

## Gainful Employment — Glossary of Terms

**Annual earnings** — The most current mean or median annual earnings of students who completed a program during the two-year period (2YP or 2YP-R) or four-year period (4YP or 4YP-R), as obtained by the U.S. Department of Education from the U.S. Social Security Administration or other federal agency. [§668.7(c)(3)]

**Annual loan payment** — The amount calculated by ED, using the following formula:

The lesser of the loan debt incurred by the student *or* the tuition and fees amount (if provided by the school) charged to the student for all of the programs the student attended at the school, *and* the median loan debt for the program *plus* the current interest rate for an unsubsidized Stafford loan.

The calculation uses different repayment schedules, according to the following degree programs:

- Undergraduate or post-baccalaureate program or associate degree program — 10-year repayment schedule.
- Bachelor's or master's degree program — 15-year repayment schedule.
- Doctoral or first-professional degree program — 20-year repayment schedule. [§668.7(c)(2)]

**Annual loan repayment rate** — The original outstanding principal balance of loans paid in full *plus* the OOPB of payments made loans *divided by* the OOPB, including capitalized interest (OOPB of LPF + OOPB of PML/OOPB). This calculation is for Federal Family Education Loan Program loans and Direct Loans owed by students for attendance in a program as of the date those loans first entered repayment. This amount is calculated for the most recently completed fiscal year for each gainful employment program and is one of the debt measures. [§668.7(b)]

**Alternative earnings** — Mean or median earnings data the school collects from an alternative source — for example, a state data system, a school survey that is conducted in accordance with NCES — the National Center for Education Statistics — standards, or, in certain circumstances, BLS — the U.S. Bureau of Labor Statistics. The school may demonstrate that a failing program would meet the debt-to-earnings standards by substituting the alternative earnings data for the data obtained by ED from the SSA when calculating the debt-to-income ratios. [§668.7(g)]

**BLS data** — Mean or median earnings data that the school gathers from the BLS to substitute for the mean or median earnings data ED obtains from the SSA. A school could use this alternative data to show that a failing program would meet the debt-to-earnings standards using this data. The school can use BLS data only for fiscal years 2012, 2013, and 2014, and only if it can show that more than 50 percent of the school's students (must be more than 30 students) in the two-year period or four-year period became employed. [§668.7(g)(4)]

**CIP Code** — Classification of Instructional Programs codes provide a method for tracking and reporting fields of study and program completion. CIP provides instructional program classifications and descriptions. CIP Codes are available at <http://nces.ed.gov/ipeds/cip2010>.

**Credential levels** — Undergraduate certificate, post-baccalaureate certificate, associate degree, bachelor's degree, master's degree, doctoral degree and first professional degree. [§668.7(a)(2)(i)(C)]

**Debt measures** — This term refers collectively to loan repayment rates and debt-to-earnings ratios. [§668.7(a)(2)(ii)]

**Debt-to-earnings ratios** — Amounts that ED calculates using these formulas:

- The discretionary income rate = annual loan payment/mean or median annual earnings less (1.5 x Poverty Guideline).
- Earnings rate = annual loan payment/mean or median annual earnings. [§668.7(c)]

**Debt warnings** — Warning disclosure information the school must provide to a program's current and prospective students when ED notifies it that the program is failing. Two types of debt warnings are as follows:

- First-year failure warning — A school must provide this type of warning when a program fails to meet all three of the minimum standards for one fiscal year.
- Second-year failure warning — A school must provide this type of warning when a program fails to meet those standards for the second consecutive year, or two of the three most recently completed fiscal years.

