Gainful Employment OIRA Discussion

Full Sail University

Full Sail University is an entertainment media school that employs an innovative education model that is closely tied to industry and focused on student outcomes

- History of School
- Full Sail Students
- Full Sail Faculty
- Connection to Industry

Proposed Gainful Employment Rule

The proposed Gainful Employment Rule if continued to be promulgated should:

- Consider a program successful if it has a passing programmatic Cohort Default Rate <u>OR</u> a passing debt-to-income calculation
- Not be calculated on a retroactive basis
- Include the lifetime earnings of graduates
- Not be based on non-verifiable earnings data
- Take into consideration fluctuating interest rates
- Include socio-economic factors that impact students and graduates
- Be applied to all programs offered by institutions of higher education

Programmatic Cohort Default Rate

A program with a passing programmatic Cohort Default Rate <u>OR</u> a passing debt-to-income calculation should be considered to lead to gainful employment

If a program has a passing Cohort Default Rate, the program should be considered to be a successful program leading to gainful employment because the participants in that program are showing an ability and inclination to repay their loans, thus fulfilling the proposed regulation's intention.

The requirement for program's to pass both the debt-to-income metric and the cohort default rate metric should be eliminated in favor of passing either the debt-to-income calculations <u>or</u> the programmatic cohort default rate.

The Gainful Employment Rule should not be applied retroactively

The 2015 gainful employment calculation will look at completers from October 2010 through September 2012.

The United States experienced the highest extended unemployment rates during the calendar year 2011 since the time that the rates were first compiled by the Department of Labor, Bureau of Labor Statistics in 1948. It is taking a longer period of time for graduates to reach median earnings levels due to the Recession and recovery from the Recession.

The success of an educational program should not be measured based on the success of graduates during the worst economic environment we have seen since the Great Depression. If the Gainful Employment rule is to proceed, it should be forward looking for students that enroll in programs after July 2015.

