Jeff Baker: I'm Jeff Baker from Federal Student Aid Policy, Cynthia Hammond, who works on my team, John Koladis from the Office of Postsecondary Education, Susan Bodder from our Program Compliance Team, Valerie Sherrer from NSLDS, and Steve Finley from our Office of General Counsel. We'll do the best we can to answer your questions, and we'll also – obviously, any comments you have or suggestions, we'll make some notes and help you with that. So, we had a pretty good session yesterday, a few more folks, which means that you guys will have more of an opportunity to get specific about your question, and we'll do the best we can to answer them in the next hour or so. So, don't be shy if you have a question about gainful employment or any of the stuff we talked about at the federal update, that we talked about in the session that John and I did. There's been ______ sessions on disclosures and reporting and additional programs, and then some town hall things this morning. You're here to ask us questions, or at least give us some comments, so please do, because I have three slides here – 1, 2, 3 – see? That's it. Maybe I should have brought a case of beer or something. There she goes. Hi.

Audience: I don't know ________.

Jeff Baker: Try it again.

Audience: Is it on now? Okay.

Jeff Baker: There you go.

Audience: I apologize, because I know a couple people on the panel have heard this, but I have small kids, so I say things many times. One of the things in the GE reporting we did this fall is that you can't report students that don't have Social Security numbers, but that data is gonna be used to develop the median debt for each program. So, when we went through and calculated our median debt back in July, we counted all students in the program, and we found that some of those students aren't getting into the database because they don't have Social Security numbers. Either they're foreign students, they're not getting Title IV, or they are students who aren't getting Title IV and don't want to give us the Social Security numbers, and we don't have a policy requiring all students. So, I would just ask that as you think about this, you consider a mechanism where we would count all students in the program, or we'd have an ability to reflect through our median debt all students in the program, not just those who we have Social Security numbers for.

Jeff Baker: These guys might want to jump in, but I have a question. At least in your example, and others might have different – do they have any private student loans, as far as you know?

Audience: I don't know. Certainly, all of them do not.

Jeff Baker: And also some institutional financing. I don't know if you guys have any suggestion about how we might wrestle with that. The reason we want the Social Security number is to check to see if there is Title IV loans we would get from NSLDS, and for the debt-to-earnings ratio, to do something with the Social Security Administration. Now, probably these people don't have any earnings, either, or at least none that they reported anywhere, because they'd have to have a Social Security number.

Audience: *[Inaudible comment]*

Jeff Baker: They may have a Social Security number, they just don't report it to the school. Right –

Audience: *[Inaudible comment]*

Jeff Baker: – or they're foreign students. Yeah, we need to look at it to see what we can do without opening up too many loopholes. I would say, though, that if the numbers are relatively small, and they may or may not be in your case or others, and because we use medians, we're not sure what the effect is. I think a good test, when you get your informational rates, _______ give you a sense of whether this was – maybe it's something we should fix anyway, but is it really causing a problem. But it's a challenge about the Social Security numbers. Hi.

Audience: I have a question regarding gainful employment and the debt-to-earnings ratios on the metrics piece of it. We represent a cosmetology school, a school that offers cosmetology programs, and what we've found is it's kind of a standard knowledge that most individuals in that particular industry don't report all of their income, and so I fear that we're gonna be held to a standard that has incorrect data, as far as what's reported to the Social Security Administration. We're wondering if the Department of Ed has any suggestions on being able to comply with that regulation, or if the IRS may be able to do something about that.

Jeff Baker: This came up yesterday at our session, and the first response I had, and John might want to add something about some alternatives, but we don't think we can be in a position to address a situation where people are breaking the law, and what I suggested yesterday, with all due respect to the schools, is maybe the schools need to build something into their counseling or even their curriculum about their students' responsibilities in the profession, the ethical and moral and legal responsibilities in the profession. But if they're not reporting their income, or not reporting all of it, that could come back, and it will make a difference. Whether it's a difference enough to get a school into some trouble with the ratios, you won't know until it happens. John, is there anything else that …

John Koladis: No, I don't have anything, other than if the program fails all the metrics, you do have available to you the use of the alternative earnings, so you could attempt to do an institutional survey. You can use VLS data for three years. You can use state earnings data, although I don't know that that would help anymore than Social Security in this case, but certainly survey data might help. So, that is an alternative that you might want to look at.

Audience: Is it possible that maybe this department _______ branch of the government could maybe turn the lights on a little bit to the IRS and do something to perpetuate people being more honest in their tax returns, or something, because I think we'll find later on down the road that you'll see a lot of cosmetology programs losing their eligibility based on this regulation.

Jeff Baker: Yeah, I don't know that we could or would want to become an enforcement agent for the IRS. Because of the nature of our program and self-reporting with undocumented parents, there's all kinds of issues there that we have made a pretty strong commitment that we were not gonna try to be the police for other agencies. So, I'm not sure how we'd do that but we recognize the issue, and certainly I mentioned to her about the informational rates. It's the same thing here. Not only will schools look at the informational rates, but we're gonna look at them, too, and see what we're finding, and maybe there's something we can do. But I think at this point it's a communication to the schools that – let me be blunt. Again, I'm not _______. I think you always had a responsibility to educate your students to everything and not just the academic curriculum. But in this case, since it hits close to home, you have more of an incentive. That's my suggestion, would be to tell them that they have to do it. They can go to jail for not doing this, and so having our schools' ratio be a little bit off is the least of the problems, so maybe you can help them with that.

Audience: Thank you. We try.

Jeff Baker: Yeah, I know you do. Thank you. Hi.

Audience: Hi. I have a question about the credential level. I think I've heard conflicting information here. I was under the impression that a certificate is a 01, an associate's 02, and a bachelor's 03. Is that the same for a proprietary institution? So, I have an associate's. It's two academic years long. I would say it's a 02.

Jeff Baker: Whatever associate degree is. Is it 2? Yeah. Yeah, I don't have the exact –

Audience: But there's no difference there –

Jeff Baker: – no.

Audience: – because we're getting some rejects and we're not understanding exactly why.

Jeff Baker: You're getting what?

Audience: We're getting some rejected files, we're not exactly sure why, on the credential level.

Jeff Baker: I don't – Valerie?

Valerie Sherrer: I'm trying to figure out why she'd get an error on –

Jeff Baker: Valerie, use the mic, please.

Valerie Sherrer: – oh, sorry. I'm trying to figure out why you're getting an error on credential level.

Audience: We are, too.

Valerie Sherrer: Well, can we talk afterwards?

Audience: Sure.

Valerie Sherrer: ________ see some examples.

Audience: Sure.

Jeff Baker: I will ask one question. I think I know the answer to this, and Susan probably can help. While we have edits, I don't know that we have an edit into our PEP system to make sure that the school is approved at that level. We don't have that, do we, in the GE reporting?

Valerie Sherrer: No, not with our system.

Jeff Baker: No? Okay. I was just thinking that maybe the school, and that may not be the case with you, is not approved by us for associate degree, and therefore – but we're not clever enough to get those two systems looking at each other yet, so that's not the problem. Yeah, let Valerie know because that should not be the problem. Hi.

