatory disclosures. The mandatory disclosures came out specifically because universities were telling people that they were employing individuals, and they had them working in the mail room downstairs. So yeah, I -- just as a general comment, yes, we're at the point now from an accountability perspective, whether, you know, some people like it or not, that we are holding institutions accountable now.

MS. MACK: Thank you, Matthew. Tonjua, please, you have the floor.

MS. WILLIAMS: Thank you so much. I just want to follow up on what Randy stated regarding the colleges. I hear everyone, and I agree that colleges should be held accountable for the product that we produce. We should stand behind that product and ensure that individuals are paid should they follow, complete, and do the things they need to do to get the job. And I just want to make that clear. As a college president, we work hard to educate students. That's why we have advisors, that -- that's why we have mandatory meetings. And we -- it just seems to me we're digging so deep into what the colleges are doing wrong and it's hard for me to sit here and hear that without making sure you guys

understand we stand behind our product. We make sure that what we're offering is something of high wage. I don't want to educate students into poverty. That is the worst thing. And so I just want to make sure that as we look at these regs and we talk about the responsibility of the institution that is so different than what we've done in the past, to give some, some transition time and some opportunity to work through this. Not every college is doing it the same, but it will be great to have -- I have no problem with what we're discussing and what we're committing to. I think we just need to make sure that there are students who we do provide information for. We do educate, we do talk to them, financial aid explains, you know, don't take the loan. But how do we also add some student responsibility in this plan? Because there -- as far as I am seeing, it's what the colleges need to do. And we're doing a lot of that. And I think that there's a lot of work that we need to do. I agree with everything my colleagues have stated. I just want to make sure we don't continue to add more responsibility towards the colleges beyond the job placement, trying to help them get that job. But all of the other things, students make decisions, and I would just love to see us keep that in mind as we are pulling -- we've got a lot of discussion to be had, and it would be good to make sure

that we keep in mind that coming from a more positive standpoint, that the colleges are not trying to skimp on the students. We're not trying to harm them. We're trying to help them. That's our mission. That's our goal. So let's just try to make sure that we include some accountability too, beyond just the institutions. And I understand what we're doing. But I just think it's important that we keep that that in mind as we move forward.

MS. MACK: Thank you very much. Gary, please.

MR. LITKE: Thank you. Two -- one observation and one quick question, if anyone knows the answer. Observation is that besides the potential loss of the student loan program, the -- these professions, mental health professions, music, fine arts, religious, and - there's a long list. Yeah, mental health, social work. There's a reputational impact. You're saying to the social work students of the world, you know, you're picking a lousy profession. When, if in fact, the data is skewed in some fashion, that could be fixed and it would not show up in the same way on these charts. But, you know, if the dashboards are going to show all of this information, even if a student doesn't take out student loans, it's just going to be like, wow, reputationally,

these are losers. These, these -- there's -- there -- you get a lot of a lot of input and very little output. I don't know if I want to do that. And I don't know that we want to, echoing what others have said, I don't know if we want to promote that idea in our society. We have to really think about that very carefully. Obviously, the premise is that there's some other way to present the data, which is fair and which would not show up, you know, as negatives for, you know, social workers and fine arts, music, and religious and all the other stuff. That's an observation and a plea. My question is a very technical question. When someone -- when we're looking at the testing the income side of the earnings premium, do no harm, someone who files married -- a married person filing jointly, how do they know how much the student that we're talking about is responsible for versus how much the spouse is responsible for?

MR. MUSSER: Yeah, we'll take that back and see if we can get you an answer on that part.

MS. MACK: Thank you very much. Aaron, you are next.

MR. LACEY: This is the last time I'm going to say this at the table, because I don't want to keep hitting the same issue, but I am -- I do not understand the focus on the age of the graduates, whether

that be on the completer group side or the working adult side. I -- in my mind that is irrelevant. It is 100% about the time that they have been in the workforce, right? I mean, if you take someone who graduates from high school when they're 18 and they start work as an auto mechanic, right, with no postsecondary education, by the time they're 34, they've had 16 years to work in the workforce. All right, now let's take someone who's 29 and came out of high school with no postsecondary education, and they decide to go to cosmetology school, right? And at 30, they finished cosmetology school. And we measure their earnings four years later. I mean, both people are 34, but one person has been in the workforce for 16 years building up their -- you know, their base. The other person has only been doing what the school trained them to do for four. That -- I mean, I -- if age of the students is important to other people, that's fine. But I'll just say from a school perspective, what is problematic for us is to have someone who has been in the workforce for 16 years increasing their earnings, measured against someone that we trained to do a job who's only been in the workforce for four years. That's the apples-to-apples comparison that I think is important to us. And my point about using 20 to 24 is you're ensuring that you're creating more parity with regard to

the time people have been in the workforce, right?

MS. MACK: Thank you, Aaron. A number of cards went up in response to that. Cody, I want to give you the floor first, and then I am going to move to get through these last few cards and get us into caucus soon in the interest of time.

MR. CHRISTENSEN: Thank you very much, Aaron. The only comment I would raise is that in the example you forward, the assumption again is that the 18-year-old worked continuously for 16 years and by the time they're 34, necessarily has 16 years of experience. A lot of the times folks who have only a high school degree, they go through long periods of unemployment. They might be out. There's lots of things that interrupt their workflow. So while it's true that in some cases it will be a person with 16 years of experience in the counterfactual, it could be that there's a couple of people with only one or two years of work experience in the counterfactual by the time they're 25-34. I understand your focus on experience, not age. I just am trying to highlight that it cuts both ways and that is -- the experience issue in the benchmark side is equally addressed by the fact that a lot of times folks fall out of the labor market on that side as well. That would be our response.

MS. MACK: Thank you, Cody. Jeff?

MR. ANDRADE: Yeah. And to pick up on Cody's point, I mean, what we're also comparing -- I mean, that person, if they did not go to postsecondary education, they would be in the high school graduate group in that age group. And so we're trying to measure, you know, what's the benefit of the postsecondary -- you know, did this -- by going to postsecondary education, is this person doing better than if they didn't go to postsecondary education? And I think it is -- I mean, it is the same age group that that person would have been in had they not gone into the program.

MS. MACK: Thank you, Jeff. Aaron?

