

Regulating The Other Institutions: The Federal Perspective

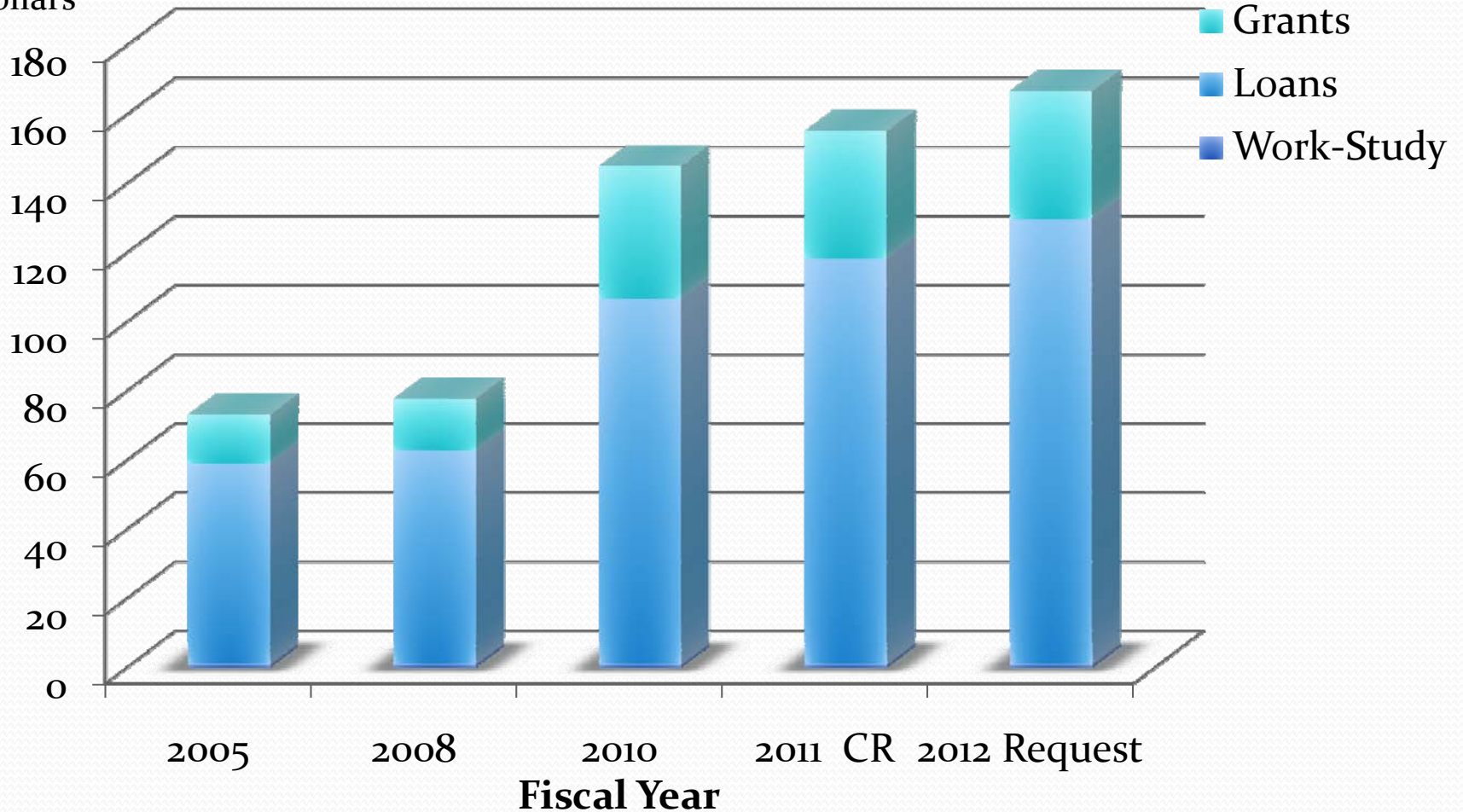
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How did we get here?

