

EXHIBIT 70

Publication Date: May 22, 2015

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09

Subject: 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 and Further Continuing Appropriations Act of 2015 to the Title IV eligibility of students who are not high school graduates.

Dear Colleague:

The Consolidated and Further Continuing Appropriations Act of 2015 (Pub. L. 113-235) was enacted on December 16, 2014. The new law changed section 484(d) of the Higher Education Act of 1965, as amended (HEA), 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 ability to benefit (ATB) alternatives, but only if the student is enrolled in an "eligible career pathway program" as defined in section 484(d) (2) of the HEA and discussed more fully below.

This letter describes the changes made to section 484(d) of the HEA by Pub. L. 113-235, including the reinstatement of ATB alternatives for student eligibility and the statutory definition of an eligible career pathway program for purposes of Title IV aid eligibility. The letter identifies the ATB tests that are currently approved by the Secretary of Education. It also provides information regarding the retroactive implementation of the provisions described above.

Finally, the letter discusses an additional change made to section 401(b)(2)(A)(ii) of the HEA by Pub. L. 113-235. That change provides that students who first enroll in any Title IV eligible postsecondary program on or after July 1, 2015, and who gain eligibility under one of the ATB alternatives, will have their Federal Pell Grant award determined under an alternative Pell Grant disbursement schedule. That provision is described below, and the 2015–2016 Career Pathway Alternative Pell Grant Disbursement Schedules are

Unchanged Student Eligibility Provisions

Public Law 113-235 did not change any of the provisions allowing an otherwise eligible student to receive Title IV aid if the student meets one of the following conditions:

- High School Diploma: The student has a high school diploma.
- Recognized Equivalent of a High School Diploma: The student has the recognized equivalent of a high school diploma, defined in the regulations at 34 CFR 600.2 as:
 - A General Educational Development Certificate (GED);
 - 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;
 - An academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree; or
 - For a person who is seeking enrollment in an educational program that leads to at least an associate degree or its equivalent and who has not completed high school, but who excelled academically in high school, documentation that the student excelled academically in high school and has met the formalized, written policies of that postsecondary institution for admitting such students.
- Homeschool: The student has completed a secondary school education in a homeschool setting that is treated as a homeschool or private school under State law and has obtained a homeschool completion credential. If State law does not require a homeschool student to obtain a homeschool credential, the student has completed a secondary school education in a homeschool setting that qualifies as an exemption from compulsory school attendance requirements under State law.

Statutory Change

Under Pub. L. 113-235, students who are enrolled in an eligible career pathway

program, as defined in section 484(d)(2) of the HEA, on or after July 1, 2014, and who are not high school graduates, or do not meet one of the other eligibility conditions listed above, may be eligible to receive Title IV aid if the student meets one of the following ATB alternatives as defined in section 484(d)(1):

- Passes an independently administered Department of Education approved ATB test.
- Completes at least 6 credit hours or 225 clock hours that are applicable toward a degree or certificate offered by the postsecondary institution.
- Completes a State process approved by the Secretary of Education. *Note: To date, no State process has ever been submitted for the Secretary's approval.*

A student who meets one of those alternatives may use that alternative to establish his or her Title IV eligibility at any eligible Title IV institution where the student enrolls in an eligible career pathway program as defined in section 484(d)(2) of the HEA.

Eligibility of Other Students Without a Valid High School Diploma (Grandfathered Students)

In 2012, the Consolidated Appropriations Act of 2012 (Pub. L. 112-74) amended section 484(d) of the HEA to allow a student without a high school diploma (or its recognized equivalent), or who did not complete a secondary school education in a homeschool setting, and who was enrolled in an eligible program at a Title IV institution prior to July 1, 2012, to be eligible for Title IV aid under the previous ATB alternatives. This provision was explained in Dear Colleague Letter [GEN-12-09](#), and the eligible students were referred to as having been “grandfathered.” The new provision in Pub. L. 113-235 does not affect the eligibility of students grandfathered under the 2012 provision.

Eligible Career Pathway Programs

Career pathways refer to a combination of rigorous and high-quality education, training, and support services that are aligned with the skill needs of industries in State or regional economies, preparing individuals to be successful in secondary or postsecondary education programs and the labor market. In recent years, the Federal government has worked to identify the elements of a high-quality career pathway program. Under Pub. L. 113-235, Congress provided an opportunity for students who are enrolled in eligible career pathway programs, but who lack a high school diploma or its recognized equivalent, or who did not complete a secondary school education in a homeschool setting, to become eligible for Title IV aid using one of the ATB alternatives.

To become eligible for Title IV aid under one of the ATB alternatives described above, the student must be enrolled in an “eligible career pathway program,” as defined in section 484(d)(2) of the HEA. Any institution, whether public, nonprofit, or for-profit, may offer an eligible career pathway program.

An eligible career pathway program must:

- Concurrently enroll students in connected adult education and eligible postsecondary programs;
- Provide students with counseling and supportive services to identify and attain academic and career goals;
- Provide structured course sequences that—
 - Are articulated and contextualized; and
 - Allow students to advance to higher levels of education and employment;
- Provide opportunities for acceleration for students to attain recognized postsecondary credentials, including degrees, industry relevant certifications, and certificates of completion of apprenticeship programs;
- Be organized to meet the needs of adults;
- Be aligned with the education and skill needs of the regional economy; and
- Have been developed and implemented in collaboration with partners in business, workforce development, and economic development.