MR. LACEY: Yeah, I guess Cody, just responding to your point. I mean, I -- my point would be true, you get people who fall out of the workforce, and it's possible you could have folks who have even less than four years. But you also could have someone in that data set who has worked for 16 years, or 15 or 14 or 13 or 12 or 13 or all the way down, right, to 4. That's a, that's a pretty big number of years. If you limit it to 20 to 24, that doesn't happen. You don't have anyone who could have possibly been in the workforce for 10 or 11 or 12 or 13 years, because the most anyone who could be in the workforce would be six. You're still going to have

some who are only two, some who are six, some who are in and some who are out. But, but by including 25 to 34. You are including what is that, nine more years potentially in the workforce. And you're going to have a lot of people who, who have been. So my point is, I hear you loud and clear and I -- and we don't know what that wash looks like, I don't think. But my argument would be if we limit it to 20 to 24, we are making sure that we are not comparing our four years in the workforce graduate to people who have somewhere between 4 and 16 years of potential work experience.

MS. MACK: Thank you. I'm going to call on the last four cards that are up right now, and then I'm going to insist that we move to caucus. Preston, you have the floor.

MR. COOPER: Yeah. Just -- Gary, really quickly in response to your question. So the earnings from the IRS come from form W-2 and Schedule SC, which are both reported as individuals, not as married, filing jointly so we can separate out a person and their spouse who is actually earning the income. And also, I just, I just want to make a general point that -- I'm hearing a lot of like, outlier examples, like a carpenter who has 16 years of experience and somebody who chooses to work part-time or not work at all. And I would point

out that the virtue of using medians is that the outliers don't actually, you know, drag the, drag the medians in either of those huge directions. And that's why we have sample size restrictions and all that. That's why we use median with a reasonable sample size.

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

MR. CLAYBAUGH: Yeah, I'll be quick. Just -- I've heard it said a couple times, the assumption that when someone you know enters a program, they're making a -- well -- you know, their high school diploma only, and they're making a sufficient wage, and they enter that, and then they exit at a lower wage afterwards. I've heard that -- it feels like that assumption is being made. And so I think it'll be good to get some data to know, which we've requested, when they enter the program, what their report of their income versus when they exit the program, because it does feel like we're saying that they're entering the program at a reasonable high school only wage, but they're exiting less. So I just want to make sure we see that data.

MS. MACK: Thank you, Ryan. Tamar?

MS. HOFFMAN: Thanks. I think Preston did a great job making the point that it was sort of the most important one here. Beyond that, I just think it's

worth reminding that this is a very low standard that we're talking about. I've heard a lot of different comparisons here that sort of range wildly, and I just want to bring it back to what we're comparing is high school graduate age 25 to 34. Unfortunately, in the US right now, that is a very low standard. And I think that like we owe our students better than that.

MS. MACK: Thank you, Tamar. Randy, please. Good? Okay. I see a card in the corner there? Ryan, did you have something else? Follow up? Perfect. It is my recollection, Randy, you correct me if I'm wrong, that state higher ed is calling a caucus with public institutions, private institutions, employers, and the Department. Bad joke. Yeah. Alright. And proprietary. Okay. Because you made me second guess myself for a second. Okay. With those constituency groups, I believe we're going to use the first-floor conference room. Did you suggest 15 minutes? Okay, perfect. And the facilitators do plan on joining you at some juncture within this caucus, if that's okay? Perfect. Thank you all. Thank you for everyone's patience, I appreciate that. As always, Randy, I know that you called that caucus. I just asked for a high-level, brief report-out for the good of the group.

MR. STAMPER: Sure. Thank you to the

Department and my colleagues in the room. Thank you for everybody's patience. We had a good conversation about the nature of differences between degree programs and non-degree programs and potential impacts and approaches to accountability across all of them. Thank you.

MS. MACK: Thank you very much. And just to make sure I formally recognize everyone, Michale is back as primary for accrediting agencies at the table, and we have Kristin back for public institutions. Ryan, were you going to switch out as well? Perfect. Then we will be calling and recognizing back primary Jeff Arthur on behalf of proprietary institutions. With that, Dave, I'm happy to turn it over to you to see where you'd like to take us next.

MR. MUSSER: Thanks, Kayla. And thanks all of you, for, I think, an incredible discussion on some of the nuances of this rule. We really appreciate it. I do think I'd like to get to at least one new topic today before we close. So we're going to move on to topic number three. All right. So these changes -- we have moved now to 34 CFR Subpart Q, part 668, Subpart Q, which is currently titled Financial Value Transparency, in which we are proposing to retitile Student Tuition and Transparency System, which wonderfully has an acronym of STATS. 668.401 is the -- is where we describe the scope

and purpose of the Student Tuition and Transparency System. And there's just a few changes here. Let's go through those pretty quickly. Starting out, general, the -- we just struck a reference to paragraph B and you'll see why in just a second. Scroll down a little bit. That's good. So here we are making changes to eliminate the applicability section. That applicability section is where we exempted the institutions in the US territories or the freely associated states from all requirements except for reporting. As you guys know, the Department is now proposing to, to subject those institutions to the -- to one -- to this test, just using a different comparison group than other institutions. So we've made those changes to include them throughout. So let's scroll down a little bit further here. And we've also made changes to eliminate the word debt. Again, with the assumption under the Department's proposal that we are eliminating the debt-to-earnings metric. So let's scroll down here. So this is the substantially similar program. So this is the second exemption that we previously had in the rule that exempted institutions if they had no groups of substantially similar programs with 30 or more completers over the four most recently completed award years. And we are proposing to strike this exemption such that the -- all those institutions would still be subject to it given

the roll-up concepts that have been established elsewhere in the rule. We believe that congressional intent is not to exempt institutions, even in these limited circumstances, although there could be circumstances where individual programs are still, are still not. We don't have a metric calculated for them simply because we go through the entire roll-up process and still do not have a sufficient number of completers. And I can -- I'll pause here. I'll pause at the end of each section to take comments and questions.

MS. MACK: Fair enough. Thank you, Dave. Dennis, please.

MR. CARIELLO: Sorry. I was a little too slow before we moved on to a new topic, so I'd like to tag in here and let David come on back.

MS. MACK: Okay. No problem. We will have the primary come back to the table. Welcome, David. This is for our employer's constituency. I will move on while we're transitioning to a couple of cards. Tamar, please.

