UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

MAY - 9 2016

GEN-16-09

Subject: Changes to Title IV Eligibility for Students Without a Valid High School Diploma Who Are Enrolled in Eligible Career Pathway Programs

Summary: This letter clarifies changes made by the Consolidated Appropriations Act of 2016 to the definition of an eligible career pathway program and Federal Pell Grant award amounts for students enrolled in those programs.

Dear Colleague:

In December 2014, section 484(d) of the Higher Education Act of 1965, as amended (HEA), was changed to allow a student who does not have a high school diploma (or its recognized equivalent), or who did not complete a secondary school education in a homeschool setting, to be eligible for Title IV, HEA student assistance (Title IV aid) through one of the ability to benefit (ATB) alternatives, but only if the student is enrolled in an "eligible career pathway program." Changes were also made to section 401(b)(2)(A)(ii) of the HEA which provided that students who first enrolled in any Title IV eligible postsecondary program on or after July 1, 2015, and who gained eligibility under one of the ATB alternatives for enrollment in an eligible career pathway program, would have their Federal Pell Grant award determined under alternative career pathway Pell Grant disbursement schedules. The Department provided guidance about these changes in Dear Colleague Letter GEN-15-09 published on May 22, 2015, and in an Electronic Announcement published on October 22, 2015.

On December 18, 2015, the President signed the Consolidated Appropriations Act of 2016 (Pub. L. 114-113), which amended the earlier HEA changes noted above. This letter describes those changes, including:

- A revised definition of an eligible career pathway program; and
- The elimination of the career pathway alternative Pell Grant disbursement schedules.

This letter also provides information regarding the implementation of these new provisions. Finally, the attachment to this letter includes a set of Questions & Answers related to the Title IV eligibility of students who are enrolled in eligible career pathway programs.

Definition of an Eligible Career Pathway Program

Public Law 114-113 amended the definition of an eligible career pathway program for purposes of Title IV aid eligibility under section 484(d)(2) of the HEA to align with the definition of career pathway in section 3 of the Workforce Innovation and Opportunity Act (WIOA) (29 U.S.C. 3102(7)). Under section 484(d)(2) of the HEA, an eligible career pathway program means a program that combines rigorous and high-quality education, training, and other services that—

1. Aligns with the skill needs of industries in the economy of the State or regional economy involved;
2. Prepares an individual to be successful in any of a full range of secondary or postsecondary education options, including apprenticeships registered under the Act of August 16, 1937 (commonly known as the 'National Apprenticeship Act'; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.);
3. Includes counseling to support an individual in achieving the individual's education and career goals;
4. Includes, as appropriate, education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster;
5. Organizes education, training, and other services to meet the particular needs of an individual in a manner that accelerates the educational and career advancement of the individual to the extent practicable;
6. Enables an individual to attain a high school diploma or its recognized equivalent, and at least one recognized postsecondary credential; and
7. Helps an individual enter or advance within a specific occupation or occupational cluster.

An eligible career pathway program must meet each of the statutory requirements above. Under those requirements, an eligible career pathway program must include two components: a Title IV eligible postsecondary program component as defined under 34 CFR 668.8, and a component that enables an individual to attain a high school diploma or its recognized equivalent. The component of the eligible career pathway program that enables an individual to attain a high school diploma or its recognized equivalent may not be paid for using Title IV aid and should not be incorporated into a student's Title IV enrollment status or Title IV cost of attendance as defined in section 472 of the HEA. Only the enrollment status and costs associated with the Title IV eligible postsecondary program component can be paid for using Title IV aid. In developing an eligible career pathway program, institutions should work closely with an appropriate adult secondary school education provider and with their financial aid administrator to ensure that the program is eligible for Title IV aid.

The recognized equivalent of a high school diploma is defined in the regulations at 34 CFR 600.2 and includes:

1. A General Educational Development (GED) Certificate; and
2. A State certificate or transcript received by a student after the student passed a State-authorized examination, e.g., the High School Equivalency Test (HiSET), Test Assessing Secondary Completion (TASC), the California High School Proficiency Exam (CHSPE), or other State-authorized examination that the State recognizes as the equivalent of a high school diploma.

Eligibility for a Federal Pell Grant

Public Law 114-113 removed section 401(b)(2)(A)(ii) of the HEA which required students who first enrolled in any Title IV eligible postsecondary program on or after July 1, 2015, and who gained eligibility based on enrollment in an eligible career pathway program under one of the ATB alternatives, to have their Federal Pell Grant award determined under career pathway alternative Pell Grant disbursement schedules as described in Dear Colleague Letter GEN-15-09. Therefore, all otherwise-eligible students may now receive a Pell Grant under the Regular Federal Pell Grant Payment and Disbursement Schedules published in Dear Colleague Letter GEN-15-02 for the 2015–2016 award year and Dear Colleague Letter GEN-16-01 for the 2016–2017 award year.

