

COMPLIANCE GLOSSARY

A Quick Guide to Terms & Definitions Compliance Related to the U.S. Department of Education's Program Integrity Regulations



OVERVIEW

Recently, the Department of Education (ED) finalized regulations on a series of 14 topics known as "Program Integrity Issues." The final rules, published in the Federal Register, comprise over 150 pages and are very time consuming to review. This collection of terms and definitions was compiled to help provide a basic overview of the key issues and terms involved. It is not exhaustive nor is it intended as legal advice.

90/10 Rule	The 90-10 rule states, simply, that a for-profit institution of higher education may not receive more than 90% of its revenue from federal Title IV grants and loans.
Ability to benefit (ATB)	This is one of the 14 topics included in the "Program Integrity Issues". These are provisions that allow students to access Title IV funding without a high school diploma (or recognized equivalent), as long as they can demonstrate sufficient "ability to benefit" from a school program. The new regulations clarify what is required to use the ATB option to become eligible for Title IV aid.
CIP Code	Classification of Instructional Programs (CIP) code. This is a numbering system designed to track fields of study and program completion activity in the U.S. A listing of CIP codes is available at: http://nces.ed.gov/ipeds/cip2010 . CIP program codes are required for GE disclosure.
Definition of a "credit hour"	This is one of the 14 topics included in the "Program Integrity Issues". It defines specific, minimum standards for a credit hour to determine eligibility and funding for federal programs.
Disbursement of Title IV funds for books and supplies	This is one of the 14 topics included in the "Program Integrity Issues". It is designed to allow Title IV recipients timely access to eligible funds (over and above school fees) in order to obtain books and supplies.
Disclosure	Used in relation to the Gainful Employment (GE) rules, this term refers to the requirement for schools to report and disclose specific details on each program regarding the program's effectiveness at preparing students for employment in a recognized occupation. The details include things like the graduation rates and median debt of students who completed the program in the past.
DOE	Informal acronym for the Department of Education
ED	Formal acronym for the Department of Education.
Evaluating the validity of high school diplomas	This is one of the 14 topics included in the "Program Integrity Issues". It is a set of guidelines that a school must follow to ensure that a student who reports having a high school diploma for purposes of establishing eligibility to receive Title IV aid does, in fact, have a valid high school diploma.
FAFSA	Free Application for Federal Student Aid (FAFSA). This is an online application for federal student aid, including Pell Grants.
Gainful Employment (GE)	<p>This is one of the 14 topics included in the "Program Integrity Issues". Virtually all programs at for-profit schools (and some non-degree programs at public and private nonprofit schools) are considered "Gainful Employment" programs. Programs that fall into this category are required to disclose details to the public on the degree to which they prepare students for employment (see "disclosure"). GE programs must also report program data to the Department of Education (first reporting due October 1, 2011). Based on this data, they will be assessed for Title IV funding eligibility.</p> <p>Under the GE Title IV funding rule, school programs will be considered eligible to take student loans if they meet at least one of the following criteria: at least 35 percent of their former students are repaying their loans, the estimated loan payment of a typical graduate doesn't exceed 30 percent of his or her discretionary income, or the estimated loan payment doesn't exceed 12 percent of his or her total earnings. However, programs must fail for three years out of four before being completely cut off from student loan or Pell Grant money, meaning that programs will not be ruled ineligible until 2015 at the earliest.</p>

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Incentive compensation	This is one of the 14 topics included in the "Program Integrity Issues". It refers to the fact that in order to receive Title IV funding, institutions are prohibited from providing staff with any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid.
Misrepresentation	<p>This is one of the 14 topics included in the "Program Integrity Issues". It is arguably the one that is of most concern to school marketing and admissions teams, due the expanded definition of misrepresentation. The rule now broadly applies to any "eligible institution, one of its representatives, or any ineligible institution, organization, or person with whom the eligible institution has an agreement to provide educational programs, or to provide marketing, advertising, recruiting or admissions services." This includes all third-party vendors acting on behalf of the school.</p> <p>The misrepresentation rules give the Department of Education the right to impose strict repercussions (including fines and/or revoking of Title IV eligibility) in cases where a school (or representative as defined above) makes inaccurate or misleading statements about the nature of programs, financial charges, or the employability of graduates.</p>
Pell Grants	The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain post-baccalaureate students to promote access to postsecondary education. A Federal Pell Grant, unlike a loan, does not have to be repaid. Pell Grant recipients make up about 50 percent of enrollment at for-profit institutions (<i>Source: Chronicle Analysis of U.S. Department of Education Data on Federal Student Aid, 2010</i>)
Retaking coursework	This is one of the 14 topics included in the "Program Integrity Issues". The rules allow students to repeat a course that they previously completed, and use it as part of their Title IV enrollment status, even if they previously passed that course.
Return of Title IV funds -programs with modules or compressed courses	This is one of the 14 topics included in the "Program Integrity Issues". This rule helps clarify the circumstances under which a student must return Title IV funding if they withdraw from a course. In particular, the rule specifically addresses how to measure attendance.
Satisfactory academic progress (SAP)	This is one of the 14 topics included in the "Program Integrity Issues". These rules clarify the requirement for schools to evaluate the progress of those students receiving Title IV funds .
SOC Code	Standard Occupational Classification (SOC) codes. These are published by the Department of Labor and are available at http://www.bls.gov/soc . There is a "calculator" that allows you to identify related CIP and SOC codes here: http://www.onetonline.org/crosswalk . SOC codes are required for GE disclosure.
State authorization	This is one of the 14 topics included in the "Program Integrity Issues", and it was designed to establish minimum standards for state authorization required for a school to participate in the Title IV programs.
Title IV Funding	Title IV of the Higher Education Act of 1965 (the Act, the HEA) covers the administration of the United States federal student financial aid programs. Title IV funding refers to the series of grants, loans and work-study programs through which Federal Student Aid is distributed.
Written arrangements between schools	This is one of the 14 topics included in the "Program Integrity Issues". This rule clarifies the conditions under which a school may use one or more other schools to provide a portion of a program to students, and the requirements for that school to disclose any implications to prospects and students. This is particularly relevant if the other school does not participate in Title IV programs.
Verification	This is one of the 14 topics included in the "Program Integrity Issues". It refers to new rules that are designed to improve the accuracy of FAFSA applications for Title IV funding.

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