

Session 3 - Institutional Eligibility

By the end of this session, you will be able to:

- *identify Title IV eligibility criteria for postsecondary schools,*
- *identify the processes necessary to obtain and maintain participation in Title IV aid programs, and*
- *identify the requirements that educational programs must meet to be eligible for Title IV funding.*

RESOURCES

- *The 1997-98 Federal Student Financial Aid Handbook, Chapter 3*
- *“Dear Colleague” Letter GEN-95-26* includes information on the components of the “85 Percent Rule” (85/15 ratio) and how to calculate the percentages.
- *“Dear Colleague” Letter _____* (reporting on changes)

SESSION CONTENTS

1. Lecture Notes
 - ♦ Three Types of Institutions
 - ◇ Chart—What’s Your Institutional Type?
2. Need To Know
 - ♦ Requirements for Initial Participation
 - ◇ Flowchart—Application for Approval to Participate in Federal Student Aid Financial Aid Programs

SESSION CONTENTS (cont'd)

- ◇ Questions About Participating in Federal Student Financial Aid Programs
 - Chart—IPOS Case Management Teams
- ◆ Requirements for Continued Participation
 - ◇ DCL _____, Charts 1 and 2
- ◆ Loss of Eligibility
- 3. Practice
 - ◆ Review Quiz
- 4. Back at the Office
- 5. Answer Key

LECTURE NOTES

Three Types of Institutions

There are three types of eligible postsecondary institutions (see *The 1997-98 Federal Student Financial Aid Handbook*).

- Institution of Higher Education
- Proprietary Institution of Higher Education
- Postsecondary Vocational Institution

The major differences relate to control (public or private; nonprofit or for-profit) and the eligible educational programs that a school offers. Refer to page 3-6 in the Handbook and, on the next page, check the definition(s) that apply to your school.

LECTURE NOTES

Replace with page 3 of PW 3, pg. 3-13

NEED TO KNOW

Requirements for Initial Participation

To begin participating in Title IV programs, a school must:

- designate an individual to administer SFA programs;
- demonstrate that it is financially responsible;
- offer at least one eligible program;
- define its academic year; and
- determine whether programs will be measured in credit hours or clock hours.

NEED TO KNOW (Cont'd)

Insert page 5 of PW 3, pgs 3-13

NEED TO KNOW (Cont'd)

replace with page 6 of PW 3, pages 3-13

NEED TO KNOW (cont'd)

replace with page 7 of PW 3, pages 3-13

NEED TO KNOW (cont'd)

replace with page 8 of PW 3, pages 3-13

NEED TO KNOW (cont'd)

Requirements for Continued Participation

To maintain institutional eligibility and to continue participating in Title IV programs without interruption, a school must:

- maintain accreditation with a nationally recognized accrediting agency;
- maintain licensing with the appropriate state licensing board(s);
- continue compliance with other institutional eligibility regulations and Title IV program requirements;
- apply for recertification of their PPA at least 90 days prior to the PPA's expiration date; and
- submit to ED changes to information that the school reported on the "Application for Approval to Participate in Federal Student Financial Aid Programs."

replace with page 10 of PW 3, pages 3-13

replace with page 11 of PW 3, pages 3-13

replace with page 12 of PW 3, pages 3-13

replace with page 13 of PW 3, pages 3-13

NEED TO KNOW (cont'd)

Loss of Eligibility

A school loses eligibility if it:

- changes ownership,
- closes,
- ceases to provide eligible educational programs,
- allows its PPA to expire, **or**
- fails to meet eligibility requirements.

However, a school must still fulfill various close-out obligations to ED as described in the Handbook.

ED may take corrective actions and impose sanctions on schools, such as:

- collecting from schools any improperly used Title IV funds,
- imposing fines, **or**
- imposing limitations, suspension, or termination actions.

PRACTICE

Review Quiz

Use *The 1997-98 Federal Student Financial Aid Handbook*, pages 3-9 through 3-16, to find the answers to the following questions.

1. Which two types of applicants must a school admit as regular students?

2. ATB stands for _____. It is a:

- a. school eligibility requirement
- b. state eligibility requirement
- c. student eligibility requirement

3. Which type of institution must meet the “85 Percent Rule” to be eligible to participate in Title IV aid?

- a. public
- b. proprietary
- c. private
- d. all of the above

4. Which two Title IV programs are excluded as revenue from Title IV program funds when calculating the “85 Percent Rule?”

5. Define the “Two-Year” Rule.

BACK AT THE OFFICE

Back at the office, you should:

- Verify that your school is properly accredited by a nationally recognized accrediting agency.
- If your school is accredited by several nationally recognized accrediting agencies, select the **one** agency your school will designate for ED to use in determining your eligibility and continued eligibility.
- Read the Handbook, Chapter 3, Sections One and Two on institutional and program eligibility and administrative and fiscal standards.
- Read DCL _____ on the changes that must be reported to ED.
- Read DCL GEN-95-26 on the 85/15 rule.
- _____
- _____
- _____

ANSWER KEY

Review Quiz

Use *The 1997-98 Federal Student Financial Aid Handbook*, pages 3-9 through 3-16, to find the answers to the following questions.

1. Which two types of applicants must a school admit as regular students?

Persons with a high school diploma (or its recognized equivalent)

or

Persons beyond the age of compulsory school attendance who have the ability to benefit from a postsecondary education.

2. ATB stands for ability to benefit. It is a:
 - a. school eligibility requirement
 - b. state eligibility requirement
 - c. **student eligibility requirement**
3. Which type of institution must meet the 85 Percent Rule to be eligible to participate in Title IV aid?
 - a. public
 - b. **proprietary**
 - c. private
 - d. all of the above
4. Which two Title IV programs are excluded as revenue from Title IV program funds when calculating the 85 Percent Rule?

Federal Work-Study (FWS) and State Student Incentive Grant (SSIG)

5. Define the “Two-Year” Rule.

To be eligible to apply for Title IV participation, proprietary schools and postsecondary vocational institutions must have been providing continuous postsecondary instruction to prepare students for gainful employment in a recognized occupation for at least two consecutive years (24 months).