NUMEROUS CHANGES made to NPRM.

Rationale for Regulation: To address the problem of students incurring high levels of debt for vocational programs of limited benefit, the regulations establish requirements for institutions to submit information on program completers for programs that prepare students for gainful employment in recognized occupations. They also require several disclosures to students.

Key Provisions of the Regulation:

- Reporting Requirements for nonprofit institutions that enroll students in programs of at least one academic year that leads to a certificate* or nondegree credential and prepares a student for gainful employment, and for proprietary institutions:
  - For each enrolled student:
    - Student identification and institution attended.
    - Program name and Classification of Instructional Program (CIP) code.
  - For each student completing the program during the award year:
    - Name and CIP code of the program.
    - Date student completed the program.
    - Debt owed from private student loans and institutional financing plans.
    - Whether the student went to a higher credentialed program.
  - For each program:
    - Number and identify of each enrolled students for each identified program at the end of the award year.
  - Data must be submitted by October 1, 2011 for award years 2006-07, 2007-08, 2008-09, and 2009-10, and by a date set by the Secretary for the most recently completed award year. If a school is unable to provide all the required data, it must provide an explanation.

- Disclosures to prospective students (Web site and promotional material):
  - For each program offered:
    - Occupations (names and SOC codes) program prepares students for.
    - Links to occupational profiles on O*NET.
    - On-time graduation rates for program completers.
    - Tuition and fees charged for student completing program in normal time.
    - Cost of books and supplies and room and border.
    - A link to other information an institution must disclose.
    - Placement rate for placement of program completers as of July 1, 2011.
    - Median loan debt of Title IV, private, and institutional loans incurred by program completers.

Early next year the department will provide more information on how the data collected will be assessed, as presented in the July 26 NPRM, the key factors will be the program’s loan repayment rate and the debt to income ratios of its completers. The problems have been primarily identified in the proprietary sector, but the regulations apply to both private non-profit and public institutions that offer certificate programs. Nearly 90 percent of the Title IV
eligible certificate programs are at these traditional schools.

* The department is considering excluding post-baccalaureate certificate programs from the certificate programs covered.*

**Regulatory Language:**

Section 668.6 is added to subpart A to read as follows:

Sec. 668.6 Reporting and disclosure requirements for programs that prepare students for gainful employment in a recognized occupation.

(a) Reporting requirements.

(1) In accordance with procedures established by the Secretary an institution must report information that includes--

(i) For each student who enrolled in a program under Sec. 668.8(c)(3) or (d) during an award year--

(A) Information needed to identify the student and the institution the student attended;

(B) If the student began attending a program during the award year, the name and the Classification of Instructional Program (CIP) code of that program; and

(C) If the student completed a program during the award year--

(1) The name and CIP code of that program, and the date the student completed the program;

(2) The amounts the student received from private education loans and the amount from institutional financing plans that the student owes the institution upon completing the program; and

(3) Whether the student matriculated to a higher credentialed program at the institution or if available, evidence that the student transferred to a higher credentialed program at another institution; and

(ii) For each program, by name and CIP code, offered by the institution under Sec. 668.8(c)(3) or (d), the total number of students that are enrolled in the program at the end of each award year and identifying information for those students.

(b) Disclosures.

(1) For each program offered by an institution under this section, the institution must provide prospective students with--

(i) The occupations (by names and SOC codes) that the program prepares students to enter, along with links to occupational profiles on O*NET or its successor site. If the number
of occupations related to the program, as identified by entering the program's full six digit CIP code on the O*NET crosswalk at [http://online.onetcenter.org/crosswalk/](http://online.onetcenter.org/crosswalk/) is more than ten, the institution may provide Web links to a representative sample of the identified occupations (by name and SOC code) for which its graduates typically find employment within a few years after completing the program;

(ii) The on-time graduation rate for students completing the program, as provided under paragraph (c) of this section;