MS. HOFFMAN: Thanks, sorry. This is perhaps a dumb question, but just for my own clarification, in terms of transparency, even if there's no debt-to-earnings, the student debt is still very much reported under this framework, right?

MR. MUSSER: That's correct.

MS. HOFFMAN: Thank you.

MS. MACK: Thank you, Tamar. Matthew, please.

MR. FEEHAN: I just wanted to thank the Department for its proposed draft -- excuse me, draft language here. When I first took a look at it, I was a little bit concerned because I -- because, again, for my constituency, for some very specialized defense jobs and defense programs educational programs, these cohorts get very, very small. With that being said, though, and I just want the -- for folks to understand those who are watching and for the record, that it raises PII concerns being able to identify programs that small. So exempting the program also protects students from scrupulous programs that may target specific veterans or service members for the benefit. So I do like that the Department has exempted -- removed the exemption language. It's a smart move here. So I fully support the language from student veterans constituency. Thank you.

MR. MUSSER: Thank you.

MS. MACK: Thank you, Matthew. Back to you, Dave.

MR. MUSSER: Okay. And we'll move on. Seeing no more cards, we'll move on to 668.402, which is

the framework, the general framework for the Student Tuition and Transparency System. So here in (a), again, we've deleted references to debt-to-earnings. So scrolling down, (b) is also a -- an extensive description of debt-to-earnings, establishing sort of baseline for that. So in our proposal, we've struck that. Let's keep scrolling down. There is a fair amount of strikethrough that you'll see as we go through this section as, of course -- because much of it does have to do with the debt-to-earnings rate. We've just redone some renumbering here. Scrolling down. So -- hold right there. So under (c)1 here, we've made a change to comport with the, the statutory language. Previously, a program passes -- passed the earnings premium measure. I should say currently, program passes the earnings premium measure if the median annual earnings of the students who completed the program exceed the earnings threshold. And the One Big Beautiful Bill also included programs that have earnings that equal the earnings threshold. That is likely to be an extraordinarily rare case, but that is the language in the statute. And again -- and that we made the conforming change in the very next one such that a program fails if the median earnings are less than the earnings threshold. And then we've got 668.403 has been struck. That is completely to do with calculating debt-

to-earning rates. So we can scroll all the way through that. Okay. Now we're at the calculating the earnings premium measure, which is a lot of the bones of the actual calculation process for the earnings premium. So here again we've added the equal or exceed language from the statute. Scrolling down. Done some renumbering. Here, we've -- we indicate that we're obtaining from a Federal agency with earnings data, earnings of students who completed the program during the cohort period, who are working and who are not -- and are not excluded under paragraph (c), which we'll get to in just a moment. Scrolling down a little bit more. So -- oops, a little bit back up. Under (2) here, the Secretary uses the median annual earnings of working adults using data from the Census Bureau to calculate the earnings threshold that we previously defined and we already talked about. (3), we had an annotation here, you guys have probably seen. In this section that -- we indicated that the Secretary determines the earnings thresholds and publishes the thresholds annually. Previously -- well, again, currently in the regulations, we have a statement that the Department will do that in a Federal Register notice. Because that is a complicated process, the Department does not believe that it needs to be in such a formal format. Many of the internal calculations that the

Department performs are disclosed in -- through other means. For example, the Student Aid Index calculation is disclosed not in the Federal Register notice, but through the Department's general guidance materials. And we believe it's appropriate to do that here as well. So scrolling down here. And then here, this is the section that describes -- if you could scroll back up just a little bit. These are the exclusions. These are the cases where under (c), the secretary excludes a student from the earnings premium measure. Here we indicate that a student is excluded if one or more of the student's Direct Loan program loans has been approved for a discharge for total and permanent disability, because in our view that individual, their earnings are not appropriate to be considered in this -- in the calculation. Scrolling down. Here in (2), we've made a change, again, in accordance with the One Big Beautiful Bill Act to eliminate the concept of a full -- of full-time enrollment. And we simply say that the student is excluded if they are enrolled in any other program at the institution or at another institution during the calendar year for which we obtain earnings information. So scrolling down some more. For undergraduate programs -- so this section here in paragraph three, for undergraduate programs, the student completed a higher

credentialed undergraduate program at the institution subsequent to completing the program as of the end of the most recently completed award year prior to the calculation of the earnings premium measure under the section. This is a little complicated, but for those of you who are familiar with the current Financial Value Transparency Gainful Employment rule, this is called the -- another form of roll-up. Essentially, the Department wanted to acknowledge that many students begin at one type of credential at an institution and continue on into another type of credential. And in most -- and in many cases, completion of the one credential is part of the work toward the other credential, and is largely -- the debt from that one often is incorporated in the other one. So here, essentially we are excluding the student from consideration in the shorter program if they ultimately completed the longer program, such that we don't double-count for that student. We did, however, delete the similar concept for graduate programs because in our view there are fewer occasions where this sort of roll-up occurs at -- in graduate programs where a student is first enrolled in a certificate program and later earns a graduate degree program. The -- so we -- and we also have found that this results in some cases in odd results. For example, in law programs, in many cases,

students go from a JD into an LLM program. And this does not apply in those circumstances because the JD technically is considered the higher level credential than, than the, the LLM. So for that reason, we don't believe it makes as much sense to have the roll-up concept for graduate programs here. And we've proposed to strike it. There was an annotation there as well to explain. Let's keep scrolling down. We've done some renumbering here. And we've also made, again, a conforming change to the sections. So again, here we're just talking about after applying the exclusions if fewer than 30 students completed the program during the fully expanded cohort period, we don't issue an earnings premium measure. So we've explained that earlier. And that's where -- this is where we implement that. So scrolling down. And that's the end of that section. So let's pause there. I see a few cards.

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

MR. COOPER: Yeah. Thank, thank you very much for this. I think it makes sense to largely keep the exclusions that were, that were already in Gainful Employment. I think that's a good list. I do want to point out that I think there are a number of graduate programs where there is kind of a roll up to a higher

credential, for instance, a lot of PhD programs, you'll get an intermediate master's degree. There are some MD programs where you'll get an MPH along the way. I actually have -- I'm one of those people. I got a master's degree two years into my economics PhD. And I think it would be a little bit odd for the Master's in Economics program at George Mason to count my earnings as somebody with a PhD as part of that, that earnings cohort for the master's program. So I guess I would argue for actually leaving in paragraph four here and excluding those graduate students who go on to get a higher graduate credential.