- **Higher Education Opportunity Act – August 14, 2008**
- **American Recovery and Reinvestment Act – February 17, 2009**
 - \$16 billion in new Pell Grant funding & more money for Work-Study
- **Public Hearings – June 2009**
 - Highlighted the need to address program integrity issues in the aid programs
- **Negotiations – November 2009 – January 2010**
 - Tentative agreement on 9 of 14 issues but no consensus on the entire package
- **Health Care and Education Reconciliation Act – March 30, 2010**
 - An additional \$40 billion for Pell Grants
 - Federal taxpayer became the sole owner of the student loan financing system
- **Notice of Proposed Rulemaking (NPRM) – August 2, 2010**
 - 1,180 Public Comments received
- **Final Regulation – October 29, 2010**
 - Dear Colleague Letters (March – May 2011)
 - **Effective Date – July 1, 2011**

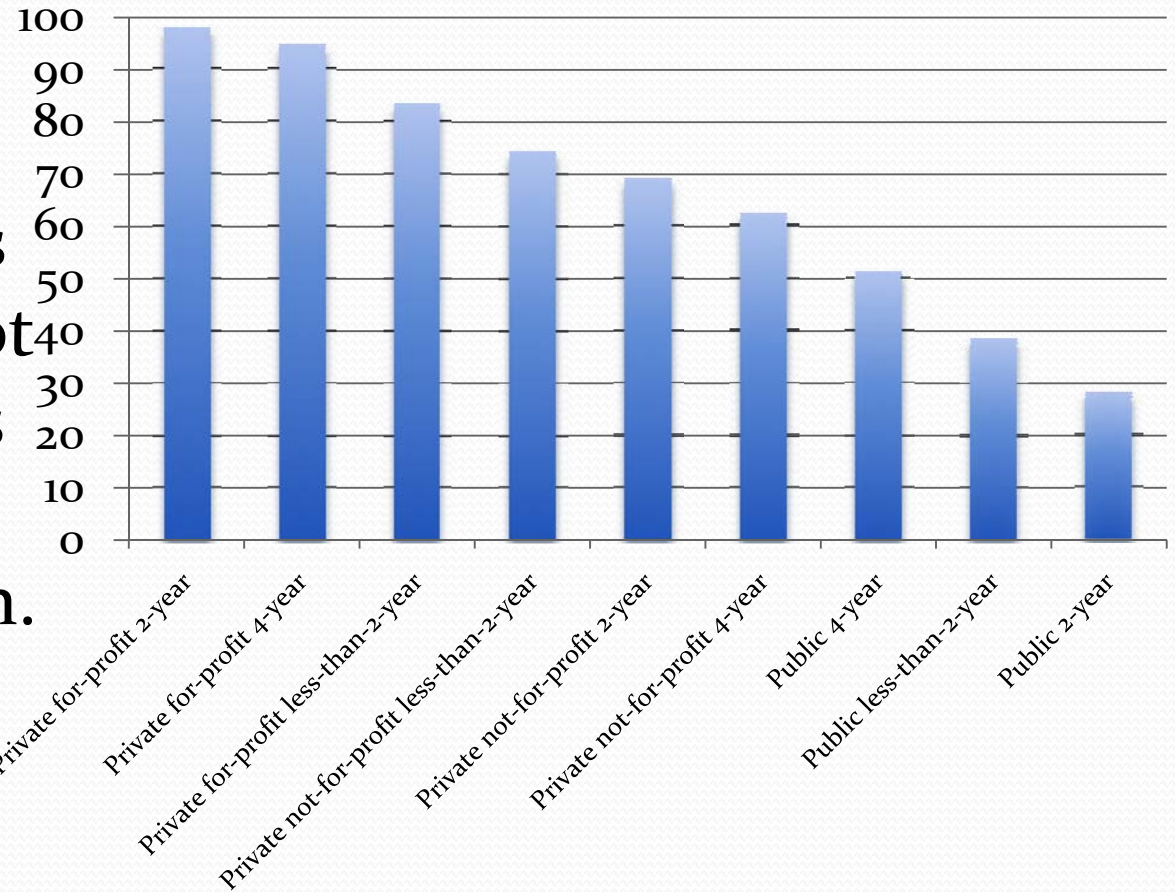
Federal Student Aid Available by Type of Aid

In billions
of dollars



Percentage of Students Receiving Student Aid By Sector

The share of students receiving aid has increased but not uniformly across all sectors of higher education.