Audience: Hi. In the signup for the reporting this year, we had to have all our schools do a lot of extra work to go to the appropriate page in NSLDS to put in our TG-5 number. Is it possible to use the existing SSCR reporting signup and just add an option to say, "Yes, we can also do the GE reporting," because the extra signup has literally added weeks to our reporting process, getting all the schools to get the users with the NSLDS IDs to go into the right page and fill in that little number.

Valerie Sherrer: Well, you only have to put in that TG number once. Once you put it in, then you're able to report. I mean you don't have to do it every time you go in to enter a record. When you first sign up to report GE, you give us the TG number you want to use to report with.

Audience: And that will still be good next year, the signup –

Valerie Sherrer: And that will still be good –

Audience: – _______ this year?

Valerie Sherrer: – next year. Yes.

Audience: Okay.

Jeff Baker: Yeah. If I understand, for some technical problems, which I don't understand, we need to set up a separate TG process for GE, but once it's established, it's good until something more significant changes, right? Okay. Hi.

Audience: Hi. I have three questions. My first question is in regards to GE disclosures. Is this the place where I can ask that question?

Jeff Baker: Sure.

Audience: Okay, so if we plan to make mention about any of our GE programs on Twitter or Facebook, let's say we tweet or we post something about our GE programs, are we required to share our link of where our disclosures are, or is it okay if we place it on our profile page of our Twitter and Facebook accounts?

Jeff Baker: Let me have Cynthia take a shot at that.

Cynthia Hammond: Yeah, we actually got this same question earlier in the disclosure session, and I think we need to go back and talk about it a little more because I realize there's some very big space constraints –

Audience: Right.

Cynthia Hammond: – on these, and the full disclosure with for more information about GE disclosures and placement rates and all that language is a little too long for that. So, we need to take it back and think about it some more.

Jeff Baker: Yeah, I would look at our –

Cynthia Hammond: You should –

Jeff Baker: – we do this ________ questions, and we're probably gonna have two dozen of them when we get back, or more, but we'll work them through, and so watch for them being posted to IFAP, right?

Audience: Okay. My second question, and I think I heard the gal kind of asking a similar question and I didn't get the answer. I'm sorry. But with GE reporting, our school makes it an option for students to place their Social Security numbers on their application, but with the GE reporting, can we make it a requirement?

Jeff Baker: I'm assuming these are not Title IV applicants, because you would have had Social Security numbers if they applied for financial aid.

Audience: There's some students that attend our institution that don't have financial aid.

Jeff Baker: Right –

Audience: Right.

Jeff Baker: – and you give an option for them to provide the Social Security number or not?

Audience: Well, okay, so at our institution, the financial aid databases work separately from our institutional database, but we don't have Social Security numbers, like international students or our continuing ed students –

Jeff Baker: Right.

Audience: – but there may be a few that for 1098-T purposes that are non-financial aid recipients.

Jeff Baker: Yeah. Steve, I don't know if you want to jump in, but I think the answer is whatever legal authorities you have in your state to require or not require or make optional, the provisional Social Security number would play –

Steve Finley: That's what I would say.

Jeff Baker: – right? And then of course, once you have it, then you would include in the reporting. So, it would help resolve the first question if you could do that, but whether at a particular state or you can require an applicant who's not planning any financial aid _________ financial aid to provide the Social Security number is up to what state laws, state regulations have to say.

Audience: Okay. Thank you. I'm sorry, I have one –

Jeff Baker: Go ahead.

Audience: – last question.

Jeff Baker: Go ahead.

Audience: Okay. Sometimes I need things spelled out to me, so I hope that you don't mind if I give you an example of a student that we reported on our GE report, and then maybe you can give me an answer. So, I have a student, who say their initial enrollment was September 1, 2005, and let's say that the student was enrolled in the '06-'07 award year, so that would be 7-1-06 to 6-30-07, and then they withdrew on 7-2-08, so then it's my understanding that we would submit two different records, one for the '06-'07 and one for the '07-'08, and the one that in the '06-'07 would be considered enrolled. So, with that said, what is the program attendance begin date? That would be the 9-1-05? Okay, and then the program attendance begin date for the award year would be, say, 9-1-06 for the '06-'07 year, and then the end date, what would the end date be? Would it be the last day of the award year, which is 6-30-07?

Jeff Baker: You've got it all right –

Audience: Okay.

Jeff Baker: – and the one question, and I should know it but they're gonna answer, is the student did not withdraw –

Audience: In the –

Jeff Baker: – by 6-30, but we had the challenge of what your school – I'm making this part up and maybe it's not true – you didn't actually have classes through 6-30, so do you report 6-30 or do you report 6-1, and the answer is?

Valerie Sherrer: June 30 is the only date that we accept without an error for the end of the – so it's enrolled, and she can either put no date or 6-30 for that first record –

Audience: Okay.

Valerie Sherrer: – for the program attend –

Jeff Baker: Right, right. Okay. Thank you. So, you got it exactly right. We're gonna have you do training for us next year, and two records?

Audience: Oh, and then the second record, which would be considered withdrawn for the '08-'09, their program attendance begin date would be –

Jeff Baker: The same day you reported for the earlier years.

Audience: – enrolled, and then the program attendance begin date for the award year would be the, say, 9-1-07, correct?

Jeff Baker: Right, and let me interrupt you there.

Audience: Okay.

Jeff Baker: The important point of that, it's not July 1 because that's the beginning of the award year. It's when they actually started –

Audience: That program –

Jeff Baker: – in the _________ –

Audience: – in that award year. Okay –

Jeff Baker: – ______ September 1 in your example.

Audience: – and then the end date would be his actual withdrawal date.

Jeff Baker: Right –

Audience: Okay.

Jeff Baker: – and once they withdraw, or if they completed, then you have the additional information to report on private student loans, any institutional financing, and, at your option, tuition and fees.

Audience: Okay, I think I did it right. Thank you.

Jeff Baker: Yeah, you did a good job. Thanks. Hi.

Audience: Hi there. My question is about repayment and debt-to-earning metrics, and I'm wondering what happens, or if there is a minimum population size, because with a really small sample, one student could throw everything off.

Jeff Baker: Right. So, you might remember – I don't know if you came to the session that John and I had on Tuesday, but we talked about these cohorts going a couple years back, and they're two-year cohorts. The reason the initial one is a two-year cohort is to try to get the numbers up, but we also have these alternate cohorts. So, for a particular program, because it's program-by-program, if the cohort, even though it's two years – and remember, for the case of the repayment rate it's students who enter repayment during those two-year periods are completed on the other one – is fewer than 30, then we'll go to a four-year cohort. We'll go two years back. Presumably, in most cases, we hope we'll get more than 30 and then that'll be fine. But we recognize there will be some programs, because they started off as small programs, and for whatever reason there could be only eight or nine in the first _______, even when we went to four years, it was only 25 or so, we will _______ if it ends up after the four years there's fewer than 30, we don't compute, right?