MR. MUSSER: And so I think we're open to that. If you would like to submit it, I think you can just make -- just indicate that you'd prefer that the Department leave that in.

MR. COOPER: Thank you.

MR. MUSSER: Thank you.

MS. MACK: Thank you, Dave. Thank you, Preston. David, please.

MR. KAFAFIAN: Thank you very much for this. In subsection two, I think this goes back to what we talked about earlier today around eligible institutions and eligible programs. If maybe we could -- well, we don't need to scroll. It basically says right

now, in any other eligible program at the institution or another institution. And so similar to my concerns earlier, Congress says any institution, it doesn't say anything about eligible programs. And so I do worry about, like the LLM example that you used in a different context just now would not fit --

MR. MUSSER: I actually agree with you. I think that was a -- we missed that. So if you would mind, give us, give us that suggestion. I think you're right that was previously the Department's position. But if we are aligning this across all, institutions and aligning it with the One Big Beautiful Bill Act's system, I think you're exactly right that it needs to be any program at the institution, and not even any program. It could be just at large enrollment at the institutions if they are enrolled.

MR. KAFAFIAN: Okay. Thank you.

MS. MACK: Thank you, David. Randy?

MR. STAMPER: Yeah. Just confirmation at the end of the earlier page where it cites 30 students, that is another area where it may be 50. It may shift.

MR. MUSSER: Yeah. That's another good technical change, I think -- looking at my colleagues, Cody and others, I think we need to add the parenthetical

there as well. Either that or we can cross-reference the earlier regulation. But you're right, it would be helpful to have that in there.

MS. MACK: Thank you, Randy. Thank you, Dave. Ritchie?

MR. MORROW: So going back to the exclusion, (c)(2), the enrollment. I asked this yesterday, but degree-seeking or non-degree seeking, is that still up for debate if the student has to be degree-seeking to be excluded, or can they just be enrolled?

MR. MUSSER: So the -- I believe the answer really is that they can just be enrolled as long as it's at an eligible institution, as long as that's where the enrollment is, they would be excluded even if they're not an eligible program.

MR. MORROW: Okay.

MS. MACK: Thank you, Ritchie.
Matthew?

MR. FEEHAN: Again, I just want to thank the Department for its language in subsection 403 - - now, 403, calculating earnings premium measure. A couple of points. Again, reiterating what I said earlier for working adults. It's good language that helps our constituency. But to more importantly, for subsection (3), removing the Federal Register Notice, can't stress

that enough. That is a very good decision because Congress made it explicitly to make the determination from the Secretary here. What concerns me is that this would just stay in, or if we were to be doing this to the thresholds of the Federal Register, we run into the same issue that we've -- many of my colleagues have hit on is the whiplash of the regulatory effect. So having -- keeping this in-house, for lack of a better term, is a really good decision and strongly support the Department in this change.

MS. MACK: Thank you, Matthew. David, did you have something else? Then Dave, we're back to you for the next section.

MR. MUSSER: Then I think we'll -- yeah, we'll start in on the next section if we can pull that up again. Okay. So here in 668. -- now it's 404 after the Department's proposed changes. I'm not going to keep referencing the deletions of debt-to-earning rates, so if you guys see any that we've missed, please let me know. But to start here, this is the section where we describe the process for obtaining the data that we need to calculate the earnings premium measure. And I want to briefly describe that process so that everyone is familiar with it. So currently, the Department uses its own administrative data to identify the individuals who

we will include in the cohorts. That data comes from the National Student Loan Data System, NSLDS, and the enrollment reporting process that institutions are required to undergo as part of the normal course of business in administering the Title IV programs. Institutions report enrollment for all individuals who receive Pell Grants or Direct Loans at that institution, as well as students who received loans at prior institutions that are now -- that attend at the new institution. And the reason for the -- original reason for the enrollment reporting was for loan servicing purposes to assist with deferments, etc. But the enrollment reporting process has been improved over time to the point where although there are still some issues with it, we believe the data is adequate to perform this function with the test, the process that we describe here, where we asked schools to do an additional check of the data to ensure that it's accurate. So here we say that in accordance with procedures established by the Secretary, we will provide the, the list of students that we are including in the cohort to the institution. The institution must evaluate that list and update or otherwise correct the data. And when we say that we mean update it in the National Student Loan Data System, NSLDS, no later than 60 days after the -- at the end of

the award year. So we -- the idea here is that institutions are getting an opportunity to make sure that they are -- we have the correct individuals that we're using to calculate the earnings, the median earnings for purposes of the earnings premium metric. Obviously, that's an incredibly important part of the metric. If we get that wrong, we're not capturing the correct individuals. So that's why we have this process built in to ensure that we have an accurate group of students. And that's what we're going to talk about through -- just through this section. So (b) describes the actual process. So let me scroll down here. As I mentioned, the Secretary compiles the list from the administrative data. It removes students who are excluded. As I just mentioned, under 668.403(c). We provide the list of the institutions and give them the chance to correct the data in NSLDS no later than 60 days after the date that the Secretary provides the list to the institution. Scroll down. Here, just making some changes to remove debt-to-earnings again. Scrolling down. Here we -- when we talk about obtaining earnings data, we are -- this is where we're describing the process of obtaining the data from the Federal agency with earnings data. And we just make the change in this section under (c) to express that we're getting data on those who are working as expressed

in the law. Scrolling down here. We struck two, the -- we ran into some issues here with IRS and its requirements for them to provide the number, but not the identities of students on the list that the Federal agency with earnings data could not match. That runs afoul of some of their privacy requirements. So we struck that here because we prefer to work with the Internal Revenue Service. And we don't believe that that is -- that's sustainable over time, given their rules. So here in (d), we deleted, again, reference to debt-to-earnings rate. We revised the, the number here for when we will calculate an earnings premium measure. And that's when it has at least -- when we get records for at least 16 students from the Federal agency with earnings data. As you guys recall, the Department's -- you know, when -- the moment we reached the cohort of 30 or more or the statistically reliable figure that we determine, we will use that to send to the Federal agency with earnings data. This is a process similar to what we described in Workforce Pell. And at that point, if they return at least 16 records, we will calculate the metric. If they do not, then we do not calculate the metric. So for those reasons, the Department is always seeking to get as many students in that cohort as possible in order to get that -- to get a metric calculated for most programs. So let's scroll down