Unemployment Rates, 1948 - 2014 YTD

Urate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	3-Year Avg
1948	3.40	3.80	4.00	3.90	3.50	3.60	3.90	3.90	3.80	3.70	3.80	4.00	
1949	4.30	4.70	5.00	5.30	6.10	6.20	6.70	6.80	6.60	7.90	6.40	6.60	
1950	6.50	6.40	6.30	5.80	5.50	5.40	5.00	4.50	4.40	4.20	4.20	4.30	5.01
1951	3.70	3.40	3.40	3.10	3.00	3.20	3.10	3.10	3.30	3.50	3.50	3.10	4.85
1952	3.20	3.10	2.90	2.90	3.00	3.00	3.20	3.40	3.10	3.00	2.80	2.70	3.84
1953	2.90	2.60	2.60	2.70	2.50	2.50	2.60	2.70	2.90	3.10	3.50	4.50	3.08
1954	4.90	5.20	5.70	5.90	5.90	5.60	5.80	6.00	6.10	5.70	5.30	5.00	3.85
1955	4.90	4.70	4.60	4.70	4.30	4.20	4.00	4.20	4.10	4.30	4.20	4.20	4.29
1956	4.00	3.90	4.20	4.00	4.30	4.30	4.40	4.10	3.90	3.80	4.30	4.20	4.69
1957	4.20	3.90	3.70	3.90	4.10	4.30	4.20	4.10	4.40	4.50	5.10	5.20	4.26
1958	5.80	6.40	6.70	7.40	7.40	7.30	7.50	7.40	7.10	6.70	6.20	6.20	5.09
1959	6.00	5.90	5.60	5.20	5.10	5.00	5.10	5.20	5.50	5.70	5.80	5.30	5.53
1960	5.20	4.80	5.40	5.20	5.10	5.40	5.50	5.60	5.50	6.10	6.10	6.60	5.94
1961	6.60	6.90	6.90	7.00	7.10	6.90	7.00	6.60	6.70	6.50	6.10	6.00	5.89
1962	5.80	5.50	5.60	5.60	5.50	5.50	5.40	5.70	5.60	5.40	5.70	5.50	5.93
1963	5.70	5.90	5.70	5.70	5.90	5.60	5.60	5.40	5.50	5.50	5.70	5.50	5.97
1964	5.60	5.40	5.40	5.30	5.10	5.20	4.90	5.00	5.10	5.10	4.80	5.00	5.46
1965	4.90	5.10	4.70	4.80	4.60	4.60	4.40	4.40	4.30	4.20	4.10	4.00	5.10
1966	4.00	3.80	3.80	3.80	3.90	3.80	3.80	3.80	3.70	3.70	3.60	3.80	4.49
1967	3.90	3.80	3.80	3.80	3.80	3.90	3.80	3.80	3.80	4.00	3.90	3.80	4.05
1968	3.70	3.80	3.70	3.50	3.50	3.70	3.70	3.50	3.40	3.40	3.40	3.40	3.73
1969	3.40	3.40	3.40	3.40	3.40	3.50	3.50	3.50	3.70	3.70	3.50	3.50	3.63
1970	3.90	4.20	4.40	4.60	4.80	4.90	5.00	5.10	5.40	5.50	5.90	6.10	4.01
1971	5.90	5.90	6.00	5.90	5.90	5.90	6.00	6.10	6.00	5.80	6.00	6.00	4.81
1972	5.80	5.70	5.80	5.70	5.70	5.70	5.60	5.60	5.50	5.60	5.30	5.20	5.51
1973	4.90	5.00	4.90	5.00	4.90	4.90	4.80	4.80	4.80	4.60	4.80	4.90	5.47
1974	5.10	5.20	5.10	5.10	5.10	5.40	5.50	5.50	5.90	6.00	6.60	7.20	5.37
1975	8.10	8.10	8.60	8.80	9.00	8.80	8.60	8.40	8.40	8.40	8.30	8.20	6.33
1976	7.90	7.70	7.60	7.70	7.40	7.60	7.80	7.80	7.60	7.70	7.80	7.80	7.27
1977	7.50	7.60	7.40	7.20	7.00	7.20	6.90	7.00	6.80	6.80	6.80	6.40	7.74
1978	6.40	6.30	6.30	6.10	6.00	5.90	6.20	5.90	6.00	5.80	5.90	6.00	6.94
1979	5.90	5.90	5.80	5.80	5.60	5.70	5.70	6.00	5.90	6.00	5.90	5.00	6.29
1980	6.30	6.30	6.30	6.90	7.50	7.60	7.80	7.70	7.50	7.50	7.50	7.20	6.34
1981	7.50	7.40	7.40	7.20	7.50	7.50	7.20	7.40	7.60	7.90	8.30	8.50	6.85