(iii) The tuition and fees it charges a student for completing the program within normal time as defined in Sec. 668.41(a), the typical costs for books and supplies (unless those costs are included as part of tuition and fees), and the cost of room and board, if applicable. The institution may include information on other costs, such as transportation and living expenses, but it must provide a Web link, or access, to the program cost information the institutions makes available under Sec. 668.43(a);

(iv) The placement rate for students completing the program, as determined under a methodology developed by the National Center for Education Statistics (NCES) when that rate is available. In the meantime, beginning on July 1, 2011, if the institution is required by its accrediting agency or State to calculate a placement rate on a program basis, it must disclose the rate under this section and identify the accrediting agency or State agency under whose requirements the rate was calculated. If the accrediting agency or State requires an institution to calculate a placement rate at the institutional level or other than a program basis, the institution must use the accrediting agency or State methodology to calculate a placement rate for the program and disclose that rate; and

(v) The median loan debt incurred by students who completed the program as provided by the Secretary, as well as any other information the Secretary provided to the institution about that program. The institution must identify separately the median loan debt from title IV, HEA program loans, and the median loan debt from private educational loans and institutional financing plans.

(2) For each program, the institution must--

(i) Include the information required under paragraph (b)(1) of this section in promotional materials it makes available to prospective students and post this information on its Web site;

(ii) Prominently provide the information required under paragraph (b)(1) of this section in a simple and meaningful manner on the home page of its program Web site, and provide a prominent and direct link on any other Web page containing general, academic, or admissions information about the program, to the single Web page that contains all the required information;

(iii) Display the information required under paragraph (b)(1) of this section on the institution's Web site in an open format that can be retrieved, downloaded, indexed, and searched by commonly used Web search applications. An open format is one that is platform-independent, is machine-readable, and is made available to the public without restrictions that would impede the reuse of that information; and

(iv) Use the disclosure form issued by the Secretary to provide the information in paragraph (b)(1), and other information, when that form is available.

(c) On-time completion rate. An institution calculates an on-time completion rate for each program subject to this section by--
(1) Determining the number of students who completed the program during the most recently completed award year;

(2) Determining the number of students in paragraph (c)(1) of this section who completed the program within normal time, as defined under Sec. 668.41(a), regardless of whether the students transferred into the program or changed programs at the institution. For example, the normal time to complete an associate degree is two years and this timeframe applies to all students in the program. If a student transfers into the program, regardless of the number of credits the institution accepts from the student's attendance at the prior institution, those transfer credits have no bearing on the two-year timeframe. The student would still have two years to complete from the date he or she began attending the two-year program. To be counted as completing on time, a student who changes programs at the institution and begins attending the two-year program must complete within the two-year timeframe beginning from the date the student began attending the prior program; and

(3) Dividing the number of students who completed the program within normal time, as determined under paragraph (c)(2) of this section, by the total number of students who completed the program, as determined under paragraph (c)(1) of this section, and multiplying the result by 100.

Section 668.8 is amended by:
A. Revising paragraph (c)(3).
B. In paragraph (d)(2)(iii), adding the words, ``as provided under Sec. 668.6'' immediately after the word `occupation.'
C. In paragraph (d)(3)(iii), adding the words, ``as provided under Sec. 668.6'' immediately after the word `occupation.'

(3) Be at least a one-academic-year training program that leads to a certificate, or other nondegree recognized credential, and prepares students for gainful employment in a recognized occupation.
ELIGIBLE PROGRAM (Sec. 668.8)

One change to the NPRM.

Rationale for Regulation: The department was concerned that some for-profit institutions were improperly converting “clock hours” to “credit hours” to gain unearned student aid. (NB: A full discussion of the “definition of a credit hour” is provided in a separate document.)

