

HIGHER EDUCATION INFORMATION MEMO

APRIL 11, 2024

Financial Value Transparency and Gainful Employment Regulations: What We Know Now

The U.S. Department of Education's recent promulgation of the Financial Value Transparency and Gainful Employment (FVT/GE) regulations marks a significant pivot in the domain of higher education, focusing on accountability and transparency. Slated for implementation on **July 1, 2024**, these regulations aim to enhance the informational paradigm available to students and their families regarding the financial aspects and potential outcomes of educational programs. This initiative, announced on October 10, 2023, signifies a comprehensive effort to enhance decision-making processes and protect the financial interests of both students and the U.S. fisc that underwrites the student financial aid system.

Regulatory Framework Overview

Under the auspices of title IV of the Higher Education Act of 1965, the FVT/GE regulations introduce a framework designed to provide information concerning program costs, financial aid opportunities and expected educational outcomes. The primary goal of this framework is to mitigate the risk of students enrolling in career-training programs that offer minimal financial returns, thus safeguarding the investment in education.

Regulation Specifics

The regulations are bifurcated into two primary components, each addressing different aspects of educational programs:

- **Financial Value Transparency (FVT):** This segment mandates the disclosure of detailed information regarding the financial costs, aid and outcomes associated with educational programs. The objective is to preempt potential financial challenges for students by setting performance benchmarks that assess the economic feasibility and implications of these programs.
- **Gainful Employment (GE):** Focused on career-training programs, the GE regulations implement an accountability framework predicated on earnings and debt metrics. This framework is intended to scrutinize and potentially disqualify programs that fail to deliver significant financial benefits to their participants.

Scope and Exemptions

The FVT/GE regulations encompass a wide array of educational programs, explicitly including those leading to degrees at public, private non-profit and for-profit institutions. Limited exemptions are specified for certain types of programs, such as those designed for transitional postsecondary students or those involved in prison education.

Implementation and Reporting Adjustments

In acknowledgment of the logistical and operational challenges posed by these regulations, **the Department has extended the deadline for initial data reporting to October 1, 2024.** This extension is reflective of the Department's stated goal to ensure a seamless transition for institutions while upholding the core objectives of the FVT/GE regulatory framework. It must also be acknowledged that the Department faces multiple higher-educational related regulatory and administrative challenges in 2024, including the much-anticipated Title IX regulations and a turbulent roll-out of new FASFA documents.

Forward-Looking Implementation Strategy

The Department has delineated an implementation strategy that includes the provision of policy guidance, reporting guidelines and educational webinars. Bond will continue to inform clients as we learn more specifics about the planned roll-out. The anticipation of the first official release of FVT/GE metrics in early 2025 has been established as a pivotal moment for evaluating the impact of these regulations on assessing the quality and financial transparency of various higher educational programs.

Conclusion

The introduction of the FVT/GE regulations represents a paradigmatic shift towards a different type of informed decision-making in the realm of higher education. The Department aims to equip students with more comprehensive financial insights and outcomes data. Whether and how these regulations will help students and families weigh the intrinsic value of higher education investments remains to be seen. Many would rightly question the premise of reducing education to a transactional financial-value proposition. Nevertheless, this regulatory framework will likely serve as a new pillar in the evolving educational funding landscape as it aims to inform the diverse stakeholders involved in the higher education ecosystem.

If you have any questions regarding the information in this memo, please contact [Seth Gilbertson](#), any attorney in Bond's [higher education practice](#) or the attorney with whom you are regularly in contact.