John Koladis: Right. If we get to a four-year cohort and it's still fewer than 30, then the program passes.

Jeff Baker: Right, and I say we don't compute, which we don't, but John actually paraphrased. The regulation talks about how a program passes, and the obvious way is to have at least one of those scores, but if you read the regulation in our crazy regulatory structure, it says, "Or no rate was calculated because of small numbers."

Audience: Thank you.

Jeff Baker: You're welcome.

Cynthia Hammond: If I can just add, for reporting, you report all students, even if you have only one in the program, and for disclosures, if you have ten or fewer, you don't have to disclose on-time completion rates or the median debts, but you still have to disclose everything else.

Jeff Baker: Yeah, yeah. Thanks, Cynthia. The first _______, and I should have said it, so you don't get to decide whether it's fewer than 30 or more than 30. If there's one student, you report it and we'll sort that out, and the disclosure is a little bit different because it's in your hands. Thanks. Hi.

Audience: Hi, Jeff. So, you know that a lot of times in schools you have students that stop out. They come, they withdraw, they re-enroll, they withdraw, they re-enroll, all within the same award year, and in the reporting, you've got schools reporting to you on all of that, and I'm wondering two things. One is are you going to somehow de-dupe it when you do whatever it is you're doing with that data? And second, since all the metrics work off of graduates, why do you even collect information about currently enrolled and withdrawn students?

Jeff Baker: ________ the metrics are on people who either entered repayment – the repayment rate is people who entered repayment, and then the debt-to-earnings ratio is on completers, okay?

Audience: Okay.

Jeff Baker: We have to look at everybody who was enrolled, and then look at NSLDS to see if they entered repayment during the cohort period.

Audience: Right, but shouldn't just one record for any given student in any one award year give you that information, instead of –

Jeff Baker: No, because the –

Audience: – of _______ –

Jeff Baker: – answer to your first part of the question. We then need to assign the loans to the enrollment, so we look for the enrollment, and if there was a break in it, that's where it gets complicated but that's why we do this. The dates of enrollment, and then we compare it to the loan periods for a fellow direct loan, _______ whole attribution process to determine what part of that loan, if any, should be attributed to the student's attendance in that program. There's a million examples, but a quick one is if the student was enrolled in Program A – well, let's make it easy – a semester program. They were there the whole year. They get a loan – because our loans don't break down by programs, they break down by year. They get a loan for a loan period of September 1 through May 15, and they were in two programs, we don't know how to attribute it. But we look at it and we say, "Oh, the student was from September 1 through December 15 in Program A, and then from January something to May something in Program B," and we use some logic to attribute that loan, say it's a $5,000.00 loan, part of it to Program A and part of it to Program B, and it gets more complicated when they stop in and stop out, and all that kind of stuff.

Audience: All right. Thanks.

Jeff Baker: All right?

Audience: Hi, Jeff. A few things. Did he just mention that the repayment rate was not just on graduates, it's on all students who borrow?

Jeff Baker: It's all students when they enter repayment on their Title IV loans.

Audience: Including withdrawals?

Jeff Baker: Yes, anybody who enters repayment, right?

Audience: For the repayment rate, for debt-to-income?

Jeff Baker: Debt-to-earnings is completers.

Audience: Okay, understood. And when can we expect the informational rates, the spring?

Jeff Baker: Spring, if you allow us to define spring as broadly as we want, yeah.

[Laughter]

Jeff Baker: Yeah, I mean –

Audience: Do we have a choice?

Jeff Baker: – remember, we're the crowd that defined a week in our regulations. Yeah, we're really shooting for the spring. I mean we're going through the same kind of thing of building this thing as we go along, taking information we get back here and see if we need to change the procedures a little bit. Our most critical issue right now is the reporting, because it's not complete. Everybody was supposed to have them by the 15th and we're still short, so we can't run them until we have a high level of confidence that we have it completed, so we're working on all of that. But we expect to go to the Social Security Administration sometime in late January, early February. We want to do a lot of quality control, like we do for default rates, and then get something out in the spring, I don't know, March, April, maybe May at the latest, I hope.

Audience: And speaking of Social Security, are we using 2011 income for these informational rates _______?

Jeff Baker: We're using an income that's 13 months old, so let me give an example to explain that, and let's use the informational rates even though they're just informational. We're gonna calculate and release informational rates in 2012, but it's what we call our 2011 cohort, right? So, a couple of things: our cohort years for the 2011 calculation, which is gonna occur in '12, is fiscal years 2007 and 2008, so that's the two-year _______. We may go four years. That's the two-year _______ for repayment rate, people who entered repayment in federal fiscal years 2007 and 2008, and for the debt-to-earnings people who completed their program in 2007 and 2008, so those are the people. Now, for debt-to-earnings, remember this is 2011 we're calculating in 2012, we're gonna use 2010 income. We're gonna use –

Audience: Calendar year –

Jeff Baker: – sorry, yes, calendar. That might be the only time in financial aid we use a calendar year, because that's the way income is reported to the Social Security administration, and the main reason for that is, first of all, even regular reporting to Social Security is always a quarter late. So, you know, all of us, when we get paid for December, most of that is not reported to IRS until maybe March or so, and they have lots of delays in that. But they've told us that by the time they get to about a year, maybe 13 months, they have a very high level of completion of all the earnings, particularly self-reported earnings. So, it's not the most current but it's pretty current, and the idea there is that the students, if they graduated in 2007 and 2008 in this example, we don't look at the 2008 income or the 2009 income because they were just getting established. This is two and a half or three years later. This should be a good representation of the earnings that was based upon their education.

Audience: Are we gonna get the mean and the median debt-to-income, or you're just gonna pick the better one and disclose that one to us?

Jeff Baker: I don't know. Are we gonna tell them both?

Cynthia Hammond: We will tell you guys both, but which one we use in the calculation is the better one.

Jeff Baker: Yeah, _______ –

Audience: Okay, and what vehicle are you using? Are you using the same as default rates, the EDconnect, to distribute to us, or are you just releasing them publicly?

Jeff Baker: No –

Valerie Sherrer: We'll release the backup data through SAIG. The rates will be published on NSLDS, and we also have a Web page that will show all the –

Audience: So, back to your comment, so are we getting both rates given to us, or are they both gonna be posted on NSLDS?

Jeff Baker: Both.

Audience: I'm trying to –

Jeff Baker: They'll go out to the schools first –

Valerie Sherrer: They'll go out to the school first.

Jeff Baker: – _______ the schools first, and then, we haven't decided, but two or three days later, we'll make them public.

Audience: Okay, so the public one will only be the one debt-to-income, either the mean or the median?

Jeff Baker: No, no.

Audience: You're not gonna still –

Jeff Baker: Wait. Okay. The rate, the debt-to-earnings ratio based upon annual income is a rate, and the debt-to-income ratio, based upon discretionary income is a rate. That's what you'll get, but you'll also get the income, the mean and the median, that was used in those. The public will just get the rates. The public thing will just say your debt-to-earnings on annual income was four percent, or your debt-to-earnings on discretionary income was nine percent, that's all. By the way, there won't be any backup data on the informational rates _______, _______ you get real rates _______.