Implementation

Eligibility for all Title IV Aid - A student who was enrolled in an eligible career pathway program prior to December 18, 2015, as such a program was previously defined under the Consolidated and Further Continuing Appropriations Act of 2015 (Pub. L. 113-235), continues to be Title IV eligible under the guidance provided in Dear Colleague Letter GEN-15-09 for the remainder of the 2015–2016 award year. For all other students who were first enrolled in an eligible career pathway program on or after December 18, 2015, to be Title IV eligible, the eligible career pathway program must meet the revised definition provided in Pub. L. 114-113, as outlined in this letter. Therefore institutions are advised to make any necessary changes to their eligible career pathway program to make them compliant with the definition in Pub. L. 114-113.

Eligibility for Pell Grant Awards - For students who were previously eligible only for Limited Pell Grant awards, institutions must now use the Regular Federal Pell Grant Payment and Disbursement Schedules published in Dear Colleague Letter GEN-15-02 for any payment period that is part of the current 2015–2016 award year and, for the upcoming 2016–2017 award year,

the Federal Pell Grant Payment and Disbursement Schedules that are published in Dear Colleague Letter GEN-16-01.

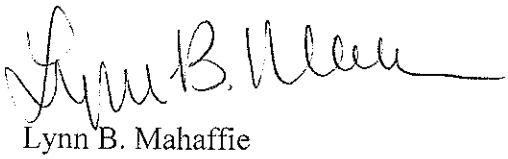
Questions & Answers

Attached to this letter is a set of Questions & Answers on eligible career pathway programs and eligibility for Title IV aid.

For additional questions regarding eligibility for Title IV aid for students enrolled in eligible career pathway programs, please contact Federal Student Aid's Research and Customer Care Center Staff. Staff is available Monday through Friday between the hours of 9:00 a.m. and 5:00 p.m. (Eastern Time) at 1-800-433-7327. After-hours calls will be accepted by an automated voice response system. Callers leaving their names and phone numbers will receive a return call the next business day. Alternatively, you may e-mail the Care Center at fsa.customer.support@ed.gov.

If you have additional questions regarding career pathway, please contact the Office of Career, Technical and Adult Education (OCTAE) at octae@ed.gov. Guidance and information on WIOA implementation can be found by visiting the Department of Labor's Career Pathways Toolkit and OCTAE's resource page.

Sincerely,



Lynn B. Mahaffie
Deputy Assistant Secretary
for Policy, Planning, and Innovation

ATTACHMENT TO GEN-16-09

Questions and Answers on Eligible Career Pathway Programs and Eligibility for Title IV Aid

Question 1: What is the definition of an eligible career pathway program?

Answer 1: As noted in Dear Colleague Letter GEN-16-09, the definition of an eligible career pathway program aligns with how career pathway is defined in section 3 of the Workforce Innovation and Opportunity Act (29 U.S.C. 3102(7)). See section 484(d)(2) of the HEA.

Question 2: Who determines whether a program is an eligible career pathway program?

Answer 2: Each institution must make its own determination of whether a program is an eligible career pathway program based on the statutory definition in section 484(d)(2) of the HEA, and as described in Dear Colleague Letter GEN-16-09. Institutions must document the basis for such a determination. We describe the requirements for documentation in Question & Answer 3 below.

Question 3: What documentation must an institution maintain regarding an eligible career pathway program and the students who receive Title IV aid for enrollment in that program?

Answer 3: An institution must maintain documentation that each of its eligible career pathway programs meet the requirements in the definition of an eligible career pathway program in section 484(d)(2) of the HEA and described in Dear Colleague Letter GEN-16-09. This includes documentation that the program includes workforce preparation activities and training for a specific occupation or occupational cluster and is aligned with the skill needs of the State or regional economy.

Also, for each student who received Title IV aid for enrollment in an eligible career pathway program by successfully completing one of the ATB alternatives, the institution must document—

- Evidence that the student successfully completed one of the ATB alternatives; and
- That the student was enrolled in both the Title IV eligible postsecondary program component and the component that enables an individual to attain a high school diploma or its recognized equivalent.

It is the institution's responsibility to document its compliance with all applicable programmatic and student eligibility requirements.

