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**From:** NAICU Presidents Network

**Sent:** Friday, July 09, 2010 11:13 AM

**To:** NAICU Presidents Network

**Subject:** [presnet] Action Needed: Fraud and Abuse Regs

Colleagues,

As you know from my [June 16 message](#), the Department of Education recently proposed regulations addressing possible increases in [fraud and abuse among for-profit colleges](#). Congress has also become concerned -- particularly as the cost of the Pell Grant program explodes at for-profit schools, threatening the future of student aid for all sectors. Both the [House](#) and [Senate](#) have held hearings on the topic.

### **Action Needed**

- NAICU is urging all members to review the [proposed regulations](#), and to [submit comments](#) by the August 2 deadline. The volume and nature of comments greatly affect the regulatory process.
- Below are the two major issues, followed by a list of additional issues of concern. Background materials are included for each issue. ***At a minimum, we urge you to carefully review these top two items, credit hours and state authorization, and comment accordingly.***
  - **Credit Hours:** Currently, credit hours are defined by the academic community, not by the federal government. Having a federal definition of "credit hour" puts the federal government squarely in the middle of an academic decision-making process, and limits the ability of institutions to respond to new models of higher education.
  - **State Authorization:** It will be particularly important for all members to seek clarification about their specific state or institution, given that explanations of the state authorization proposal have been ambiguous and inconsistent. If you are in a state with an independent college state executive, your state executive has been alerted, and will be prepared to assist member institutions with their comments, in light of your state's or institution's authorization.
- In commenting on the proposed regulations, please express your support for the federal government's efforts to protect students against fraud and abuse, and to reinforce the importance of recent student aid increases for your students.

### **Additional Issues**

#### ***Additional Issues of Potential Concern:***

- [Misrepresentation](#)
- [Incentive Compensation](#)
- [Gainful Employment](#)

### **Technical Issues:**

*(For review by your financial aid officer, or other campus officials)*

- High School Diploma Validation
- Satisfactory Academic Progress (SAP)
- Written Agreements Between Institutions

- Ability to Benefit Tests
- Eligibility Through Course Work
- Student Financial Aid
- Disbursal for Books and Supplies

NAICU also will be submitting comments either independently, or in conjunction with the larger higher education community. Once the draft comment period has ended on August 2, we will have the opportunity to advocate for our views during August and September. When final regulations are published on November 1, we will alert you to any future action if needed. The effective date for most of these regulations is expected to be July 1, 2011.

For further information, or if you have questions, please contact the NAICU staff at [proposedregs@naicu.edu](mailto:proposedregs@naicu.edu). We also welcome copies of any of your submissions to the Department.

Thank you for your ongoing efforts on this important matter.

David

David L. Warren  
President, NAICU