Audience: And every year thereafter, are we gonna get these in the fall?

Jeff Baker: You'll get draft rates, and – well, we have this tradeoff about when we're gonna get the reporting from the schools, so _______ tradeoff there, but probably in the – again, we have to wait for Social Security, so probably in the winter, the draft rates, and this time for challenges, and then the final rates in the spring or early summer, something like that.

Audience: Okay. Thanks.

Jeff Baker: All right? Thanks. Hi.

Audience: Hi. How are you doing? I've got a question on institutional financing. When you were in the October webinar, or the online session that you did, you mentioned, if a student graduates and has a balance at the end, that we're supposed to count that as institutional financing. Unfortunately, it was a one-way conversation and I didn't get my question in that day. What if it's an agency that we're just waiting for to pay us directly, the student has no intentions of paying us, or really obligation to pay us, and it takes sometimes the TRA, the TAA four, five, six months to pay us? Do we count it as zero, or are you really telling us we've got to put a number in there?

Jeff Baker: I'm gonna ask Steve to jump in, but a couple of thoughts on it and then he can weigh in. Our concern is do you have – let me ask it this way. Do you have 100 percent assurance that the other agency is going to pay? I think that's critical to the answer here somewhere, and I don't mean your particular case, but that's a question, because anytime there's a possibility other agencies – this happens a lot with employers, where it's not 100 percent sure. If it's another federal or state agency, it may be different. I don't know. Steve?

Steve Finley: Yeah, I think it's gonna come down to some issues of whether the student is liable if the third party doesn't make that payment, and the timing on the payments. We maybe able to work out something where by the time you report it, if it's been paid by a third party, we would take that into consideration. We need to talk about it internally, I think.

Jeff Baker: Yeah, that's because the reporting is gonna be done, by definition, three or more months after even June 30, so maybe that picks up at least some of that. That's a good question.

Audience: That'd be very helpful –

Jeff Baker: That'd be helpful, yeah.

Audience: – and even on a student who would withdraw from school, you're saying that we have to do that, but if you take a look at a student that withdraws, we don't know if there's gonna be a balance there or not until you do the calculations, and we do all the calculations and we end up having to send money back because of the R2T4 calculation that we have to use. The student ________ has a balance. If we don't offer a payment plan to them, you're saying that we're supposed to call that institutional financing. _______ it's by debt, so I don't know who's right here, but I didn't offer it to them as financing. So, if you're calling it financing, what backup do we have on our system that even says we're gonna have it that way?

Jeff Baker: Our concern with this is that the ________ financing is a little amorphous, and we didn't want to have a situation where School A calls it one thing and School B calls it just a balance, and School C, who is the bad school, says, "I'm gonna pretend this is just, 'Well, we just didn't get around to paying our bill,' or something." So, again, because we're using averages and metrics and means and medians, and so on, that in most cases students are fully paid up, unless there really is a real financial plan that lays out, and in those cases where there's a balance for something like that, it's probably a relatively small amount and wouldn't have a major effect. But, again, this is the kind of stuff we'll look at as the first cycle goes through. It's hard to draw a line.

Audience: So, you say you're making an assumption that the students who withdraw are usually paid up, and they traditionally don't have a balance, as they walk out the door, with the school?

Jeff Baker: Well, it depends on when they withdraw, of course, and what their ________ –

Audience: – because –

Jeff Baker: – ________.

Audience: – my experience is a little bit different than that. I mean –

Jeff Baker: Yeah, but they owe the money.

Audience: – they owe the money, but we're never gonna see it.

Jeff Baker: If you write it off, then they don't owe it.

Audience: But on the webinar that you had, you said that the moment you do the withdrawal –

Jeff Baker: Well –

Audience: – _______ dollar in there, and you didn't give any time to do the accounting and the write-off and figure out where you are. So, if there a buffer time in there that we could do what we would normally do in a day of business in practice and accounting that makes sense?

Jeff Baker: We can take a look at that. I mean I think you're right. We should try to avoid nitpicking about, "Well, you did it a week later because you cleaned up all your accounts." That's a lot different than, "Well, they owe it until they don't answer 14 letters, and then we write it off." So, there's something in between there. We'll take a look at that.

Audience: I appreciate it.

Jeff Baker: Thank you. Hi.

Audience: In the specs for GE reporting, could you remove the enrolled at other program same school from the specs, because all that is is a subset of the next line you're reporting, because you're reporting their other enrollment at the same school?

Jeff Baker: Yeah, we're looking at that, and I want to be very careful here. For the next cycle of reporting, we're going to use what we learned in this cycle, from what people told us and our own experience, and the kinds of edits that NSLDS ________ to make this process – you know, make the edits better. If we really don't need data, don't request it; it's just a hassle for everyone. But we did _______ and that's an area that we did take a look at it. There's a long, historical story about that that you don't need to know about or care, but I think that's a good suggestion. We are looking at those fields, at the same school, at the next school, and all that kind of stuff.

Audience: And is there a timeframe for being able to do batch corrections of GE reporting?

Valerie Sherrer: Spring. We're looking at making enhancements in the spring of 2012. Until then, it's just single one-by-one.

Audience: Okay, because I was wondering since this five years of data was new for everybody, I don't know how much of what's been submitted will need corrections.

Jeff Baker: ________ just want to make sure ________. So, if they submitted data, presumably in batch, and they want to make any corrections, batch is not available?

Valerie Sherrer: There are a number of fields that can correct by just resubmitting the batch, but anything to do with the ZIP code, credential level, the way we identify a program, you can't correct in batch without deactivating the other record. It's just gonna create a new record. So, that's why we need a batch correction process, where you can give us the old and new values, and we can correct from there, and that's what we're looking at.

Cynthia Hammond: Yeah, and dates is the other one that you can't –

Jeff Baker: Dates.

Cynthia Hammond: – correct in batch at this point.

Jeff Baker: Yeah. The problem we're faced with then, and we'll see what we can do to make it better, is that if you made a mistake on the ZIP code, so you report another one, we don't know whether you're fixing that student or he enrolled in another program.

Audience: Yeah, I know, but what she said about all the new –

Jeff Baker: Right, right. That would help. Right.

Audience: Okay. Thanks.

Jeff Baker: Okay. Thank you.

Valerie Sherrer: I also want to make one correction, too. I think, Jeff, you said that we wouldn't be giving backup data for informational rates, and we will be giving –

Jeff Baker: We will? Oh, okay –

Valerie Sherrer: – yes.

Jeff Baker: – I'm sorry. Yeah. Okay, backup data for the information – there's not a challenge process or anything. There's just the data –

Valerie Sherrer: Yeah, we're just –

Jeff Baker: – that's supported that.

Valerie Sherrer: – getting schools used to seeing what backup data will be when they get the real rates.