here. So this section is -- we've talked briefly about this. Let me just read what this used to say so that it's clear what, what we're changing. Previously this said -- again, what it currently says and we're proposing to strike it -- if the Federal agency with earnings data reports that it was unable to match one or more of the students on the final list, the Secretary does not include in the calculation of the median loan debt for the debt-to-earning rates, the same number of students with the highest loan debts as the number of students whose earnings that they could not match. For example, if the Federal agency is unable to match three out of 100 students, the Department would strike the debts of the highest -- sorry, strike the highest three debts that -- of the individuals who -- whose records we -- who we were able to obtain. So the reason for this was fairness for the debt-to-earnings calculation. We wanted to ensure that there were not cases where we were obtaining -- we were getting -- the individuals who were -- because we were getting the -- only a smaller number -- only a small number of records that we had an inaccurate sample of students and their earnings. So this was an effort to give a little bit to institutions to reduce the amount of debt that was incorporated into that calculation. Because we're no longer considering debt as part of the earnings

premium, that remains, we do not need this provision. So I'm going to pause there. Any questions or comments about those changes?

MS. MACK: Thank you, Dave. Go ahead, Jeff.

MR. ARTHUR: Just a quick question to clarify what -- a student that's excluded because they're enrolled in another institution, do they disappear forever or do they come -- does it depend on whether they complete the program there? If they drop, does it come back? Just what happens with that person that's excluded?

MR. MUSSER: Well, so the individual would show up in the cohort, the Department would, in evaluating the cohort, would then look through its -- it would go through its process of determining who should be excluded. So we run the list against individuals who have defaulted. Are they -- were they in a prison education program? Were they in a comprehensive transition in postsecondary program? And -- or were they enrolled at another institution? So for that year, if they were enrolled, then they're excluded. If we run the test the next year and they're not -- and they're no longer enrolled and they're in a different cohort, obviously they would be included. So it's --

MR. ARTHUR: If they're still in that

original cohort, they could disappear?

MR. MUSSER: You mean in the following year?

MR. ARTHUR: Well, if they attend another institution, enrolled for a few years and, and regardless of what happens, do they ever wind up back in the originating institution's cohort? I mean, does it --?

MR. MUSSER: No. It's a one-time calculation. That's what we're getting at. Yeah.

MS. MACK: There are no others. Do you want to move on to section 405?

MR. MUSSER: Yes. All right. So section 405, determining the earnings premium measure. So again, for each award year that we calculate the earnings premium we issue a notice of determination. We're just making changes here to eliminate the debt-to-earnings references. Let's scroll down. So here we deleted a reference to the student acknowledgment. The acknowledgment is currently in the regulations as a process whereby students in certain categories are required if their program fails, either the debt-to-earnings or the earnings premium metric, the students are required to go through a process where they acknowledge the failure through a system that is provided by the Department, where the Department provides information

about, about that failure and what it means. So we are proposing to strike that process, which we'll talk about in just a moment. But here we've made a change as a cross-reference. So I'll talk about that when we get down to it. So here we've eliminated the reference to GE programs because now warnings are required for any program that fails the metric under 668.605. So let's keep scrolling down. So -- and I want to pause here. I want to make sure that it's clear that I'm distinguishing between acknowledgments and warnings. Those are two separate processes in the current regulations. The acknowledgment process only applies in a limited set of cases for students in certain types of programs, including graduate programs and undergraduate credential programs, but not undergraduate degree programs. In those situations, if the student -- because those -- many of those programs are not captured by the accountability consequences, the Department was attempting to improve the transparency for students enrolled in those programs. So they were expected to go through a process where, as I mentioned, they would go to a department website and receive information about the failure and what it means to them. The warning process is separate. The warning process is a process that is conducted by the institution where the institution provides the student information

about a failure of a GE program under the current regulations. And the warning is, generally speaking, a more serious requirement, because this institution is essentially conveying to the student that there is a possibility that the student may lose -- that the program may lose eligibility for Title IV assistance. And that would result in the student not qualifying for assistance in the following year and potentially being unable to complete the program. So the warning process now will apply to all programs, given the changes in the One Big Beautiful Bill Act. So we believe that the acknowledgment is largely redundant and not necessary. And so here for that reason, we've actually struck a 668.407. And then let me pause to see if anyone has any comments about the changes to 668.406 or sorry, 405 or this section. Okay. Seeing none, we can continue to scroll down. We'll go all the way through this section. And that's the end of the topic. So we'll pause here. And anyone have any general comments or questions about this topic? Okay. Well we appreciate it, everybody. So we -- I heard a few excellent suggestions. Thank you for some of those catches. We really appreciate it if you guys could send us those in writing, as always in a separate Word or PDF document, and we will get some changes made, hopefully for tomorrow morning. So we are -- it's a bit of a

strange place to be here. I would like to at least start the discussion on the next topic. I think I can get through the description of the changes and then we can have a brief discussion and potentially continue that tomorrow. So here, we separated this topic because it is a little different from the others. These -- 668.406 has to do with reporting requirements. And in this case, we're talking about the requirements for institutions to provide unique data that they don't otherwise provide as part of normal administrative processes to the Department. In the current regulations, the reporting is vital to the Department being able to perform the -- both the earnings premium calculation and the debt-to-earnings calculation. The only really vital reporting for the earnings premium calculation are reporting of whether an individual is in a prison education program or a comprehensive transition in postsecondary program, because the Department does not otherwise have information on that in every single case. So we need that reporting in order to identify those individuals. The rest of the reporting is either for purposes of the Department's transparency system. If you guys recall the changes that -- or if you guys recall the requirements in 34.668 -- 34 CFR 668.43, the Department's website that we are required -- that we have required ourselves to

