

*In this chapter, we discuss the effect of program eligibility requirements on institutional eligibility.*

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## PROGRAM ELIGIBILITY REQUIREMENTS

To qualify as an eligible institution, a school must offer at least one eligible program. Not all programs at an eligible institution must be eligible, but at least one of the programs at the school must meet the eligible program requirements.

### *Determination of program eligibility*

Generally, a student must be enrolled in an eligible program to receive FSA funds (for more information, see *Volume 1 – Student Eligibility*). Because a school’s eligibility does not necessarily extend to all its programs, the school must ensure that a program is eligible before awarding FSA program funds to students in that *program*. The school is ultimately responsible for determining that a program is eligible. In addition to determining that the program meets the eligible program definition, the school should make certain that the *program* is included under the notice of accreditation from a nationally recognized accrediting agency (unless the agency does not require that particular programs be accredited). The school should also make certain that it is authorized by the appropriate state agency to offer the program (if the state licenses individual programs at postsecondary institutions). (Please see the chart on *Eligible Institutions* and the discussion under *Legal authorization by a state* earlier in chapter 1.)

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**Program eligibility cite**

34 CFR 668.8

A school’s eligibility extends to all eligible programs and locations that were identified on the school’s application for participation, unless the Department determines that certain programs or locations did not meet the eligibility requirements. In general, the school’s eligible nondegree programs and locations are specifically named on the approval notice (Eligibility and Certification Approval Report [ECAR]). Additional locations and programs may be added later (see chapter 2).

If a program offered through telecommunications or continuing education meets the definition of an eligible program, students enrolled in that program must be considered for FSA program assistance on the same basis as students enrolled in other eligible programs that are offered through traditional modes. If a program offered through correspondence meets the definition of an eligible program, students enrolled in that program will be considered eligible, with the limitation outlined in chapter 8.

It is not uncommon for a school to offer programs that meet different eligible program definitions. For example, a school that offers a bachelor's degree program (qualifying the school as an institution of higher education) may also offer a certificate or diploma training program that is eligible under a definition that qualifies the school as a postsecondary vocational institution.

You can find information on adding new programs in chapter 5.

### ***Types of eligible programs at an institution of higher education***

A school qualifies as an institution of higher education if (in addition to meeting all other eligibility requirements, including being a nonprofit school) it offers a program that leads to an associate, bachelor's, professional, or graduate degree. For such programs, there are no minimum program length requirements.

A school may also qualify as an institution of higher education if it offers a program of at least two academic years in duration that is acceptable for full credit toward a bachelor's degree, or if it offers a program of at least one academic year in duration that leads to a certificate, degree, or other recognized credential and prepares students for gainful employment in a recognized occupation.

### ***Types of eligible programs at a proprietary or postsecondary vocational institution***

Three types of eligible programs will qualify an otherwise eligible school as a proprietary institution or a postsecondary vocational institution. All of these programs must have a specified number of weeks of instruction, and must provide training that prepares a student for gainful employment in a recognized occupation.

1. The first type of eligible program must provide at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours of undergraduate instruction offered during a minimum of 15 weeks of instruction. The program may admit as regular students persons who have not completed the equivalent of an associate degree.

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#### **Recognized occupation**

A recognized occupation is one that is listed in the "occupational division" of the most recent edition of the Dictionary of Occupational Titles (published by the U.S. Department of Labor) or one that is considered by the Department, in consultation with the Department of Labor, to be a recognized occupation.

2. The second type of eligible program must provide at least 300 clock hours, 8 semester hours, or 12 quarter hours of instruction offered during a minimum of 10 weeks of instruction. The program must be a graduate or professional program or must admit as regular students only persons who have completed the equivalent of an associate degree.
3. The third type of program is known as the *short-term program*. A short-term program qualifies for the FFEL and Direct Loan programs only. This type of program must provide at least 300 but less than 600 clock hours of instruction offered during a minimum of 10 weeks of instruction. The program must admit as regular students some persons who have not completed the equivalent of an associate degree. Short-term programs must also satisfy qualitative factors for completion rates, placement rates, program length, and period of existence of the program. Specifically, these programs must:
  - have verified completion and placement rates of at least 70%,
  - not be more than 50% longer than the minimum training period required by the state or federal agency, if any, for the occupation for which the program of instruction is intended, and
  - have been in existence for at least one year.

For the purpose of demonstrating compliance with these qualitative factors, a school must calculate the completion and placement rates for the award year, as explained later. The independent auditor who prepares the school's compliance audit report must attest to the accuracy of the school's calculation of completion and placement rates.

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## Completion Rate Calculation

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*Number of regular students who earned credentials for successfully completing the program within 150% of the length of the program.*

$$\frac{\text{Number of regular students enrolled for the year} \\ - \text{number of regular students who withdrew with a} \\ \text{100\% refund of tuition and fees}}{\text{— number of regular students enrolled at the end of the year}}$$

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The school must document the employment of any student it includes as *employed* in the placement rate calculation. Examples of such documentation include, but are not limited to, a written statement from the employer, signed copies of state or federal income tax forms, or written evidence of payment of Social Security taxes.