Jeff Baker: Okay. Thank you. Ray?

Audience: Yeah, I really don't have a question. I just wanted to see myself up on the big screen.

Jeff Baker: Yeah, I know. You're like that.

[Laughter]

Audience: This is a legitimate one that I really need an answer to. With regard to the SSA giving you earnings information, our student population is overwhelmingly, maybe 90 percent or higher, young female, many of whom have children, many of whom are married, and they file joint tax returns. Now, in the case of wages or salaries, I imagine SSA can attribute the earnings by Social Security number, but I have two questions. One, is that fair when you consider, or is that somehow diminishing the value of the part-time, stay-at-home mom who works part-time, earns less money but is doing so in order that the husband can work full-time or a second job? Joint tax return, joint income is joint income. If you go into a divorce court, they're not gonna say you can unbalance it. So, the first question is about the fairness of that, the second question is in cases where one spouse or the other, or combined, they own a business, and in our industry this is common, they file a joint tax return but it's income by way of a Subchapter S or an LLC. In that situation, the income ought to be evenly divided. There might not be any other way to do it.

So, now we've got a case where a husband and wife are being evaluated one way because they draw wages in the form of a salary, and another way in the even that they're filing as an LLC or a Subchapter S, where the income flows through. If you don't have answers to this yet, it's the kind of thing you need to look into, but I think there's a basic issue of fairness here. If it's joint income, it's joint income, and if I'm allowed to go out and work and travel because my wife stays home and takes care of the children, maybe she works part-time, maybe she doesn't work at all and that's a conscious decision for a period of time until the kids are older, and, again, in our industry, with 90 percent-plus female, it's a significant issue.

Jeff Baker: Steve, did you want to address that at all?

Steve Finley: I think, logistically, we'd run into a lot of issues trying to get data for people that were not enrolled in these programs. I mean this is the authority – and what we're trying to do here is pair the income with these programs, and so the concept you're raising is outside the four walls of what we're trying to assess, which is the income for these programs. As Jeff has said repeatedly through the week, a lot of these past numbers are low enough that it should take into consideration individuals that are in less-than-full-time situations in many circumstances, and as Jeff has said during the week, you've got to fail two different thresholds before the program itself fails.

Audience: Yeah, but they are measured completely separately. They're either each in their own –

Steve Finley: But for the situation you're describing, that joint income is probably going to increase the likelihood that that loan is gonna be in repayments and it's gonna help the repayment rate, even if the joint income is not showing up in the debt-to-earnings. So, I mean you're still getting some externality benefits there from the joint income, even if we're not directly capturing it because of the data we get from SSA.

Jeff Baker: Okay. Thanks, Ray. Hi.

Audience: Our school performance fact sheets for the state of California reside side by side with our gainful employment disclosures on our programs page, and most of the information is almost identical. My question is has the department considered working with the state regulatory bodies to come up with an agreement that says, "If you are required to report gainful employment, then you are not required to report the state equivalent, or vice versa," because our students are looking at information that's based on award year and information based on a calendar year – same parameters, different information – and I fail to see how this provides the information to the consumer that it was intended to do.

Jeff Baker: Yeah, I like the way you asked the question, because where I thought you were gonna go was – and maybe we should consider this, I'm not ________ that – have we considered looking at the states and make a determination if the state requirement is good enough and you don't have to do the second one, and maybe we should be looking at that. But that has us dealing in reviewing ________ 52 or 53 jurisdictions. The other way around that's kind of interesting for us to think about is working with the states to see if they have some confidence that the information we're requiring is close enough for them. But in both cases, your point is well taken. We're trying to provide clear, concise, useful information, and now there's two sets of it, and in some cases, I think somebody told me that it could be three. So, I think it's a good thing that we consider this, and as we develop a little bit more and understand this a little more and start having conversations, and start looking at what states require and see if we can have conversations with maybe some of them in a pilot, or something like that. It's something we need to look at. It's a good idea.

Audience: One other question. You had made mention on how schools might have the option of using surveys to substantiate income values, and since California requires that we complete those surveys annually, is that data that would be acceptable for the debt-to-income?

Cynthia Hammond: The procedures for the survey, and not knowing exactly how that survey is done, the procedures for how the survey has to be in keeping with the National Center for Education Statistics methodology, and a link to that is posted on the GE info page under resources, so if you look at that and then look at the survey that you're doing, and if it matches up, then it's fine.

Jeff Baker: Yeah. Again, I think that on a statewide basis, if it doesn't quite match up, I think the schools and the state might want to see if their state could bring them along. NCES is kind of the standard, so it would surprise me if the methodology was not right there with the NCES, and then you would have met the requirement.

Audience: So, by combining some of this administrative burden, I think I'm much more optimistic in being able to bring our college costs down.

Jeff Baker: I hope that's true –

[Laughter]

– as well as have good metrics here. Thanks. Hi.

Audience: Hi. A couple of questions and a comment. _______ Bureau of Labor statistics data in the first three years, a little more detail on that. It's very vague in the regulations about national, regional percentile.

John Koladis: You have to use the 25th percentile of the SOC or a weighted average of the SOCs that you're looking at for a particular program. You can use regional, national, local – it doesn't matter, you can pick one – but it has to be at the 25th percentile level.

Jeff Baker: And John, correct me if I have this wrong, but the use of this alternative, whether it be a survey or a VLS, is for programs that are scheduled to lose eligibility, so they would have failed three out of four years. The first time that can possibly happen is the rates we release in '15, I think, right?

John Koladis: Not really.

Jeff Baker: No, ________?

John Koladis: You can do it anytime a program fails.

Jeff Baker: Oh, failing –

John Koladis: You don't have to wait until they fail three times. So, if a program fails for a fiscal year, and they fail all three metrics, then you can use an alternative metric or an alternative earnings, like VLS, to recalculate the debt-to-earnings ratio to see if you can get a passing score.

Jeff Baker: Okay. Yeah, _________.

Audience: Programs with less than 30 graduates in the cohort being looked at, we've only given you data starting with the '06-'07 award year, so are you really gonna be able to look back for four years for the first couple of years?

Jeff Baker: By the time we do the first actual rates –

Audience: You'll have three years.

Jeff Baker: – which will be 2013, it'll be 2012, the years will be '06, '07, '08 and '09, but there still is an issue there because those are fiscal years that you reported award years. There is a gap there. We recognized that from the beginning but, for what's worth, we chose to have the reporting done by something the schools are familiar with, which is an award year, and not some crazy federal fiscal year that starts in October, so we took a look at that.

Audience: So, you would use the years that you have –

Jeff Baker: Right.

Audience: – to see if you could reach 30?

Jeff Baker: Yeah, because as soon as we reach 30, it's okay, even though we might get to 35 if we could go a little further, and if we don't reach 30, even though we could have reached it, it's all we have so we just would have to – and then we would recalculate the rate and it would be passing.

Audience: Okay. NSLDS, is there any data that schools can access now to help in predicting what repayment rates are gonna look like for their students under gainful employment?