publish that includes information about net price and other elements of students' costs for postsecondary programs, this reporting section is where we obtain most of that information for purposes of the website where we would disclose that to students and other consumers. So we're going to go through this section which deals with the specific data elements that institutions have to report to the Department. So here under (a), we have deleted the exemption for substantially similar programs. We were requiring -- we are now requiring reporting for all GE or eligible non-GE programs. That is -- that's because we, in large part, we are again trying to harmonize requirements. And we're trying to avoid exemptions wherever possible for whole classes of programs. So let's scroll down here. Here, we had -- we have a requirement for reporting of whether the program meets licensure requirements or prepares students to sit for licensure examination in a state. We also have, in the current regulation, a requirement for them to report that they are -- that the program leads to licensure in a particular occupation for each state in the institution's metropolitan statistical area. And while we still believe that information is useful, we found that it was extraordinarily difficult for institutions to provide that data consistently and in a manner that we believe

would be sufficient for us to provide to consumers. After two years, we're still struggling with the quality of that data, and we still are receiving many questions from institutions about what, what constitutes that metropolitan statistical area and how they're supposed to report in these cases. So we are proposing to strike that part of it and simply ask whether the program generally meets licensure requirements or prepares students to sit for licensure examination in any state. So let's scroll down here. Under five, under what was -- what is currently romanette (v), whether the program is a qualifying graduate program. So as I mentioned earlier, the concept of a qualifying graduate program was important, especially to -- well, it was important specifically for the debt-to-earnings rate calculation because individuals who are enrolled in qualifying graduate programs had a longer period between graduation and when the Department would assess their earnings, given that they -- these programs were expected to have significant post-graduation training requirements. So we've deleted that. What -- we've deleted that requirement for them to report this. We don't believe that it's necessary for our purposes to calculate net price and provide other information about cost and price in higher education. So let's scroll down here. Now we're

getting into the student-level information that is reported. And this is where the Department has made the most changes and the most significant changes. So here, we've asked that schools provide information to identify each student, the date the student initially enrolled in the program. We've struck the requirement to provide attendance dates. We believe we can obtain that through normal administrative data and NSLDS. We've struck the requirement for them to provide the students' enrollment status. Again, we believe that can be pulled from the NSLDS enrollment reporting, and it is adequate for our purposes. Three, we have just made some wording changes to how we ask schools to report the total cost of attendance. We asked them to report it for the award year. And we're asking them to report it specifically for the, the values in sections 472, which, if you guys are familiar with it, that's the section that details what constitutes the cost of attendance for students in the Higher Education Act. This is just for clarity, so that it's clear to institutions that that we're asking for those values for components of the statutory cost of attendance. Scrolling down here, we are also asking for the actual tuition and fees assessed to the student for the award year. This was another area of confusion where schools weren't sure whether they should provide their

published tuition or fees for every single student. We saw that that sometimes happened. We are requiring here that they -- the school provide the actual tuition and fees assessed to the student. Otherwise, this does not have as much value to us and to the consumer, because some individuals do pay different amounts, even for attendance in the same program. So we are doing our best to, to get an accurate reflection of what is really being paid in each program. Romanette (v)here, where we are talking here about the student's residency tuition status. In this case, we are trying to give accurate information about the differences in a particular institution programs' tuition by residency status. As you guys know, many institutions have different residency statuses that have different tuition amounts that they assign, especially public institutions. So in this case, we are specifying that they don't have to provide this if it doesn't apply. There were many questions from schools about what to do in those circumstances. So here in the next one, we're talking about reporting the total allowance for books, supplies, and equipment. We're just talking about the award year change, the award year here instead of annual. Again, the concept of annual sometimes caused confusion. So because the concept of an award year is more familiar to institutions, we're asking for that

value on an award year basis. Scrolling down here, we made another change to housing and food for the award year. Change it -- another change for the amount of institutional grants and scholarships disbursed to the student for the award year. We've made some technical change here for something that should have been included originally to get the amount of Federal, state, tribal, or other private grants disbursed to the student for the award year. The Department did not include the word Federal here previously, and that resulted in significant omissions of aid, for example, veterans benefits being one significant one that was not accounted for. Under (x) here, again, we're just making a change to refer to the award year for the -- for private education loans. This is the item that we received a request about. We do require currently that an institution report by student the amount of any private education loans disbursed to that student for -- and in this case, we're just clarifying for the award year for enrollment in the program that the institution is or should reasonably be aware of. And when we say, should reasonably be aware of, what we mean really is private loan debt that the school would incorporate into its financial aid award. And as David pointed out, this is -- this has become much more consistent over time. In most cases, the school is

getting certifications from students about their private loans. And those are the ones that we expect to be reported here. So going down here, (3), if the student completed or withdrew from the program during the award year, this is the section where we are required -- we are requiring schools to report total amounts. So number one, we have struck the date the student completed or withdrew from the program. We believe we can obtain that from NSLDS data from now on. So we didn't need that value. Scrolling down to romanette (i) here, the total amount the student received from private education loans. So this is the total amount as opposed to the annual amount of private education loans. And this is -- I mentioned briefly earlier that we had corrected a stray cross-reference. And this is, this is where we're making that correction. It's defined in 34 CFR 601.2(b). That is the private loan definition in that, in that part of the regulations. Scrolling down just a tiny bit here. We struck three, the total amount of institutional debt that the student owes any party after completing or withdrawing from the program. We found that this value was extremely difficult for schools to calculate and was important to the debt-to-earnings calculation. But without the debt-to-earnings calculation, we don't believe that it has enough value to really reflect the

total amount that a student pays at an institution, so we propose striking it. Then scrolling down, we did some renumbering here. These are all the total -- things that we -- that schools are required to report in terms of totals, books and supplies, institutional grants and scholarships. Here we have required them -- we are requiring schools to report the total amount of Federal, state, private or other grants and scholarships provided for their students entire enrollment in the program. This is one of the rare additions that we're making, but we feel that this value is particularly important because without this value, it's harder for us to calculate the total net price at an institution. We, we have to go back to the annual values. And that can be problematic given certain crossover period issues and other technicalities of the reporting process. So we -- we're asking for a total value to be reported here. All right, so we can scroll down a little bit more here. So here, we're talking about the time frames that reporting is required. And we're just making -- first, we're making a change to eligible institution. That's really just a technical change. And we are -- we also are just making our conforming change striking paragraph (c), elsewhere. So here we are referring only to reporting on October 1st. In the current iteration of the rule, we had schools

