



Department of Education End-of-Year Regulatory Action Announcements: Financial Value Transparency and Gainful Employment + Program Integrity

January 17, 2025

In the last week of 2024, the Department of Education (ED) announced a series of end-of-term regulatory actions – including updated guidance on the Financial Value Transparency and Gainful Employment (FVT/GE) regulations and the release of final rules generated by the Program Integrity negotiated rulemaking.

In addition, on December 26, 2024, [ED announced](#) it was terminating the negotiated rulemaking process for State Authorization, Cash Management, and Accreditation and Related Issues. These issues were part of the larger Program Integrity and Institutional Quality rulemaking that occurred throughout the spring and summer of 2024. It is unclear whether the new administration will take up the rulemaking or initiate a completely new regulatory agenda.

We've summarized the FVT/GE updates and the final Program Integrity rule below.

Financial Value Transparency and Gainful Employment

As we [previously summarized in this September 2024 blog post](#), the FVT/GE rule went into effect on July 1, 2024. Pursuant to this rule, all institutions that participate in Title IV programs are required to report a significant amount of student and programmatic information to ED. Part of this reporting includes utilizing the earnings thresholds that will be used to calculate the earnings premium (EP), using the formula: $EP = \text{median annual earnings} - \text{earnings threshold}$.

On December 31, 2024, [ED released the earnings thresholds for calculation year 2024](#) for all states and the District of Columbia. The earnings threshold is based on data from the US Census Bureau and is calculated as the self-reported median earnings for working adults aged 25 to 34 who either worked during the year or indicated they were unemployed and looking for work with only a high school diploma in the state in which the institution is located, or nationally, if fewer than 50% of the students in the program are from the state where the institution is located or the institution is a foreign institution. Notably, unlike the expected institutional data, this figure does not include earnings for those who claimed they were not actively seeking employment or for those who did not respond. ED will determine whether a program passes the EP test if the annual earnings exceed the earnings threshold.

The median earnings thresholds range from \$27,362 per year in Mississippi to \$37,850 per year in New Hampshire. While ED has provided this necessary component of the calculation, it has not announced the federal agency with earnings data that will be used for the institutional median annual earnings data. This is an important part of the formula needed to calculate the EP measure and is currently under review in ongoing litigation.

After months of delay in implementation, the institutional reporting deadline was set for January 15, 2025. However, as of that date, technical issues continued to cause challenges for institutions submitting data. Although there was no extension, ED recognized that there have been reporting issues and released guidance through an [electronic announcement](#), which indicated it will reopen the reporting portals until February 18, 2025, to allow institutions to complete debt reporting and correct any issues that they may not have had time to address before January 15. Institutions should keep documentation of submissions, along with any issues that occur, to prepare in the event an explanation of delayed submission is required.

The fate of FVT/GE under the new administration is unclear. While the new administration is likely to have different priorities, neither President-elect Donald Trump nor ED Secretary nominee Linda McMahon have commented on this subject. During the first Trump administration, ED delayed implementation of certain aspects of the GE rule, established under former President Barack Obama, and then ultimately rescinded the rule in its entirety. It is possible the administration will pursue that path again, but the changes will need to go through negotiated rulemaking. For now, schools should be prepared to comply with the current reporting requirements.

Program Integrity

As [announced on December 30, 2024](#), on January 3, 2025, [ED published final rules](#) on Program Integrity and Institutional Quality. [According to ED](#), the regulations are meant to improve reporting on distance education and address how institutions calculate the return of federal financial aid following student withdrawals. The new rules will go into effect on July 1, 2026, but the reporting requirements do not apply until July 2027.

- **Reporting distance education programs:** Under the new rules, institutions are required to report information to the National Student Loan Data System about which students receiving federal financial aid are enrolled in distance education or correspondence courses. Based on the final rule, ED is no longer pursuing the proposed requirement that institutions would have to report **all** fully online programs at a virtual additional location. The final rule limits this requirement to only students receiving federal financial aid.
- **R2T4 calculation:** Separately, ED adopted its proposed amendments regarding the calculation and return of Title IV funds (R2T4). Under the change, when a student has received Title IV aid but does not begin attending the institution during the payment period or period of enrollment, the institution now has the option for a simplified procedure to return the funds to ED instead of the standard R2T4 calculation. The institution no longer must perform an R2T4 calculation for withdrawing a student if the institution regards the student as never having started, returns all Title IV funds, and refunds or writes off all charges related to the student. ED views this as codifying long-standing policies into regulation. This change also allows schools to have flexibility in their leave of absence policies for students who are incarcerated and have unforeseen interruptions in their eligible prison education programs. Additionally, for institutions required to take attendance, ED has adopted language that codifies the requirement that institutions determine a student has withdrawn within 14 days of the student's last date of attendance.
- **Proposed changes not included:** A few proposed changes were not included in the final rules, specifically:
 1. The proposed addition of "virtual locations" to the definition of "additional location."
 2. The proposed amendment to the definition of "clock hour" that would have limited asynchronous coursework offered under clock hour programs.
 3. Proposed changes requiring online programs to take attendance.
 4. The proposal to allow borrowers who did not attend to repay amounts owed as a loan instead of a lump sum.
 5. The proposed plan to expand eligibility for federal TRIO programs to all high school students regardless of immigration status.

While these rules do not go into effect until July 1, 2026, ED is giving institutions the option to early-implement the leave of absence modifications for students who are incarcerated, and the modified R2T4 calculation option begins on February 3, 2025. Trump has not commented on specific policies regarding current ED rulemaking. However, in his previous term, a Republican-led Congress took advantage of the Congressional Review Act, which allows Congress to review and overturn regulations passed after a certain date by the previous administration. It is possible that congressional Republicans will again attempt to use the power to rescind regulations, such as these rules, to create a clean slate for the Trump administration. We are continuing to track ED's updates and expect significant changes with the new administration. Please contact us with any questions about compliance with these requirements.

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