Valerie Sherrer: The best thing we could tell you to use is to run the portfolio report often so that you can track students who have declining principal balance. It also gives you the best snapshot of an overall view of a student's loans. What we don't have in any report is the balance at the time they enter repayment, but the portfolio report is your best bet. But again, with the informational period, you will be able to see your backup data and the kind of details that you need to start your analysis, and that will be in the spring.

Audience: Right, but in looking forward, it's important for us to be able to analyze where groups are now where we might have some opportunity to work with them.

Jeff Baker: Right. Valerie, do I have this right, though? The original outstanding principal balance, it's clearly in NSLDS, but at this point, and we're looking at what we can provide ________, there's not a real easy way, except for drilling down one student at a time?

Valerie Sherrer: Exactly. You can drill down and find it, but it's not practical to do it –

Jeff Baker: Yeah, you don't want to do that.

Valerie Sherrer: – one student at a time.

Jeff Baker: But to Valerie's point, while it's true, and as John went through, the calculation is not counting students but outstanding principal balance, original outstanding principal balance, to get a sense, and it's not the same as calculating it. If you for example, are still using the informational rates, if you use this other tool and look at the beginning balance on October 1, 2010, and the ending balance on September 3, 2011, and it went down by at least $1.00, whatever the outstanding principal balance was, and unfortunately you don't know it, but at least you know that's a good one. To me, given a 35 percent, and if I had a sense that, on average, my students borrowed about the same, and you'd have to think about that – but put it this way. If I did this looking at the beginning and at the end, and I find that 65, 70, 80 percent of my students paid it down, I don't think I'm gonna worry about the rate not hitting 35. But we'll try to work on a tool where you can actually look at the outstanding balance.

Audience: My comment is in addition to those students in a career where they may be underreporting their income, I also want to point out those students who are in careers where they tend to be self-employed. A graduate from a skilled trade program who is self-employed could easily be earning $100,000.00 and being able, with the way the Schedule C works, to reduce their reportable income to Social Security for the – oh, I've forgotten. I'm losing the name of it right now, but what they report to Social Security might be down to $12,000.00.

Jeff Baker: Well, but that's the income that the government uses for benefits in all kinds of programs, and the other thing, that's the only data we have.

Audience: Right, just to point out that that is also a factor that's not necessarily –

Jeff Baker: Right, so they're reporting –

Audience: – matching up with ________.

Jeff Baker: – unlike the conversation we had _______, they're doing everything properly.

Audience: Taking advantage of all the wonderful way the tax code is set up to favor the self-employed.

Jeff Baker: Right, right. Thanks. Hi.

Audience: For Social Security income, if there's no match, does that come back in the calculation as a zero, or as a non-student?

Jeff Baker: No, what we have in the rule is a somewhat convoluted process that – we'll send the Social Security Administration, let's say, 100 records. Well, first of all, when we get to real stuff, we send the file to you to help get it as accurate as possible. So, we send them 100 records and they say, "We only found 97 people, and here's the mean and the median, and do what you want with it," right? We don't know who the three people were that they couldn't find because they can't tell us –

Audience: Right.

Jeff Baker: – ______ privacy, right?

Audience: Right.

Jeff Baker: We will delete – remember, that number is gonna come up with a mean and median income to put in the denominator. Before we create the numerator of what the loan debt is of the annual loan burden, we start with _______, we will delete in this example the three highest loan amounts –

Audience: Okay.

Jeff Baker: – right? It gives the advantage to the school. I mean –

Audience: Right, right.

Jeff Baker: – I don't like to say advantage or disadvantage, just what it is. It seemed to us, given we were stuck with this, because we don't know who they are, you can't just randomly select them, that's really not right, so in this example we take the three highest and that gives a little bit of a break. Now, we're hopeful of course that we're really talking about something like maybe 3 out of 100 and not 33 out of 100. That's a different story. But yeah, we'll adjust for that.

Audience: Just as a follow-up to that, if someone is not working, will Social Security match their data to something?

Jeff Baker: Yeah, this is government. Everybody is in the database, but it may be zero earnings or non-reported earnings. That'll come back as zero.

Audience: Okay, that will.

Jeff Baker: Yeah, yeah.

Audience: Okay. Thank you.

Jeff Baker: Yeah.

Audience: I have a question about institutional financing.

Jeff Baker: Can you speak just a little closer to the mic? Thank you.

Audience: Is that better?

Jeff Baker: Yeah.

Audience: I have a question about institutional financing. At our school, it's a proprietary school, and they may have a balance that's not covered by financial aid, and if they're there maybe ten months, they may pay that off in ten months, or they may have a couple hundred after. What should we be putting on that institutional financing, what they paid off while they were there, or just what they're left with at the end?

Jeff Baker: No. For institutional financing, and this is kind of the other side of the question the gentleman asked, which we'll take a look at, but it's not – let me back up a little bit. When we go get Title IV loans – you don't report that, we go get it – it's gonna be how much they took out for that program. When you report private loans, it's how much they borrowed in private loans for that program, but for institutional financing, it's how much they owe the day they leave, right?

Audience: Thank you.

Jeff Baker: Right? Thanks for the question, because we don't always remember to remind people of that. Dennis?

Audience: Hey. Thanks, Jeff. I actually want to pick up on the institutional financing and the bad debt question that the gentleman raised earlier. I've got two scenarios for you. Very often, you have a student will go to school and will get past the point of where they owe the money to the school, but you still may have to do an R2T4 on that, if the student withdraws in this case. So, question one, what happens there? Is that money that the school would typically write off as bad debt, or at least characterize as bad debt on the accounting, is that now institutional financing? And then the second question is let's play this out in the context of a program review a year later, the department comes in and says, "Oh no, you needed to do an R2T4 for x number of students," so do we recalculate the rate because now there's all this new institutional financing?

Jeff Baker: I'll take a shot at this. The second part of the question is yes, you do, and go back in, because there's time to do that. I mean yeah, if the _______ is five years later, we've got a little problem, but remember, the schools are reporting three, four, six, whatever months later, and that cohort, the next calculation we're doing, is not the cohort you just reported because we're going back two or three years. So, unless it drags on, yeah, they would make a correction. But on the other issue, and I _______ thought about it here –

John Koladis: We got a Q&A _______.

Cynthia Hammond: Yeah, "Over awards and other Title IV student aid owed to the institution by the student, including as a result of return to Title IV calculation, are not amounts owed under institutional financing plans."

Jeff Baker: All right. My fault. Okay.

Audience: Okay.

Jeff Baker: Read it again.

Cynthia Hammond: It's G-14.

Jeff Baker: ______ if you're gonna ask a question, but could you read it again, for me, if not for them? Read it again?

Cynthia Hammond: The whole frequently asked question is long, but the relevant part, it says, "Over awards and other Title IV student aid owed to the institution by the student, including as a result of return of Title IV calculations, are not amounts owed under an institutional financing plan, and should not be reported or disclosed."

Jeff Baker: But I don't think that includes after the school returned the Title IV aid, but now the student has a debit balance.