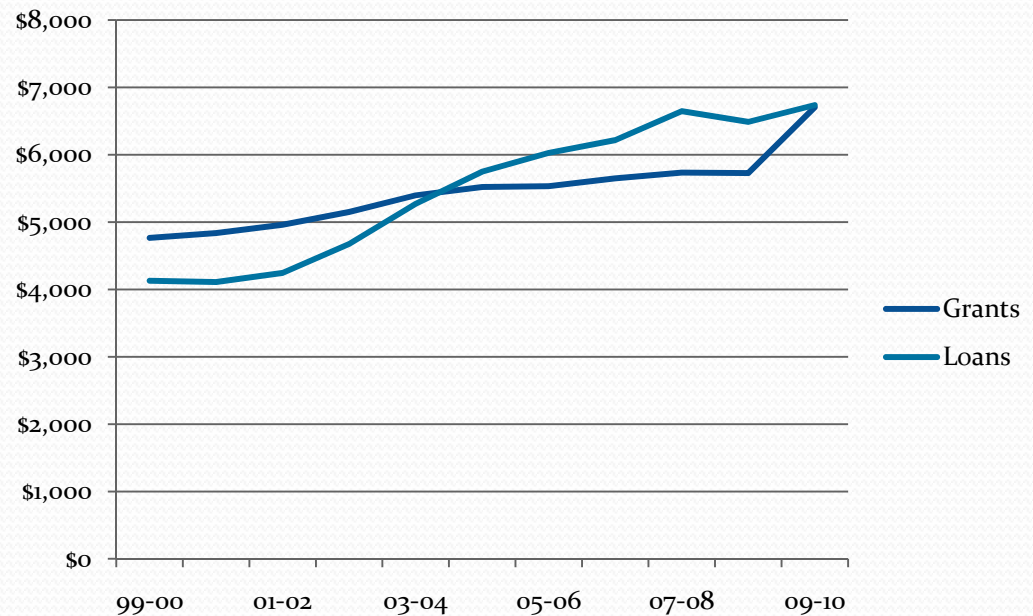


Source: National Postsecondary Student Aid Survey, 2007-08

Trends in Student Aid

Financial aid to students is increasing but, despite significant increases in Pell Grant funding, the increase has primarily been in the form of Federal student loans.

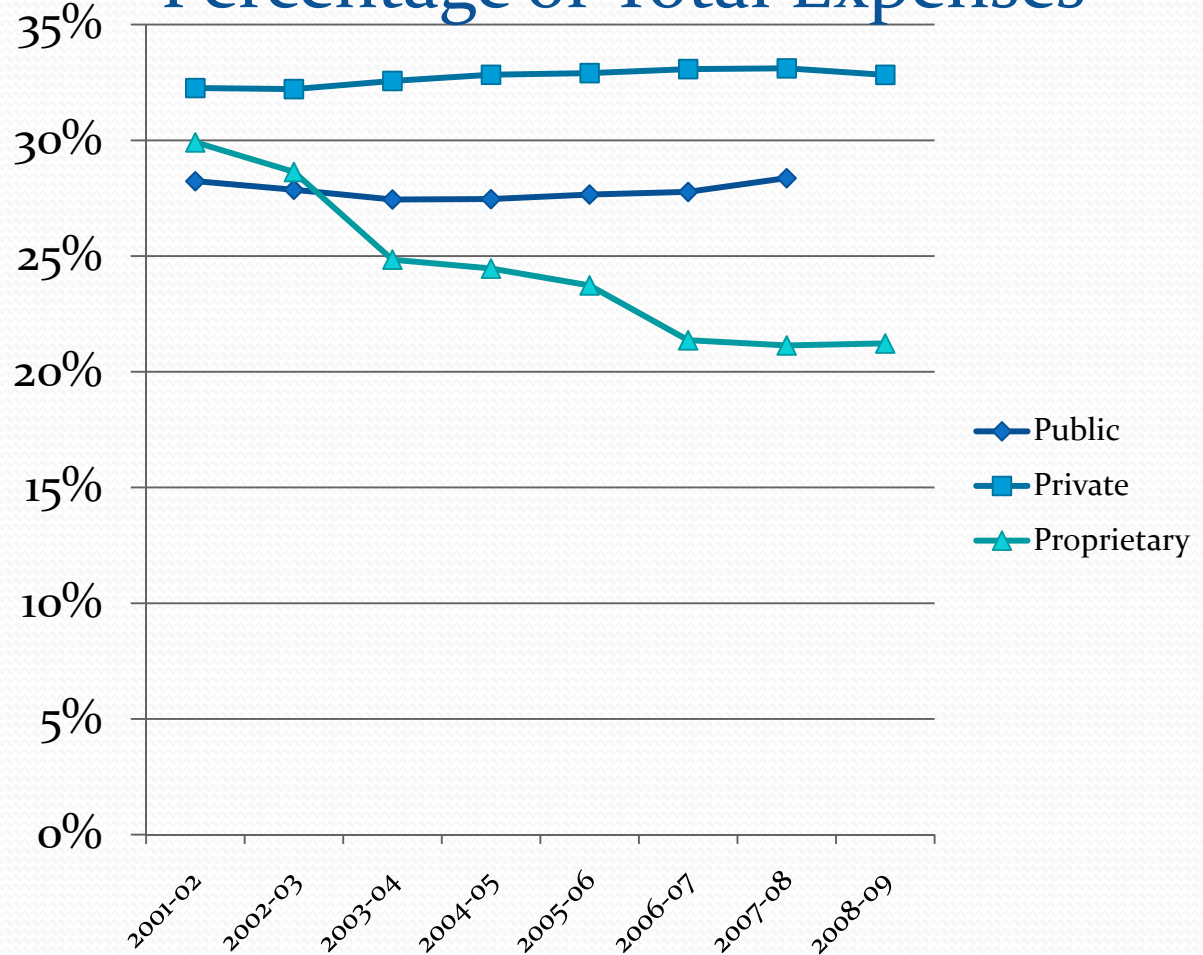
Ten-Year Trend in Student Aid and Nonfederal Loans per FTE Used to Finance Postsecondary Education Expenses in Constant 2009 Dollars, 1999-2000 to 2009-10



