

**Program Integrity Issues – Final Regulations – October 29, 2010**

*These regulations will take effect on July 1, 2011.*

<p><b><u>Credit Hour</u></b></p> <p><b>What it does</b></p> <ul style="list-style-type: none"><li>– For the first time, it provides a federal definition of “credit hour.”</li><li>– It tells accreditors to enforce the definition.</li></ul> <p><b>What you need to know</b></p> <ul style="list-style-type: none"><li>– The definition “should” work for some schools, but won’t for all.</li><li>– We hate the <i>idea</i> of a federal definition.</li></ul> <p><b>What you need to do</b></p> <ul style="list-style-type: none"><li>– Figure out if it works for your school.</li><li>– Find out when you’re up for an accreditation review.</li></ul>	<p><b><u>State Authorization</u></b></p> <p><b>What it does.</b></p> <ul style="list-style-type: none"><li>– It provides confusing new rules for showing that a college is properly authorized by a State, including recognition “by name”.</li><li>– States must have a process to review and act on complaints about schools.</li></ul> <p><b>What you need to know</b></p> <ul style="list-style-type: none"><li>– The HEA has always required colleges to be authorized for post-sec education by their states.</li><li>– No one knows what is actually required under the new rules.</li><li>– There is fear of over-anxious state bureaucrats.</li></ul> <p><b>What you need to do</b></p> <ul style="list-style-type: none"><li>– Contact your State Executive.</li><li>– Find out your state’s situation.</li></ul> <p>Find out your institution’s situation.</p>
<p><b><u>Incentive Compensation</u></b></p> <p><b>What it does/What you need to know</b></p> <ul style="list-style-type: none"><li>– The regulations remove all the safe harbors.</li></ul> <p><b>What you need to do</b></p> <ul style="list-style-type: none"><li>– If your school used a safe harbor in the past, determine if you are in are now in compliance.</li><li>– Check to see if you use a third party recruiter.</li><li>– Watch for ED’s Dear Colleague Letter on third party servicers.</li></ul>	<p><b><u>States and Distance Education</u></b></p> <p><b>What it does</b></p> <ul style="list-style-type: none"><li>– Attempts to clarify that the new regulations do not pre-empt existing state laws regarding distance education.</li></ul> <p><b>What you need to know</b></p> <ul style="list-style-type: none"><li>– NOT all 50 states have rules.</li><li>– No one knows who does have rules.</li></ul> <p><b>What you need to do</b></p> <ul style="list-style-type: none"><li>– Figure out how many out-of-state distance ed students you have and where they live.</li></ul> <p>Find out if your school officials are alert to this requirement.</p>

**Misrepresentation**

**What it does**

- Strengthens existing misrepresentation regulations in order to take action against institutions engaging in deceptive advertising, marketing, and sales practices.

**What you need to know**

- The regulations expand the types of misleading statements for which you may be liable and adds persons to whom they might be made.

**What you need to do**

- Make sure your admissions, recruitment, legal counsel, and financial aid offices are aware of the new rules and review materials and procedures to ensure compliance.

**High School Verification**

**What it does**

- Requires institutions to develop and follow a process by which they can determine the validity of secondary school credentials whose legitimacy is called into question by the institution or the Secretary.

**What you need to know**

- Ensure, if a question arises, that the student aid recipient went to a legitimate high school (unless the student is home-schooled, or eligible through a GED or ATB).

**What you need to do**

- Make sure your admissions or FAO offices have a verification procedure in place.

**Gainful Employment**

**What it does**

- Requires all institutions to report information on their “gainful employment” programs (those are 1-year or more programs to train students for “gainful employment in a recognized occupation.”) This information is part of what the Department will consider in assessing whether a program meets the gainful employment standards that will be issued in further detail in early 2011.

**Gainful Employment (continued)**

**What you need to know**

- It applies to your certificate programs.
- Reporting regulations are effective 7/1/11.
- Penalty regulations to be issued soon.
- Goal is to identify schools whose students are not making payments to their student loan principal, but don’t show up as defaulters.

**What you need to do**

- Identify your Title IV-eligible certificate programs.
- Prepare to provide required information.