Audience: Yeah, I mean in this scenario, Sally starts on day one, goes for, say, two weeks, which is now past the point of no return. She owes the $10,000.00, or whatever it is, and then, on the day after the two-week period, decides, "You know what? I'm not gonna do this anymore." The school does the R2T4, and typically there is a credit – she's supposed to pay the $10,000.00 but schools typically write that off because there's no way they're gonna collect it.

Jeff Baker: But there's another factor here, and we'll take all this in, while our guidance and the NSLDS says to provide institutional financial when a student withdraws or completes, remember the repayment rate is _______ for loans, so this isn't part of it. The institutional financing and private loans and Title IV loans is for debt-to-earnings ratios, which we only calculate for completers, so it'll make a difference here a little bit. But I think there's a lot of good issues that have come up, and the other gentleman and Dennis and the _______, for us to see what we can _______ some guidance about this if we need to.

Audience: Thanks.

Jeff Baker: _______. Hi.

John Koladis: Can I just ask –

Audience: Hello. Mandy Sponholtz –

Jeff Baker: Excuse me just a moment. John?

John Koladis: On this issue of institutional financing, particularly for students that withdraw, it's really not relevant to the debt-to-earnings ratio because we're only counting completers, so the magnitude of this problem is I think greatly mitigated by that alone. The only time that it really comes into play is if the student attends or takes another GE program, and let's say they complete that other GE program at the school, then the regulations provide that all of the debt rolls up to the GE program that they complete, the highest credential GE program. So, that's the only case where that might have some relevance. Otherwise, if the student withdraws and doesn't come back and take another program, it's a mute point. Whether you report $10.00 or $1,000.00, it never comes into play.

Jeff Baker: Right. Thanks _______. Yes, ma'am? Sorry we interrupted you.

Audience: No problem. Mandy Sponholtz from U.S.A. Funds. I have a question about the debt measures with respect to institutions that are under common ownership or control. In the federal register, it discusses that the department may include debt from other institutions under common ownership or control, but it doesn't explain how or give scenarios. Can you discuss that a little bit more?

Steve Finley: It's all case-by-case. Yeah, those are all gonna be done on a case-by-case basis, so no, I can't. It's just gonna be in situations where it looks like there's multiple reporting that's really accounting for a consistently-managed student, and it's gonna be multiple students before it's ever an issue, right? And we're gonna deal with it case-by-case. It's gonna be rare, we think.

Audience: Thank you.

Jeff Baker: Thanks. Hi.

Audience: Hi. I just have a quick follow-up. I thought something you guys said earlier was if, as an example, a student started a course in June and they, therefore, crossed over past the July timeframe for the next award year, the award year begin date is July 1, or it's that June start for that class?

Jeff Baker: There's three dates, at least three. There's the date the student started the program, and that could have been four years ago. So, an example, if somebody started in June of a year, it's that date. Then, there's the date the student started in that award year, so for that award year those two dates would be the same, June 15.

Audience: But it would be June even though the award year starts in July –

Jeff Baker: In the first award year.

Audience: – okay.

Jeff Baker: Let's say June 15 is the date, and the student has never been in that program before, the date they first started the program, June 15, the date they started in this award year, June 15 –

Audience: Okay.

Jeff Baker: – right? The next award year, and let's say that the calendar is they don't come back until October, right? When did they first start the program, June 15 of the year earlier, or did they start the program in this year, October?

Audience: Okay, so you actually don't even count the class that started in June as part of this award year. That's part of the last award year.

Jeff Baker: Well, I didn't finish. In the last award year, when you say started on June 15, when did he end that award year? Well, if you're still enrolled _______ ________ June 30 or leave it blank.

Audience: Okay.

Jeff Baker: This is a silly situation, only 15 days here, but in the event that the student got a loan that covered that little 15 days, and the answer to Nancy's question, we'll find that portion of the loan and attribute it, along with any other loans that went with that program.

Audience: All right. Thank you.

Jeff Baker: Does that work? Thanks.

Cynthia Hammond: And if I can add just one thing, Jeff, and you got it exactly right, it's Question R-24, if people are interested in it.

Jeff Baker: On this question –

Cynthia Hammond: Yep.

Jeff Baker: – about reporting? ________. Yes, sir?

Audience: You mentioned corrections several months later. Is there an indefinitely open correction and revision cycle for GE reporting?

Jeff Baker: I'm gonna answer it. You could tell me the system, Valerie, but remember, especially this first year, you reported five years' worth of data. The first time we run metrics, remember we're going back a couple of years and generally only taking a couple of years, right? So, once we're ready to run our rates, they have to stop in corrections there. We'll let people know. But on years that we're not getting to yet, like the '10-'11 year that was also just reported, we're not gonna be looking at completers or people _______ repayment in '10-'11 for two or three more years. So, until we're ready to run the rates, those things can be corrected, and should be corrected, and would be required to be corrected if you came across something. But once we get to a point where we have to start running this stuff that is for real, then those data are what they are, and we'll wait to see how the draft rates take care of _______. Do I have that _______ right?

Valerie Sherrer: Correct.

Jeff Baker: Right. Does that work?

Audience: Okay, yeah. I was surprised to hear mention of corrections –

Jeff Baker: Yeah, and we would do this anyway, but particularly – I mean we're very aware of that. We asked, you know, first time, a complicated process. You know, you mentioned the question about the different _______, you know, all of that, and five years all at once, so we know that the data are not gonna be perfect, which is another reason. There's a million reasons why we're running informational rates first, and that's part of it. Let's get it all correct. Yeah.

Audience: Thanks.

Jeff Baker: Thanks. Ray? You didn't like the way you looked the first time?

Audience: Yeah, I'm going for a better look. You mentioned that when you have fewer than ten completers in a program in a given year, you said you're not required to disclose. Is it not required or not permitted to, and you mentioned completion rate and median debt. Is placement rate also part of that?

Cynthia Hammond: Placement rate is dependent on what your state or accreditor's rules are regarding small numbers.

Audience: Well, we calculate them, but I thought the not disclosing had more to do with the question of people being able to figure out who's got a job and who owes money, and that kind of stuff. So, revealing a placement rate, you know, I mean if there's three graduates and I say the placement rate is 33 percent, and I know I'm working, then I know the other two are not, and I don't know if I'm entitled to know that. So, I thought it was placement rate, completion and median loan debt.

Jeff Baker: Well, Cynthia was ________ – it is certainly median loan debt. Actually, there's three median loan debts, and it's certainly normal time to completion, but remember, the placement rates, until we have a national formula, you use what's required by your state or accrediting agency, so they presumably have some rules about that in terms of privacy. You don't think they do? All right, _______ –

Cynthia Hammond: Yeah –

Jeff Baker: – _______.

Cynthia Hammond: – our other concern with that is because you're using either the state or the accreditor, or both, you're using their placement rates, their minimum might be more than ten, so that's why we're encouraging schools to use whatever it is that they are – what they say.