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## Placement Rate Calculation

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*Number of students who obtained employment\* within 180 days of receiving credential and who are employed (or have been employed) for at least 13 weeks following receipt of credential*

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*Number of regular students who received credential for successfully completing the program.*

\*in the recognized occupation for which they were trained or in a related comparable occupation

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The school must reasonably determine whether a related occupation is comparable. For instance, for a student who was trained as an auto mechanic, it is reasonable to determine that a job as a boat mechanic is comparable. However, for a person trained in retail sales management, a counter-service job at a fast-food restaurant is not comparable.

### **Exceptions to the eligible program definition**

There are two cases (certain types of preparatory coursework and **initial** teacher-certification programs) where students may receive FFEL or Direct Loan funds for enrollment in a program even when it does not meet the eligible program definition. In addition, students enrolled in an initial teacher-certification program might be eligible for Pell Grants (For more information, see *Volume 1 – Student Eligibility*.)

## **ADDITIONAL ELIGIBILITY REQUIREMENTS**

There are additional FSA program eligibility requirements for specific educational programs. For example, only undergraduate educational programs are eligible under the Pell Grant and FSEOG programs. Correspondence programs are not eligible unless they meet the general requirements for an eligible program and are required for the student's regular program of study leading to a degree. Certain telecommunications courses may be considered correspondence courses and may be subject to the same requirements.

### **ESL Programs**

Students enrolled in a program that consists solely of English as a Second Language (ESL) instruction are eligible **for Title IV funds only from the Pell Grant participation**. An ESL program must meet the general requirements for an eligible program (for example, it must lead to a degree or other credential). Moreover, **an ESL program may admit only students who need instruction in English to**

**be able to use the knowledge, training, or skills they already have.** The school must document its determination that the ESL instruction is necessary for each student enrolled.

A school that wishes to award Title IV assistance to students enrolled in an ESL program must request an eligibility determination for the program from the Department.

A student also may receive FSA program funds for ESL coursework that is part of a larger eligible program. In this case, the ESL coursework is treated as remedial coursework and the student has general Title IV program eligibility (though ESL courses are excluded from the one year (30 credit) limitation on remedial coursework). For more information, see *Volume 1 – Student Eligibility*.

However, it is important to note that as part of your school's Satisfactory Academic Progress (SAP) policy, your institution is required to define the effect of noncredit remedial courses (including ESL courses) on SAP. That discussion must include the effect of noncredit remedial courses on both the qualitative and maximum timeframe components of SAP (34 CFR 668.16(e) (ii) (D)).

### Clarification

#### **Study abroad programs**

A participating institution may establish programs of study abroad through which its students are eligible to receive assistance through the FSA programs. A study abroad program is an eligible program if

- students studying abroad concurrently remain enrolled at their eligible home institution; and
- the eligible home institution awards academic credit for the program of study abroad.

The study abroad program does not have to be a required part of the student's eligible degree program in order to be an eligible study abroad program. However, a study abroad program must meet the requirements of consortium and contractual agreements (see chapter 7). Moreover, in the information it provides to students about a study abroad program, an institution must inform students about the availability of FSA program assistance.

#### **Flight schools**

Under the FFEL programs, a flight school program must maintain current valid certification by the Federal Aviation Administration to be eligible.

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**Conversion cite**

34 CFR 668.8(k) & (l)

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**Acceptable doesn't mean accepted**

Consider a student who completes a two-year program in plumbing and then wants to reenroll in the school's Bachelor's program in construction technology.

Any of the five plumbing courses taken by the student in the two-year plumbing program may be used to satisfy the plumbing requirement in construction technology. However, the construction technology program requires only two plumbing electives, and only two plumbing courses are accepted toward the student's degree in construction technology.

Since all of the plumbing courses that are part of the two-year program are acceptable in the construction technology program, the fact that only two plumbing courses are accepted does not disqualify the plumbing program for the exception.

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**Rounding prohibited**

Because the results of these formulas determine the eligibility of a program, the resulting number of credit hours may not be rounded.

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## CLOCK HOUR/CREDIT HOUR CONVERSIONS

If a school offers an undergraduate program in credit hours, *unless*

- 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**

- each course within the program is acceptable for full credit toward that institution's associate degree, bachelor's degree, professional degree, (or an equivalent degree as determined by the Secretary) and the degree offered by the institution requires at least two academic years of study;

the school must use a clock hour/credit hour conversion formula to determine whether the undergraduate program qualifies as an eligible credit hour program for FSA purposes. Public and private nonprofit hospital-based diploma schools of nursing are also exempt from using the clock-to-credit hour conversion formula to calculate awards for the FSA programs.

**Important:** The aforementioned exemptions for programs that lead to a degree that is equivalent to an associate, bachelor's, or professional degree program of at least two years do not permit a school to ask for a determination that a *nondegree* program is equivalent to a degree program.