Generally these warnings must advise the program's students that the program has failed to meet the minimum standards, what the school is doing to improve the program, and the risks associated with enrolling in the program. [§668.7(j)]

**Discretionary income** — The difference between the mean or median annual earnings and 150 percent of the most recently published Poverty Guideline for a single person in the continental United States. [§668.7(a)(2)(vi)]

**Draft debt measures** — ED annually will determine debt measures and provide these measures for each of the school's programs. The school then may correct the draft data before it is published in final format. [§668.7(e)]

**Earnings** — The SSA defines earnings for a tax year as the sum of pay for services as an employee plus net earnings from self-employment. These earnings include wages covered by Social Security, cash pay for agricultural and domestic work, cash tips that equal or exceed \$20 per month from work for an employer, all pay for work not covered by Social Security if done in the United States, and all net earnings from self-employment even if not covered by Social Security.

**Failing program** — A program that fails all three of the minimum standards (annual loan repayment rate, discretionary income threshold, and actual earnings threshold) for a one- or two-fiscal year period. [§668.7(h)]

**Final debt measures** — Debt measures the school did not challenge, those the school unsuccessfully challenged and are unchanged, and those the school successfully challenged and were corrected by ED. [§668.7(f)]

**First-year failure** — When a program does not meet the minimum requirements for a single fiscal year. The school must provide the program's current and prospective students with certain warning disclosures. [§668.7(j)(1)]

**Fiscal year** — The 12-month period from Oct. 1 of one year to Sept. 30 of the following year, designated by the calendar year in which it ends. ED calculates debt measures based on the FY. [§668.7(a)(2)(iii)]

**Four-year period (4YP and 4YP-R)** — A period covering four consecutive fiscal years for which ED calculates the debt measures. [§668.7(a)(2)(v)]

**Ineligible program** — A program that has failed all three standards (annual loan repayment rate, discretionary income threshold, and actual earnings threshold) for three of the last four fiscal years. [§668.7(i)]

**Institutional financing plan** — Any extension of credit or payment plan offered by the school that is not defined as a private education loan and on which the student must continue to pay the school after program completion. [§668.6(a)(i)(C)(2); §668.6(a)(4); and §668.7(c)(4)(i)]

**Loan debt** — All FFELP and Direct Loans (excluding parent PLUS and TEACH/unsubsidized loans) owed by a student for attendance in a program at the school, plus amounts owed on private education loans and institutional financing plans, attributed to the highest-credentialed program completed by the student at the school. This debt excludes loan debt incurred by the student for attendance in other programs at other schools (unless the other school or schools are under common ownership or control). [§668.7(c)(4)]

**Loans paid in full (LPF)** — Loans that never were in default and that have been paid in full by the borrower. A consolidation loan is paid in full only if neither the consolidation loan nor any of the underlying loans ever defaulted and the consolidation loan is paid in full by the borrower. [§668.7(b)(2)]

**Mean or median earnings** — Mean earnings are calculated by adding together the earnings of all borrowers in the cohort and dividing by the same number of borrowers. Median earnings are calculated by determining the middle value — the middle between the highest and lowest loan debt.

**Mean or median loan debt** — Mean debt is calculated by adding together the debt of all borrowers in the cohort and dividing by the same number of borrowers. Median loan debt is calculated by determining the middle value — the middle between the highest and lowest loan debt.

**Medical or dental internship or residency program** — Required “medical or dental internship or residency” is a period of supervised training that meets all of the following criteria:

- Requires the student to hold a doctor of medicine, osteopathy or dental science degree.
- Leads to a degree or certificate from an institution of higher education, hospital or health care facility that provides training beyond the graduate level.
- Must be completed by the student before that student may be licensed by the state and board certified for professional practice and service.  
[§668.7(a)(2)(iv)(B) and §668.7(a)(2)(v)(B)]

**NCES** — National Center for Education Statistics is the federal entity responsible for collecting and analyzing data related to education. The NCES website is <http://nces.ed.gov>.