Audience: The problem is that a lot of accrediting agencies, the placement rate is calculated on an institutional level, but we have to break it down now to a program level, and it's when you come down to the program level that you get to a much smaller, in some cases –

Jeff Baker: Okay. Right.

Audience: – it's just a handful of people.

Jeff Baker: Right. Good point. So, like a number of things that have come up by these discussions, we need to get this right and let people know clearly – and we need to repeat it, it doesn't hurt – about the three medians and the normal time to completion, but we need to look at this placement rate, too, to see if the ten number applies for that. David gave the example yesterday, too. You know, you get the ten percent rate, and there are ten people and I'm the one who's employed, you're not, right?

Audience: Right.

Jeff Baker: Yes, ma'am?

Audience: I was just wondering if you guys are taking into consideration standardizing the date formats across the different templates that we can use to upload?

Valerie Sherrer: Yes, we will in our next versions.

Audience: Okay.

Jeff Baker: You didn't like that challenge of having to know that? No?

Audience: No. Well, we're also having to go back and resubmit stuff, and utilizing different batches, different types of formatting to resubmit it, and so it's creating a challenge in having to reformat everything to resubmit it.

Jeff Baker: So, Valerie, looking to have the batch and the template and the online all be the same format for –

Valerie Sherrer: Exactly.

Jeff Baker: – okay. All right. Yeah, we'll get there. Thank you. Hello.

Audience: Hi. On the VLS appeal for debt-to-income, I recall in the regulation it was I think a 50 percent minimum that have to be placed in-field, or something to that effect, in order to use a VLS percentile. Are we talking about a process for that, and if so, are we gonna be submitting placement verifications? Can we talk a little bit about that?

John Koladis: Right. One of the conditions in using VLS data is being able to associate the right SOC code to the VLS data that you're using, so in order to use a particular SOC code, you have to demonstrate or show that 50 percent of your students were actually placed in that SOC code, or else it's a crap shoot about what SOC code you're gonna use to determine alternative earnings for that program. So, there has to be some basis for using a particular SOC code, and that's what we established in the rules.

Audience: Is that the SOC code we're using for our disclosures, or the SOC code that ties to the CIP code, where we say –

John Koladis: I'm having a hard time – it's the SOC code that your students were placed in, you know?

Jeff Baker: It's the jobs they're in.

John Koladis: The jobs they're in.

Cynthia Hammond: Which, hopefully, also connects to your ZIP code and connects to your disclosures.

Audience: Yeah, when we did our disclosures, we used all of the ZIP codes, but we also used SEO _______ codes that weren't attached to them based on our placement in-field. I guess there's the concern with so many schools and placement and what's considered in-field, how is the department gonna be assured that schools hit that 50 percent threshold for using VLS data?

Jeff Baker: We've got to get all the details, but the schools are gonna be providing us documentation with certifications that _______ all the requirements under penalty of whatever we can do, and all of that kind of stuff, and they'll either be a – we're not sure yet. There'll be certainly a review. At what depth, initially, we don't know yet, and then certainly, even if it's at a _______, we certainly on an audit basis will dig a little deeper at some of the schools to make sure we get it.

Audience: Speaking of audit ________ placement, are we discussing having that part of the annual financial aid audit that we do including placement rates in that?

Jeff Baker: As far as I know, the Inspector General's office in their next audit guy, because they create the audit guide, will be including a lot of stuff about gainful employment.

Audience: Okay.

Jeff Baker: Dennis?

Audience: I wanted to clear up something. So, if a student goes to an institution and leaves, and then consolidates their loan with a loan that had previously defaulted, that loan always goes in the denominator but never in the numerator. The question I have is if a student – because, obviously, for that type of case, that student would have had to rehabilitate themselves in some way. If it's defaulted, if –

Jeff Baker: You can consolidated a defaulted loan.

Audience: – well, is there some way – well, I guess the issue, though, is – so, if a student, I guess, had previously defaulted and then consolidated and then went to school, got a new loan and then consolidated that, I mean I could see where that is coming in, but is there any sense to look at that to perhaps allow a student that has rehabilitated their prior loan and then goes to a school, and then takes out a new loan and then consolidates that, that that would still be helpful for a school? I mean I understand definitely the points about _______, particularly going forward with the defaulted loans, but where the students have rehabilitated themselves and trying to get themselves back on track, it seems a little tough to have a barrier put on that student. It's probably not a lot of people, but …

Jeff Baker: I think the answer is no for this reason: rehabilitation is about the borrower finally getting it and doing the right thing. Either they weren't paying attention or they had terrible luck, whatever happened, right? This measure is, on average, about whether the school provided adequate education at a reasonable price so that people can pay back their loans.

Audience: Right.

Jeff Baker: This student, in the example given, defaulted on a loan they got for attending this program.

Audience: No, no, no, a loan they attended previously. They –

Jeff Baker: That's not gonna be part of it.

Audience: – well, no, the way – and this is why I just wanted to clarify, because my reading of it was if a student goes to school and messes up and defaults, then, as part of their own rehabilitative process, they rehabilitate the loan and then say, "Hey, I need a new trade, so I'm gonna go to school now." They take out a loan, they graduate, and then they do the rational thing and consolidate that debt. My reading of it is, and this is what I want to clarify, that if any component part of a consolidation loan _______ would be associated with this school, that if there was a default, that nixes the entire loan.

Jeff Baker: I'm sorry _______ didn't understand _______. This came up yesterday, I guess, and not even for this second step of rehab, just the question about why a defaulted loan that happened at another school for another program, maybe many years ago, should affect the loan they got to go to my school, and guess what? He's paying it just the way he's supposed to. We're gonna take a look at that and see what kind of flexibilities we have, and, if we have some, that would get that rehab business off the table _______.

Audience: Okay.

Jeff Baker: Yeah, yeah.

Audience: Thank you.

Jeff Baker: I hate to have Dennis have the last word, but ________. Anyone else – I hope we didn't confuse you. I hope we clarified a few things. I know, and I think you guys would join me, that we've got some information and some things we have to take back, get some frequently asked questions out to you, maybe clarify some we already put out to make sure everyone understands, but we appreciate your hard work on this. We know it was a big challenge, gainful employment. One more here? Thank you.

Audience: We can't let Dennis get the last word.

Jeff Baker: We can't have Dennis have the last word.

Audience: Just to follow up on that, because that was my colleague that asked the question yesterday on that, and the answer that was given yesterday was if the student had _______ default at another school, that this would just be thrown out of the numerator and denominator. Are you reconsidering an answer from yesterday?

Jeff Baker: We've got to look at the whole thing to see within the regulatory construction, because ________ what we can do to recognize the point that I think was made yesterday and Dennis was making today of the student doing everything right on the loan they got from my school, and I trained him well, and I kept all this stuff, and he's paying off that loan, why should that count against me, and perhaps why should it even be thrown out? So, I'm not sure what we can do, we have to look at it very carefully, but –

Audience: Okay. Thank you.

Jeff Baker: Well, thanks everybody. Enjoy your evening, and thanks for coming by.