1982	8.60	8.90	9.00	9.30	9.40	9.60	9.80	9.80	9.80	10.10	10.40	10.80	8.14
1983	10.40	10.40	10.30	10.20	10.10	10.10	9.40	9.50	9.20	8.80	8.50	8.30	8.95
1984	8.00	7.80	7.80	7.70	7.40	7.20	7.50	7.50	7.30	7.40	7.20	7.30	8.91
1985	7.30	7.20	7.20	7.30	7.20	7.40	7.40	7.10	7.10	7.10	7.00	7.00	8.10
1986	6.70	7.20	7.20	7.10	7.20	7.20	7.00	6.90	7.00	7.00	6.90	6.60	7.23
1987	6.60	6.60	6.60	6.30	6.30	6.20	6.10	6.00	5.90	6.00	5.80	5.70	6.79
1988	5.70	5.70	5.70	5.40	5.60	5.40	5.40	5.60	5.40	5.40	5.30	5.30	6.22
1989	5.40	5.20	5.00	5.20	5.20	5.30	5.20	5.20	5.30	5.30	5.40	5.40	5.64
1990	5.40	5.30	5.20	5.40	5.40	5.20	5.50	5.70	5.90	5.90	6.20	6.30	5.46
1991	6.40	6.60	6.80	6.70	6.90	6.90	6.80	6.90	6.90	7.00	7.00	7.30	5.91
1992	7.30	7.40	7.40	7.40	7.60	7.80	7.70	7.60	7.60	7.30	7.40	7.40	6.65
1993	7.30	7.10	7.00	7.10	7.10	7.00	6.90	6.80	6.70	6.80	6.60	6.50	7.08
1994	6.60	6.60	6.50	6.40	6.10	6.10	6.10	6.00	5.90	5.80	5.60	5.50	6.83
1995	5.60	5.40	5.40	5.80	5.60	5.60	5.70	5.70	5.60	5.50	5.60	5.60	6.20
1996	5.60	5.50	5.50	5.60	5.60	5.30	5.50	5.10	5.20	5.20	5.40	5.40	5.70
1997	5.30	5.20	5.20	5.10	4.90	5.00	4.90	4.90	4.80	4.90	4.70	4.60	5.32
1998	4.70	4.60	4.60	4.70	4.30	4.40	4.50	4.50	4.60	4.50	4.40	4.40	4.96
1999	4.30	4.40	4.30	4.20	4.30	4.30	4.30	4.20	4.20	4.10	4.10	4.00	4.57
2000	4.00	4.10	4.00	3.80	4.00	4.00	4.00	4.10	3.90	3.90	3.90	3.90	4.24
2001	4.20	4.20	4.30	4.40	4.30	4.50	4.60	4.90	5.00	5.30	5.50	5.70	4.31
2002	5.70	5.70	5.70	5.90	5.80	5.80	5.80	5.70	5.70	5.70	5.90	6.00	4.83
2003	6.10	6.30	6.20	6.00	6.10	6.30	6.20	6.10	6.10	6.00	5.90	5.70	5.54
2004	5.70	5.60	5.70	5.50	5.60	5.60	5.50	5.50	5.40	5.40	5.40	5.40	5.80
2005	5.20	5.40	5.10	5.00	5.00	4.90	5.00	4.90	5.10	5.00	5.00	4.90	5.55
2006	4.70	4.80	4.70	4.70	4.60	4.60	4.80	4.70	4.60	4.40	4.50	4.50	5.07
2007	4.60	4.50	4.40	4.50	4.40	4.60	4.70	4.60	4.70	4.70	4.70	5.00	4.76
2008	5.00	4.90	5.10	5.00	5.40	5.60	5.80	6.10	6.10	6.50	6.80	7.30	5.02
2009	7.80	8.30	8.70	8.90	9.40	9.50	9.50	9.60	9.80	10.00	9.90	9.90	6.56
2010	9.70	9.80	9.80	9.90	9.60	9.40	9.50	9.60	9.50	***9.50***	***9.80***	***9.40***	***8.23***
2011	***9.10***	***9.00***	***8.90***	***9.00***	***9.00***	***9.10***	***9.10***	***9.10***	***9.00***	***8.90***	***8.70***	***8.50***	***9.28***
2012	***8.30***	***8.30***	***8.20***	***8.10***	***8.20***	***8.20***	***8.30***	***8.10***	***7.80***	7.90	7.80	7.80	***8.89***
2013	7.90	7.70	7.60	7.50	7.60	7.60	7.40	7.30	7.20	7.20	7.00	6.70	8.14
2014	6.60	6.70	6.70	6.30	6.30	6.10	6.20	6.10	5.90				