**Original outstanding principal balance (OOPB)** — The original outstanding principal balance (including capitalized interest) of FFELP and Direct Loans owed by students for attendance in a program as of the date those loans first entered repayment.  
[§668.7(b)(1)]

**Payments made loan (PML)** — Loans (including consolidation loans) that never were in default and on which borrower payments made during the most recently completed fiscal year reduced the outstanding balance, including unpaid accrued interest not capitalized, to less than the outstanding balance at the beginning of that fiscal year. PML for a post-baccalaureate certificate program or a master’s, doctoral or first professional degree program occurs when the outstanding balance of a consolidation loan at the end of the most recently completed fiscal year is either less than or equal to the outstanding balance of that loan at the beginning of the same fiscal year.  
[§668.7(b)(3)]

**Poverty Guideline** — A federal poverty measure, issued annually by the U.S. Department of Health and Human Services, used for statistical purposes. More information on Poverty Guidelines is available at <http://aspe.hhs.gov/poverty>.

**Private education loan** — A non-Title IV extension of credit provided to cover education costs. A private education loan does not include a credit extension that is open-ended or secured by property. A credit extension offered by a school for a period of 90 days or less — a short-term loan — or for one year or less on which no interest is charged is not defined as a private education loan. [12CFR 226.46(b)(5)]

**Program** — An educational program offered by a for-profit school or an institution of higher education that leads to a certificate or other non-degree credential that is at least one academic year in length, and is identified by the school’s OPE-ID, and the program’s credential level and CIP code. [§668.7(a)(2)(i)(A)]

**Second-year failure** — When a program does not meet the minimum standards for two of the three most recently completed fiscal years or any two consecutive FYs. The school must provide the program’s current and prospective students with certain warning disclosures. [§668.7(j)(2)]

**SOC code** — The U.S. Department of Labor publishes Standard Occupational Classification codes at [www.bls.gov/soc](http://www.bls.gov/soc). (link to URL) These codes classify workers in 840 detailed occupational categories. Schools must disclose SOC codes that correspond to CIP codes on the O\*NET Crosswalk website, at [www.onetonline.org/crosswalk/](http://www.onetonline.org/crosswalk/).

**Small numbers** — The term used when a program has 30 or fewer borrowers or program completers. ED will calculate debt measures for a program with “small numbers” using four-year periods, if using two-year periods will represent 30 or fewer borrowers or completers. [§668.7(d)]

**State data** — Data collected from a state-sponsored data system that the school may use to re-calculate final debt-to-earnings ratios for a failing program if the school takes the following actions:

- Obtains the data for more than 50 percent of its students in the applicable two-year period or four-year period.
- Uses the actual state mean or median earnings.
- Demonstrates that it accurately used such data to recalculate the ratios. [§668.7(g)(2)]

**Survey data** — Data collected via a school survey that it may use to recalculate final debt-to-earnings ratios for a failing program if the school does the following:

- Uses reported earnings obtained from a school survey conducted with students in the applicable two-year period or four-year period — and the survey is for more than 30 students.
- Submits a copy of the survey and certifies it was conducted according to NCES standards.
- Submits an examination-level attestation by an independent public accountant or auditor that the survey was conducted in accordance with NCES standards. [§668.7(g)(3)]

**Timely warnings** — Warnings the school must provide to its *current students* not later than 30 days after being notified of a failing program, and to its *prospective students* at the time an applicant contacts the school seeking information about a program. If a prospective student plans to obtain Title IV funds, the school may not enroll the student until at least three days after it provides the warning to the student. If the prospective

student plans to enroll more than 30 days after the date the school provided the warning, the school again must provide the warning and may not enroll the student until at least three days after providing the warning. [§668.7(j)(3)]

**Transition year** — ED will cap the number of programs that become ineligible during the transition year (fiscal year 2014) based on final debt measures for FYs 2012, 2013 and 2014 — by sorting all programs by school category and by loan repayment rate within each category, lowest to highest. For each category, beginning with those programs with the lowest repayment rate, ED will combine the number of completers for FY 2014 that do not exceed 5 percent of all completers in that category. [§668.7(k)]

**Two-year Period (2YP, 2YP-A, 2YP-R)** — A period covering two consecutive fiscal years for which ED calculates debt measures. [§668.7(a)(2)(iv)]