Question 4: For determining whether a student enrolled in an eligible career pathway program meets the ATB eligibility criteria, would remedial or developmental coursework fulfill the ATB

requirement that the student complete at least six hours that are applicable toward a degree or certificate offered by the Title IV eligible postsecondary institution?

Answer 4: No, the requirement is that the six credit hours (or 225 clock hours) must be applicable to a degree or other credential offered by the Title IV eligible postsecondary institution. The completion of remedial or developmental coursework does not qualify.

Question 5: Is the part of the definition of an eligible career pathway program that requires a component that enables an individual to attain a high school diploma or its recognized equivalent met if the Title IV eligible postsecondary institution has a written agreement with another entity that offers the component?

Answer 5: Such a written agreement will meet the requirement only if the component enables an individual to attain a high school diploma or its recognized equivalent.

Question 6: Is an eligible career pathway program a Gainful Employment (GE) program?

Answer 6: Only the Title IV eligible postsecondary program component of an eligible career pathway program may be a GE program. For example, if a community college includes a high school equivalency preparation course(s) with a postsecondary certificate program creating an eligible career pathway program, it is the certificate program that would be a GE program and not the entire eligible career pathway program. However, if a public community college includes the same high school equivalency preparation course(s) with an associate degree program, the associate degree program is not a GE program because degree programs offered by public institutions (and by private not-for-profit institutions) are not GE programs.

Question 7: Does an eligible career pathway program have to be approved or endorsed by the Department or by the institution's accrediting agency, the State agency that authorizes the institution, or a State workforce agency?

Answer 7: There is no requirement under the HEA that an eligible career pathway program be approved or endorsed by the Department or by an accrediting agency or a State. However, institutions may be subject to State laws or regulations regarding eligible career pathway programs or relevant requirements of their accrediting agency(ies). The Department will not be developing a career pathway program approval process, but will review the eligibility of these programs through program reviews and audits.

During any program review or audit of an institution's development and implementation of an eligible career pathway program, the Department will consider whether the institution complied with the relevant statutory provisions as described in Dear Colleague Letter GEN-16-09, and any other guidance that the Department provides.

We remind institutions that the Title IV eligible postsecondary program component of an eligible career pathway program must meet all the requirements for Title IV eligibility under 34 CFR 668.8, including that the institution be accredited and have authorization by the State to offer the postsecondary program.

Question 8: Is each ATB student required to be concurrently enrolled in both a component that enables an individual to attain a high school diploma, or its recognized equivalent, and postsecondary coursework throughout the student's enrollment in an eligible career pathway program?

Answer 8: No, each ATB student is not required to be concurrently enrolled in a component that enables an individual to attain a high school diploma, or its recognized equivalent, and postsecondary coursework throughout the student's enrollment in the eligible career pathway program. However, before completing the eligible career pathway program, the student must participate in the component that enables the student to attain a high school diploma or its recognized equivalent.

Note that the eligible career pathway program must include a Title IV eligible postsecondary program component as defined under 34 CFR 668.8, and a component that enables an individual to attain a high school diploma or its recognized equivalent under 34 CFR 600.2. Therefore the eligible career pathway program must be designed in such a way that a student who does not complete the Title IV eligible postsecondary program component and the component that enables an individual to attain a high school diploma or its recognized equivalent is not awarded the postsecondary credential.

Question 9: What impact does the enrollment of a student in the component of an eligible career pathway program that enables an individual to attain a high school diploma or its recognized equivalent have on the awarding and disbursement of Title IV aid?

Answer 9: It is only the Title IV eligible postsecondary program component that supports the determination of the eligibility of a student and the amount of such eligibility. The Title IV regulations and provisions apply only to the Title IV eligible postsecondary program component.

Therefore, when constructing a student's Title IV cost of attendance (COA), only the costs related to the Title IV eligible postsecondary program component can be included. Likewise, only the clock or credit hours of the Title IV eligible postsecondary program component can be used to establish the student's Title IV enrollment status.

For the same reason, provisions related to a student's enrollment and withdrawal, and any resultant Return of Title IV Funds calculation and National Student Loan

Data System (NSLDS) enrollment reporting, only apply to the Title IV eligible postsecondary program component of the eligible career pathway program.

Question 10: When is a student no longer considered to be an ATB student?

Answer 10: A student who gained Title IV eligibility under one of the ATB alternatives is considered to be an ATB student until the student obtains a high school diploma or its recognized equivalent. At that time, the student would no longer be subject to restrictions placed on ATB students, including the requirement that the student continue to be enrolled in the eligible career pathway program and the student could enroll in any Title IV eligible postsecondary program and receive Title IV assistance (assuming all other eligibility requirements are met).