Source: United States Department of Labor, Bureau of Labor Statistics

Debt-to-income calculations

The debt-to-income calculations should consider the lifetime earnings of graduates

An education is an investment that will benefit the student for life, not just for the first few years the student is employed. The lifetime earnings related to that investment should be considered when trying to calculate the value of that education.

As stated in "Failure to Launch", https://cew.georgetown.edu/failuretolaunch, "……the on-ramp from education to full-time careers and family formation is delayed for many young adults. The age that young workers reach the median wage has increased from 26 to 30."

The current calculation does not allow for adequate time for internship programs after graduation which can be standard for some programs.

Debt-to-income calculations

The debt-to-income calculations should not be based on non-verifiable earnings data

Due to the confidential nature of the earnings data and that the earnings data is provided to the Department of Education in aggregate form, there is no way for an institution or the Department of Education to verify that all of its graduates and/or graduate income was included properly.

The only way to challenge the earnings data is via graduate surveys which will be extremely time consuming and costly and some graduates may be inclined not to provide confidential earnings information to their college.

Debt-to-income calculations

The debt-to-income calculations should not be based on fluctuating interest rates

The debt-to-income metric utilizes a blended average annual interest rate on Federal Direct Unsubsidized Loans. The rate could potentially double depending on acts of Congress. The continuity of a program should not be based on a formula that includes a variable that is determined by a third party beyond the control of the institution offering the program or the Department of Education.

Measurements of program success should consider socio-economic factors that impact students and graduates

An uneducated and untrained populace will lead to greater social costs for taxpayers

The proposed Gainful Employment rule will eliminate programs and student choice for many non-traditional and at-risk students.

Many of these students are likely not to enroll in programs at traditional colleges and universities.

Measurements of program success should consider socio-economic factors that impact students and graduates

The Great Recession has had an impact on students and graduates

As stated in "Failure to Launch", https://cew.georgetown.edu/failuretolaunch, "Youth employment fell to levels not seen since the early 1970s, …. For young men, the employment rate fell to a level not seen since the Great Depression."

Today, in the Chronicle of Higher Education, there is an article titled "Underemployment Hits Recent Graduates the Hardest". The article states that "…graduates over a broad range of college majors have significant levels of underemployment." The findings highlight nine majors that have underemployment rates of over 50%.

Additionally, the article states that "the June underemployment rate for those with at least a bachelor's degree at 34.6%. It estimates that recent graduates- those with a bachelor's degree or higher, ages 22 to 27, - fare even worse, with 46% underemployment."

Outcomes should be equally measured for all types of higher education institutions and programs that are offered

For-profit institutions are already required to offer programs that have successful outcomes

For-profit institutions must pass the current Cohort Default Rate requirements to continue participation in Title IV programs.

Many for-profit accredited institutions are also required to meet certain completion and employment rate benchmarks for their programs to maintain accreditation.

Only employment in the field of study can be included in the calculation for some accrediting agencies.

Outcomes should be equally measured for all types of higher education institutions and programs that are offered

Many for-profit institutions must meet Graduation and Employment rates established by their accrediting agency

ACCSC ESTABLISHED BENCHMARK GRADUATION RATES AND EMPLOYMENT RATE

Program Length in Months	Average Rates of Graduation	Standard Deviation	Established Benchmark Graduation Rates*
1-3	92%	8%	84%
4-6	84%	11%	73%
7-9	72%	12%	60%
10-12	69%	14%	55%
13-15	65%	14%	51%
16-18	62%	15%	47%
19-23	60%	18%	42%
24+	55%		36%

Program Length in Months	Average Rate of Employment	Standard Deviation	Established Benchmark Employment Rate*
All Programs	76%	8%	68%

Outcomes should be equally measured for all types of higher education institutions and programs that are offered

Public and non-profit institutions have many programs that would fail the debt-to-income calculation

- According to the TICAS report, Student Debt and the Class of 2012, "Nationally, 68% of 2012 graduates of public and nonprofit four-year colleges combined had student debt, with an average of $27,850 per borrower."