Source: Trends in Student Aid, 2010, College Board

Instructional expenses have been relatively constant although the share of funds spent on instruction at for-profit institutions has been declining.

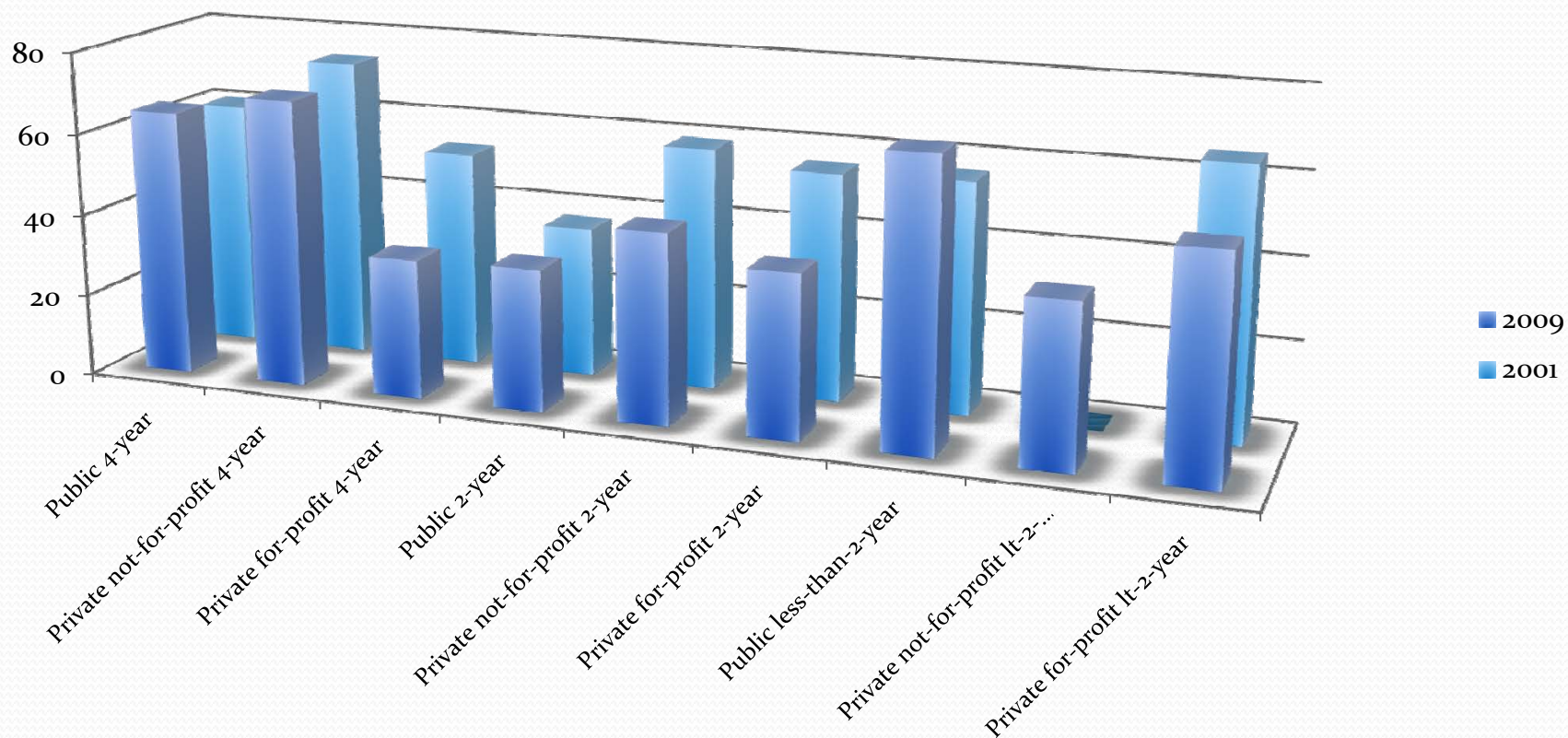
Instructional Expenses as a Percentage of Total Expenses