provide data for past cohorts, older cohorts on July 31st of the first year that this -- that the that the rules were in effect. That was essentially an effort to get all that data in as quickly as possible, whereas the -- subsequent to that, we were requiring reporting of the most recent two award years as of October 1st. Here we're requiring reporting as of October 1st, regardless. And we are only requiring it for the two most recently completed award years. We do not need early data from, from before that date at this point. So scrolling down. Again, we've struck the reference to qualifying graduate programs. Scrolling down. For any award year, if an institution fails to provide some or all of the institution -- of the information required here, they'll have to provide us an explanation of why the institution failed to comply with any of the reporting requirements. We just made wording changes here. We are still saying that is acceptable to the Secretary. We have to be able to review it and understand the rule and approve the issue, because we do realize there are certain circumstances where schools are unable to report for reasons outside their control, such as disasters, etc. Scrolling down. We also had a transitional reporting period where the schools would report -- could choose to report for only the two most recently completed award years or for past years. This

was an attempt at burden reduction for institutions. However, because we have now obtained enough data on past years, in our view to perform the calculations that we need to perform for net price, we no longer need this transitional period, and we've struck all of the information here in (c). So we can scroll on down here. And finally, we have a short section on severability. And this is what we were talking briefly about previously. We've just renumbered it, but we otherwise have not made any changes to the severability language here. And if you scroll down just a little bit further, Andrea, and that's the end of that section.

MS. MACK: Thank you, Dave. I would like to note that for Legal Aid, our alternate has joined the table for topic four. So welcome, Zoe. Jeff, I see your card, and then I'll ask if you want to go on to cards or not, given the time. Yes, Jeff has the floor.

MR. ANDRADE: Yeah. So thanks, Dave. I think that was a -- you made record time going through all those changes. You know, just a couple points on that. First, you know, we wanted to sort of change the focus on that which is, you know, part of the name. It's not just a name change. We eliminated by going through that, and I think through a very long and thoughtful process, probably just a little bit less than a third of

the data items. I was sort of shooting for half. But my colleagues made the case on a number of items, so we have it. But there was a lot of thought that that was given, given to what was eliminated and what was altered. I know that there are many people at the table and probably a bunch of people in the audience that would say, oh, wow, let's just add a few more things now that we've done some house cleaning. But I would, I would urge everyone to try to stay in the spirit that we are not like any other parts of this, of this regulation. We are balancing numerous equities in this, and we would hope that you would join us in the spirit of balancing administrative burden versus the value to students and to policy makers of particular pieces of information.

MR. MUSSER: And the only other thing I would add to that, Jeff, is that when we performed this effort to determine which things we would strike in the reporting requirements, we focused on the things that were most burdensome to institutions, most confusing to institutions, and things that did not directly support our goal of obtaining data about net price and the costs to students of enrollment in postsecondary programs.

MS. MACK: We are at the 4:00 hour. I have noted Preston, David, Matthew, Zoe, Ritchie, and Jeff, and I'm happy to call on those folks in the morning

if we want to begin with topic four in the morning. I'll add you, Kristin.

MR. MUSSER: So I'm curious, I would like to have a little bit of discussion on this before we close. I know that we have a limited amount of time that we can have the broadcast going. Would ten minutes be, be sufficient to go beyond 4:00 p.m.?

MS. MACK: I'm told a strict ten minutes.

MR. MUSSER: Okay, we're going to hold it to that. And then I'll ask Kayla for your help on that. I appreciate it.

MS. MACK: Which means I'm going to ask negotiators to keep their remarks as brief as possible. I'll get through these as quickly as I can. Preston, please.

MR. COOPER: Thank you. For the licensure item, preparing students to sit for licensure exam in any state, I guess I'm a little bit confused about why an institution wouldn't know which states it's preparing students for licensure exam in.

MR. MUSSER: So it's the states in the metro area. And the confusion that would come up with that question is the school was asking, do I have to know all of them? Do I need to make an indication that it

doesn't meet requirements in one state, but not the other? And to be frank, some schools asked, well, what is my Metropolitan Statistical Area? I'm not familiar with that concept. It is a clear -- clearly defined concept, and it is something that the Department described in guidance. But, you know, there are a lot of institutions that are under-resourced and struggle to provide that information at that level. They do -- most institutions that focus on licensure programs obviously do have that information and can readily provide it. Some of them focus on licensure to -- for programs that are happening in their state and are not seeking licensure in other areas. And they struggled with those things, too. What we found was, we didn't feel comfortable that the data that we were getting was truly representative of where students could actually end up going if they obtained -- if they completed the program, where could they go to be licensed in the profession that they were trained for? And the whole purpose of collecting that item was to provide that to the consumer. So that's why we ended up striking that part of it.

MR. COOPER: Gotcha. What about saying instead of any state, prepares students to sit for licensure examination in the state where it's located or in neighboring state? Would that be an easier concept

than MSA to understand?

MR. MUSSER: You can submit that one. We'll think about it. I've gotta talk to my, my FSA colleagues to see what, what they think about that. But you can certainly -- we will entertain it. Yeah.

MR. COOPER: Thank you. I had something else, but I'll save it till tomorrow.

MS. MACK: Thank you, Preston. Moving to David, please.

MR. KAFAFIAN: Just quickly, I'm sure you've thought about this, on the NSLDS point, does that hold if the person stops borrowing midway through the program?

MR. MUSSER: Yes. Their enrollment continues to be reported if they stop borrowing. If they borrow once at the institution, they continue to show up on the list to -- for enrollment reporting.

MR. KAFAFIAN: Perfect. And then my second item, mainly out of a place of ignorance, I would love to understand a bit more why the institutional debt is hard to understand and gather. We can peel that one back offline, just for my edification, though.

MR. MUSSER: So I'll try to be brief. So generally speaking, the debt as of the completion date is challenging but not overly challenging for the school

to obtain. Because, in that case, they have a snapshot. They can go to their system and find what the charge -- what the debt was as of that moment on. Even then, they are looking at it often from several months in the future, or even 9 to 12 months in the future, because the student completed at the beginning of the, of the prior award year, and they have to go into their system and get into the to the account, figure out what it was on that date, because the student has likely made payments toward that in many cases, and now their debt is something different. They can't just take the data from that, the current date, but they often -- they were able to figure that out in many cases. When they're withdrawn, the -- there's an even bigger problem because the Department realized that it wasn't getting accurate data if the debt that they reported was as of the withdrawal date, because there's this process called return of Title IV funds that schools are required to perform that results in a different amount of debt at the end of that process. The Department didn't have a clear way of providing a number of days that the school had, the school had to wait before giving us the debt, but we used 45 because that's roughly the, the limit on how, how long a school has to perform the calculation after the end of the, of the term. That just resulted in a lot of confusion by

institutions about what the -- when the -- to pinpoint the debt amount that they were going to report.