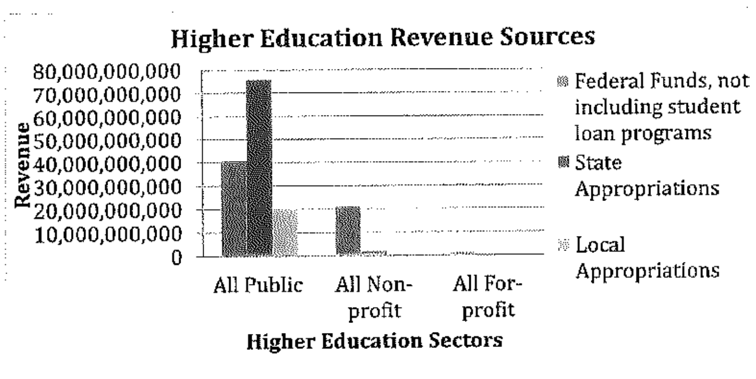
- To pass the debt-to-income calculation, those graduates would need estimated median annual earnings of at least $33,700. Considering an approximate 20% of graduates to be unemployed or underemployed, and reviewing the starting salaries listed on payscale.com per institution, a large amount of these public and non-profit institutions would fail the debt-to-income calculation.

- A comparison of all programs offered by all higher education institutions should be calculated and published.

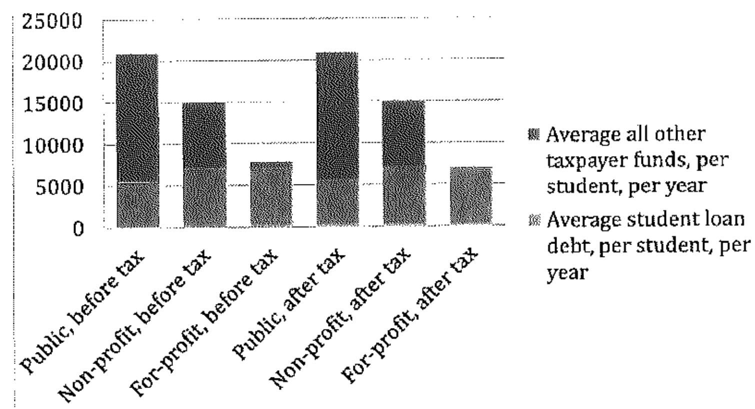
Outcomes should be equally measured for all types of higher education institutions and programs that are offered

Public and non-profit institutions are a heavier burden on the taxpayer

Federal, State and Local funding is greater at public and non-profit institutions



Average taxpayer funding and student loan debt, per student, per year, by sector

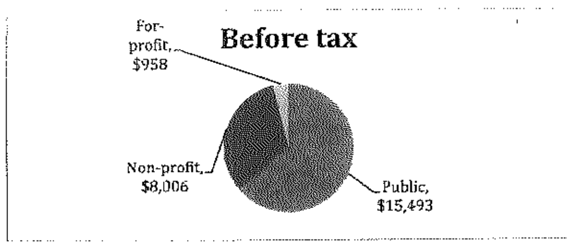


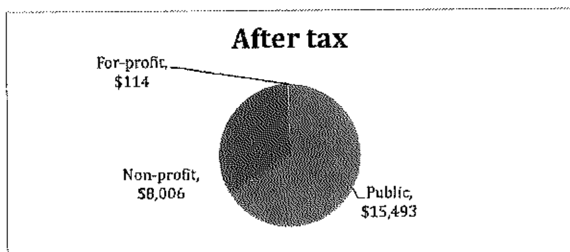
Source: Digest of Education Statistics 2010, and IPEDS Data Center Reports

Outcomes should be equally measured for all types of higher education institutions and programs that are offered

For-profit institutions have a comparable small impact to the taxpayer before and after tax

Federal, State and Local Government Funds Spent per Student, per year, FY2009, by Sector





Proposed Changes to the Gainful Employment Rule

- A program with a passing programmatic Cohort Default Rate <u>OR</u> with a passing debt-to-income calculation should be considered to lead to gainful employment
- The gainful employment calculations should not be calculated on a retroactive basis
- Debt to income calculations should consider the lifetime earnings of graduates, should not be based on non-verifiable earnings data and should take into consideration fluctuating interest rates
- Measurements of program success should include socio-economic factors that impact students and graduates
- Outcomes should be measured equally for all types of higher education institutions and programs that are offered