NOTE: Public institutions not included in 2008-09 due to changing in reporting.

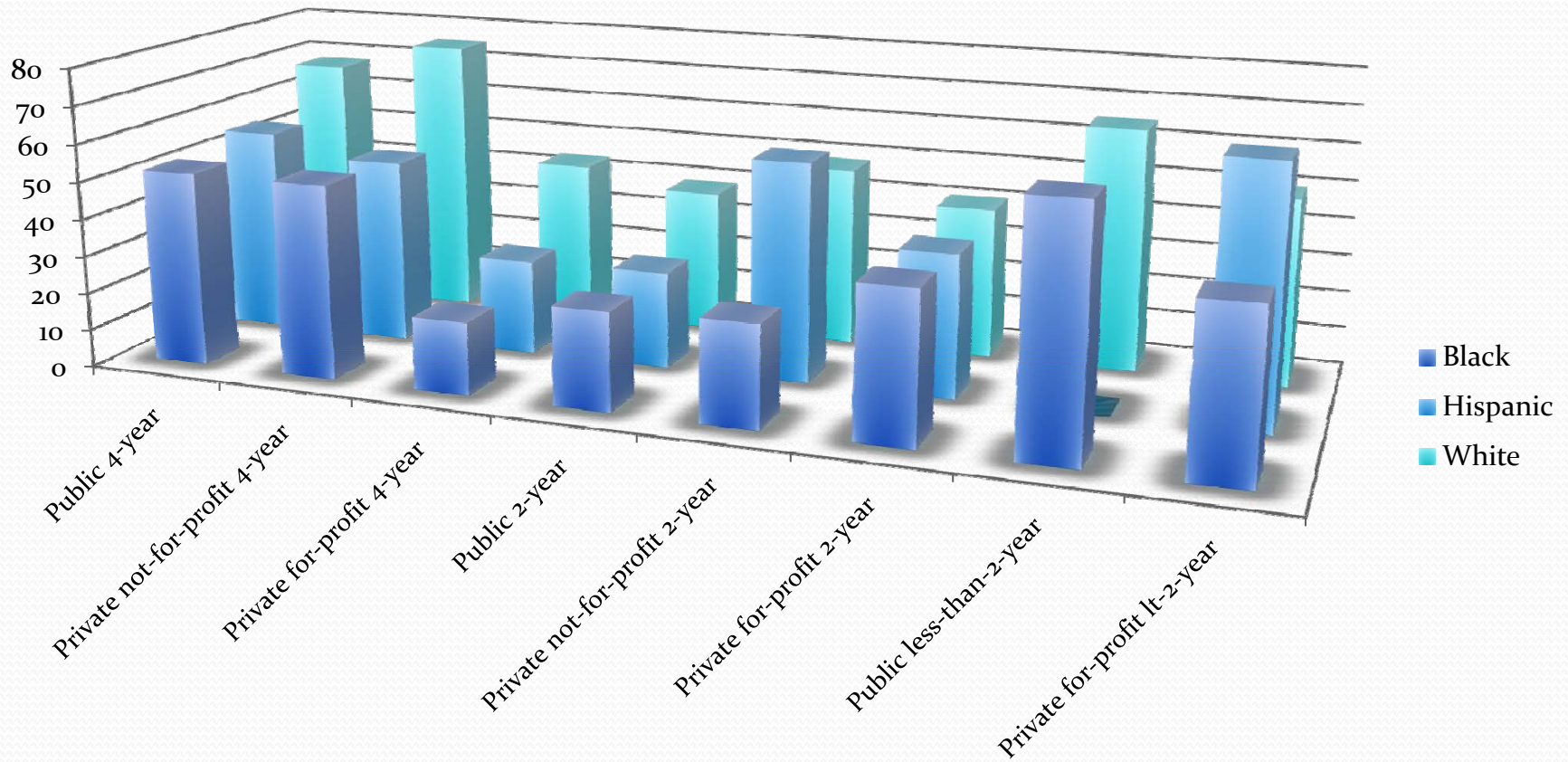
Source: IPEDS Data Center

Any Degree or Certificate within Prior 6 Year Period By Type of First Institution Attended



Source: Beginning Postsecondary Students

Attainment of Any Degree or Certificate within Prior 6 Years, 2009 by Type of First Institution Attended and by Race and Ethnicity



Source: Beginning Postsecondary Students

Program Integrity

Final Regulations

- ✓ **Holding Programs Accountable for Preparing Students for Gainful Employment:**
 - Graduation Rate and Job Placement Disclosures
 - Approval of Additional Programs
- ✓ **Protecting consumers from misleading or overly aggressive recruiting practices, and clarifying state oversight responsibilities:**
 - Misrepresentation
 - Incentive Compensation
 - State Authorization

Program Integrity

Final Regulations

- ✓ **Ensuring that only eligible students receive federal funds:**
 - High School Diploma
 - College Credits
 - Ability To Benefit (ATB)
 - Satisfactory Academic Progress
 - Verification

- ✓ **Clarifying the courses that are eligible for federal aid, and the amount of aid that is appropriate:**
 - Written Arrangement
 - Retaking Coursework
 - Determining When a Student Has Withdrawn
 - Disbursing Federal Student Aid Fund
 - Credit Hour

Regulatory Provisions

- State Authorization
 - State physically located in:
 - State has a process to review and appropriately **act on complaints** concerning the institution including enforcing applicable State laws
 - **Institution** has been established by appropriate State agency or State entity and is authorized to operate educational programs beyond secondary education, including programs leading to a degree or certificate.
 - Other States if offering a distance education program:
 - **Must comply with State law**