Key Provisions of the Regulation:
- The clock to credit hour conversion formula was changed.
- Currently, an institution that offers an undergraduate gainful employment education program in credit hours must use the newly specified conversion formula to determine if the program meets the one-academic-year length required for Title IV eligibility, unless the program is at least two academic years in length and provides a degree - or if each course within the program is acceptable for full credit toward that degree, and if the program is at least two academic years of study. The new regulation adds a provision that to qualify under the latter option, the school must also demonstrate “that the students enroll in, and graduate from the degree program.”

- For more detailed explanation of the conversion formula see http://www.nasfaa.org/publications/2010/rnprogramintegritycredithours110810.html.

Regulatory Language:
Revising paragraphs (k) and (l). The revisions read as follows: Sec. 668.8 Eligible program.

(c) *

(3) Be at least a one-academic-year training program that leads to a certificate, or other nondegree recognized credential, and prepares students for gainful employment in a recognized occupation.

(k) Undergraduate educational program in credit hours.

(1) Except as provided in paragraph (k)(2) of this section, if an institution offers an undergraduate educational program in credit hours, the institution must use the formula contained in paragraph (l) of this section to determine whether that program satisfies the requirements contained in paragraph (c)(3) or (d) of this section, and the number of credit hours in that educational program for purposes of the title IV, HEA programs, unless--

(i) The program is at least two academic years in length and provides an associate degree, a bachelor's degree, a professional degree, or an equivalent degree as determined by the Secretary; or

(ii) Each course within the program is acceptable for full credit toward that institution's associate degree, bachelor's degree, professional degree, or equivalent degree as determined by the Secretary provided that--

(A) The institution's degree requires at least two academic years of study; and

(B) The institution demonstrates that students enroll in, and graduate from, the degree program.
(2) A program is considered to be a clock-hour program for purposes of the title IV, HEA programs if--

(i) Except as provided in paragraph (k)(3) of this section, a program is required to measure student progress in clock hours when-- (A) Receiving Federal or State approval or licensure to offer the program; or (B) Completing clock hours is a requirement for graduates to apply for licensure or the authorization to practice the occupation that the student is intending to pursue;

(ii) The credit hours awarded for the program are not in compliance with the definition of a credit hour in 34 CFR 600.2; or

(iii) The institution does not provide the clock hours that are the basis for the credit hours awarded for the program or each course in the program and, except as provided in Sec. 668.4(e), requires attendance in the clock hours that are the basis for the credit hours awarded.

(3) The requirements of paragraph (k)(2)(i) of this section do not apply to a program if there is a State or Federal approval or licensure requirement that a limited component of the program must include a practicum, internship, or clinical experience component of the program that must include a minimum number of clock hours.

(I) Formula.

(1) Except as provided in paragraph (I)(2) of this section, for purposes of determining whether a program described in paragraph (k) of this section satisfies the requirements contained in paragraph (c)(3) or (d) of this section, and of determining the number of credit hours in that educational program with regard to the title IV, HEA programs--

(i) A semester hour must include at least 37.5 clock hours of instruction;

(ii) A trimester hour must include at least 37.5 clock hours of instruction; and

(iii) A quarter hour must include at least 25 clock hours of instruction.

(2) The institution's conversions to establish a minimum number of clock hours of instruction per credit may be less than those specified in paragraph (I)(1) of this section, if the institution's designated accrediting agency, or recognized State agency for the approval of public postsecondary vocational institutions, for participation in the title IV, HEA programs has identified any deficiencies with the institution's policies and procedures, or their implementation, for determining the credit hours, as defined in 34 CFR 600.2, that the institution awards for programs and courses, in accordance with 34 CFR 602.24(f), or, if applicable, 34 CFR 603.24(c), so long as--

(i) The institution's student work outside of class combined with the clock-hours of instruction meet or exceed the numeric requirements in paragraph (I)(1) of this section; and

(ii)(A) A semester hour must include at least 30 clock hours of instruction;

(B) A trimester hour must include at least 30 clock hours of instruction; and

(C) A quarter hour must include at least 20 hours of instruction.
Incentive Compensation (Sec. 668.14(b))

Several changes made to the NPRM.