MS. MACK: Thank you. Matthew?

MR. FEEHAN: First of all, I just want to thank the Department for keeping in the licensing language. I cannot stress how important that is for my constituency with so many National Guard members currently deployed right now under Title 32 orders. Many of them are still in their programs and still attending programs. And many of these programs have licensure requirements. I'll be perfectly frank. I'll keep this short. I don't fully, let's say, understand the institution's concerns, whether they don't have the staff, I mean, you can hire a consultant agency. The reason this is important to me and my constituent group is because there's a long list of service members who were promised one thing and one state deployed or work in another state and a lot of these programs are on military bases throughout the country, and they're recruiting students for different states based off of which base they're going to be in. And then let's say, for instance, they start their tour on Camp Lejeune -- I'm taking too long -- and then end up in, you know, the West Coast. So, Preston, I'd love to work with you on that. We can talk more offline about that, but I think it probably would be

worthwhile getting a proposal in there, because also, this is a heavily litigated issue, too, for certifications. So I just want to make sure we get the language right.

MS. MACK: Thank you. Zoe?

MS. KEMMERLING: Thank you. So Preston and Matt already raised some salient points about licensure. I wanted to add that last month that the Workforce Pell session, we did discuss state-specific licensure requirements and especially how they might provide value differently to students in situations where an institution was engaged in distance learning. So I echo the importance of thinking about even putting aside the metropolitan statistical area confusion, if there is a way to provide more clarity to students on state licensure.

MR. MUSSER: I would encourage you to -- yeah, to work with Matthew and Preston, if you guys are interested in providing a proposal on that.

MS. KEMMERLING: And I also have a comment on the institutional piece. So I hear the concern about gathering accurate data on that. I think that, again, as you said, focusing on the cost of enrollment to students institutional debt that can arise in the form of unpaid tuition when a student drops out or resulting from

Pell refund that gives a student -- leaves a student with a debt that can linger for some time is something that can affect students pretty severely and can even prevent them from continuing their education.

MR. MUSSER: I appreciate that, and we agree, it is a source of concern for the Department even now. We recently created some rules -- we talked a little bit about this in the Workforce Pell session -- that prevents schools from withholding transcripts, etc. when that, when that happens, when that debt exists. The issue I think that we have with that value is that it was primarily used for the debt-to-earnings calculation. So part of the reason that we removed it is that it's not necessary for that anymore. The other reason is, although it is an important figure, it is -- when you -- it's not part of the amount that the student was required to pay. And when you provide that information to a consumer, it looks like that's additional debt in addition to what they had to take on in other -- and what they had to pay as part of the normal process of attending school. So we felt that there actually could be some confusion there as well. So that's also why we thought it was, it was a good idea to remove that one.

MS. MACK: Thank you, Zoe. Thank you, Dave. Ritchie, you'll be the final card today.

MR. MORROW: I'll defer till tomorrow.

MS. MACK: Till tomorrow? Okay, Aaron?

MR. LACEY: Boy, the stakes are low. I gotta, I gotta get more excitement in my life. I -- just a couple of things. One is on the professional licensure. I mean, I don't think this is a problem for institutions. We're already required under Federal law to disclose on our websites every state where we meet professional (inaudible). You can't enroll a Title IV student in a program if you haven't made a determination that you satisfy those professional licensure requirements in that state and disperse Title IV. So it's on the websites. I -- in my mind, this is just about what we're reporting to the Department. And then you guys will put, I guess, whatever you want on your website. The only thing I would note is that the requirements that exist on institutions are all state-based. So if you started providing -- in other words, the determination schools have to make is about whether you meet the professional license requirements in a state. And that's what you have to tell the student where they're located. That's how you determine whether you can disperse Title IV. If you were to start cutting that in a way that is different from the state, you know, it might be confusing to schools, but to the extent you're talking about state-based, this is

information that schools are already having to provide and disclose and direct disclosures on those kinds of things. So I don't think that would -- any of that would necessarily be an issue for schools. And I just want to highlight that. I had one other comment, but I forgot. Oh, you guys got the data request from qualifying graduate programs? Okay, that was the other thing I just wanted --

MR. MUSSER: Yeah, we did, thank you. We are still working -- I should, I should -- before we close, let's -- let me just briefly mention, we are still working on all of those data requests, and we plan to give an update on all of them in the morning and fulfill as many of them as we can as soon as we can tomorrow.

MS. MACK: I am being told that 4:12 is our dead stop. So, Jeff Arthur, you have 30 seconds.

MR. ARTHUR: Real quick. We -- are you going to collect information on programs that are no longer approved under ECAR?

MR. MUSSER: We are already collecting that through the other -- the Partner Connect process.

MR. ARTHUR: So we continue to report?

MR. MUSSER: Yeah, that's right.

MR. ARTHUR: Second ministry of note. We have -- we just make disbursements for a given award

year starting in February through October. You know what I'm talking about.

MR. MUSSER: And we'll give more guidance on how that's going to work. And we recognize that that's an issue for schools.

MR. ARTHUR: Okay. And I assume the cumulative reporting that's going to replace each year as you do it, you're not going to roll-up -- because you've asked for total totals.

MR. MUSSER: Correct.

MR. ARTHUR: Okay. And will you treat -- like my, my students are in school 50 weeks a year. They're going to have a -- they, they have a huge number of credit attainment. They're completing one and two-thirds academic years. Will this award year data reported like that be interpreted properly?

MR. MUSSER: We've actually given a lot of thought, and this is a Cody issue. We could actually -- you know, tomorrow we'll have Cody come up and talk a little bit more about what the -- what his vision is for the transparency system. But we have given that a lot of thought about how we cut it to make it clear about what really constitutes an award year's worth of data.

MS. MACK: I really appreciate

everyone's effort to expedite that interaction. I thank everybody for their time and attention this afternoon, and I look forward to seeing you all back here tomorrow morning. Thank you.