In order to evaluate the eligibility of an undergraduate program in credit hours that does not qualify for an exemption, the school must take the following steps. In Step 1, the school determines the total number of clock hours of instruction in each semester of the program. In Step 2, the school applies the appropriate conversion formula to determine the revised number of credit hours in each semester of the program. In the third step, the school evaluates the eligibility of the program by determining the total revised number of credit hours in the program. Finally, in Step 4, the school determines the eligibility of a student in each semester of the program for FSA program funds based on the number of credits arrived at through the application of the formula.

To determine the number of credit hours in a program for FSA purposes, schools must use one of the following formulas.

**For a semester or trimester hour program**

Number of clock hours in the credit-hour program

**For a quarter hour program**

Number of clock hours in the credit-hour program

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The school must use the resulting number of credit hours to determine if a program is eligible under the eligible program requirements explained under *Types of eligible programs at a proprietary or postsecondary vocational institution*.

In order to meet the minimum program eligibility standards, the conversion formula must yield one of the following results:

- a program offered in semesters or trimesters must provide at least 16 semester or trimester credit hours over 15 weeks of instructional time (16 semester or trimester credit hours per year is three-quarter time; 24 per year is full time);
- a program offered in quarter hours must provide at least 24 quarter credit hours over 15 weeks of instructional time (24 quarter credit hours per year is three-quarter time; 36 per year is full time);
- a ten-week program that admits as regular students only persons who have completed the equivalent of an associate degree must provide at least 8 semester or trimester credit hours, or 12 quarter credit hours.

If a school applies the appropriate formula and finds that a program is eligible, the converted credit hours are used to determine the amount of FSA funds that a student who is enrolled in the program is eligible to receive. If, after applying the formula, the number of credit hours in the program has decreased, a student's enrollment status could change, resulting in a decrease in FSA eligibility for these programs.

**Important:** When some states and accrediting agencies approve programs, they also approve the number of credits in the programs. The credits approved by states and accrediting agencies are **not** the credits for Title IV purposes.

For Title IV purposes, the number of credits in the program will be those determined by the conversion formula, and they will never be more than those approved by a state or accrediting agency.

**Measuring Attendance**

A student's period of attendance is measured according to one of several commonly accepted academic standards. A clock hour is based on an actual hour of attendance, (though each hour may include a 10-minute break). Credit hours are typically based on two hours of homework for each hour of class attendance.

A school is not permitted to count more than one clock hour per 60-minute period; in other words, a school may not schedule several hours of instruction without breaks, and then count clock hours in 50-minute increments. The result would be that seven hours of consecutive instruction would count as 8.4 clock hours (420 minutes ÷ 50 minutes = 8.4 hours). Seven 60 minute periods of instruction may not count for more than seven clock hours.

## CLOCK HOUR/CREDIT HOUR CONVERSION EXAMPLE

Sternberg University (SU) offers a two-year nondegree program measured in semester credit hours. Courses within the program are not creditable toward a degree at SU. Students in the program earn 16 credit hours per semester.

SU determines that there are 1,440 clock hours of instruction in the program. There are 330 clock hours of instruction in the first and second semesters (660 first-year total), and 390 clock hours of instruction in the third and fourth semesters (780 second-year total). By applying the conversion formula, the school determines that the number of credit hours for Title IV, FSA purposes is 11 for the first two semesters, and 13 for the last two semesters.

### Step 1

330 clock hours of instruction in semesters one and two

390 clock hours of instruction in semesters three and four

Total number of clock hours of instruction in the program  
 $(2 \times 330) + (2 \times 390) = 1,440$

### Step 2

$\frac{330 \text{ clock hours}}{30} = 11$  credit hours in semesters one and two

$\frac{390 \text{ clock hours}}{30} = 13$  credit hours in semesters three and four

### Step 3

Because the program is at least 15 weeks in length and (through the conversion formula) is determined to offer 24 credit hours of instruction, it remains an eligible program provided it is otherwise eligible (see the chart on "Eligible Programs" and the discussion under "Program Eligibility Requirements").

### Step 4

For the first two semesters of the program, students are eligible for payment for only 11 credit hours of instruction (see Step 2). Because this is less than the full-time student minimum of 12 credit hours, students who attend the first two semesters are eligible to be paid for only three-quarter time attendance.

In the third and fourth semesters of the program, students are eligible to be paid for 13 credit hours of instruction (see Step 2). Students attending the third and fourth semesters can be paid as full-time students.



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## FOREIGN SCHOOLS ELIGIBLE FOR FFEL PROGRAMS

In general, by law, a foreign school can participate in the FFEL programs if the foreign school is comparable to an institution of higher education (as defined earlier in this section) and has been approved by the Department. Additionally, the regulations set out specific requirements for foreign medical schools and foreign veterinary schools. You can find additional information about foreign school eligibility in *The Student Financial Aid Handbook for Foreign Schools* located at –

**<http://ifap.ed.gov/eannouncements/0909foreignschools.html>**