 - Institutions should have always been in compliance with this requirement – it is a critical part of an institution’s administrative capability that it complies with applicable Federal, state and local laws.

Regulatory Provisions

- Credit Hour
 - Definition:
 - An amount of work represented in intended **learning outcomes** and **verified** by **evidence of student achievement** that is an **institutionally established equivalency** that reasonably approximates not less than --
 - One hour of classroom or direct faculty instruction and a minimum of two hours of out of class student work each week for approximately fifteen weeks for one semester; OR
 - An equivalent amount of work for other academic activities **as established by the institution** including laboratory work, internships, practica, studio work, and other academic work
 - Accrediting agency oversight:
 - The **accrediting agency**, as part of its review of an institution for initial accreditation or preaccreditation or renewal of accreditation, **must conduct an effective review and evaluation of the reliability and accuracy of the institution's assignment of credit hours**

Dear Colleague Letters

- GEN-11-11: State authorization under the Program Integrity Regulations
- GEN-11-10: Implementation of Regulatory Requirements Related to Gainful Employment Programs
- GEN-11-08: Ability-to-Benefit (ATB) Provisions published in Final Regulations on October 29, 2010 (75 FR 66832).
- GEN-11-07 : Guidance on Participation in the William D. Ford Federal Direct Loan (Direct Loan) Program
- GEN-11-06: Guidance to Institutions and Accrediting Agencies Regarding a Credit Hour as Defined in the Final Regulations Published on October 29, 2010
- GEN-11-05: Implementation of Program Integrity Regulations
 - State Authorization
 - Incentive Compensation
 - Misrepresentation