As stated above, an eligible career pathway program contains two components: an adult education component and a Title IV eligible postsecondary program component. In this context, “adult education” has the same definition as it does under the Adult Education and Family Literacy Act, Title II of the Workforce Innovation and Opportunity Act (Pub. L. 113-128) and includes academic instruction and education services below the postsecondary level that increase an individual’s ability to:

- Read, write, and speak in English and perform mathematics or other activities necessary for the attainment of a secondary school diploma or its recognized equivalent;
- Transition to postsecondary education and training; and
- Obtain employment.

The Title IV eligible postsecondary program component of an eligible career pathway program must meet the definition of an eligible program under 34 CFR 668.8 in order for students enrolled in the eligible career pathway program to be eligible for Title IV aid.

An eligible career pathway program, as defined in section 484(d)(2) of the HEA, is not itself an eligible program under 34 CFR 668.8 because it contains an adult education component that includes, by definition, coursework that is below the postsecondary level. Therefore, an institution may not include the cost of the adult education component of an eligible career pathway program in a student's cost of attendance as defined in section 472 of HEA and may not pay for the cost of the adult education component using Title IV aid. The only costs that can be included in a student's cost of attendance are those associated with the Title IV eligible postsecondary program component.

Similarly, credit or clock hours associated with adult education coursework cannot be incorporated into a student's Title IV enrollment status, regardless of whether the institution considers the adult education coursework to be remedial. However, costs for noncredit or reduced credit remedial coursework that is not part of the adult education component of the eligible career pathway program, but is associated with the Title IV eligible postsecondary program component, can be included in a student's cost of attendance. That coursework can also be included in the student's Title IV enrollment status. For more information on remedial coursework, please see Volume 1, Chapter 1 of the FSA Handbook.

Under the statute, a student is not eligible for Title IV aid if the student is enrolled in elementary or secondary school. However, while the adult education component of an eligible career pathway program includes instruction below the postsecondary level, adult education is not secondary school education. Therefore, a student enrolled in an eligible career pathway program does not lose eligibility because the student is not considered to be enrolled in secondary school.

As noted above, the term "career pathway program" is also defined in the Workforce Innovation and Opportunity Act, and in other laws, including State and local laws. The definition of an eligible career pathway program under section 484(d)(2) of the HEA may differ from definitions in these other laws. A program that qualifies for funding under the Workforce Innovation and Opportunity Act or another law may not meet the definition of an eligible career pathway program in section 484(d)(2) of the HEA. To provide Title IV aid to students who are eligible only through one of the ATB alternatives allowed under the new law, an institution must ensure that its eligible career pathway program(s) meets the requirements under section 484(d)(2) of the HEA as described above.

Approved ATB Tests

As of the date of this letter, the approved ATB tests are:

<u>Test Publisher Name:</u>	<u>Test Name:</u>
ACT Inc.	ASSET, COMPASS, and COMPASS ESL
Association of Classroom Teacher Testers (ACTT)	Combined English Skills Assessment (CELSA)
The College Board	ACCUPLACER
Wonderlic Inc	Wonderlic Basic Skills Test

Effect of Timing of ATB Test and Completed Credits on Eligibility for Title IV Aid

A student who was enrolled in an eligible career pathway program as of July 1, 2014, and who meets one of the ATB alternatives prior to July 1, 2014, may be awarded a Federal Pell Grant, TEACH Grant, and any aid from the Title IV campus-based programs beginning with the first payment period of the 2014–2015 award year in which the student was enrolled. A Direct Loan can be awarded for the entire loan period that includes July 1, 2014.

A student who was enrolled in an eligible career pathway program as of July 1, 2014, and who meets one of the ATB alternatives on or after July 1, 2014, may be awarded a Federal Pell Grant, TEACH Grant, and any aid from the Title IV campus-based programs beginning with the payment period in which the student meets the ATB alternative. A Direct Loan can be awarded for the entire loan period that includes the date when the student meets the ATB alternative.

Career Pathway Alternative Pell Grant Disbursement Schedules

In general, the Federal Pell Grant Program receives funding from two sources in the Federal budget, *discretionary appropriations* and *mandatory funding*. Public Law 113-235 amended section 401(b)(2)(A)(ii) of the HEA, which provides the amount of Pell Grant funds a student who is enrolled in an eligible career pathway program is eligible to receive. Beginning with the 2015–2016 award year, some students, as described below, will only be eligible for the amount provided under the discretionary appropriation. These Limited Pell Grant awards for such students will be determined using the appropriate Career Pathway Alternative Pell Grant Disbursement Schedules that are attached to this letter.

Limited Pell Grant – Any student whose first enrollment in any Title IV eligible postsecondary program was on or after July 1, 2015, and is eligible under one of the ATB alternatives for enrollment in an eligible career pathway program, will only be eligible for a Limited Pell Grant award. Institutions must use the attached Career Pathway Alternative Pell Grant Disbursement Schedules to determine the amount for which the student is eligible. The maximum Limited Pell Grant amount that such a student may receive for enrollment in an eligible career pathway program for the 2015–2016 award year is \$4,860.

Note that the Career Pathway Alternative Pell Grant Disbursement Schedules use the same maximum Pell Grant eligible expected family contribution (EFC) that was used to develop the Regular Federal Pell Grant Payment and Disbursement Schedules. Once the student's annual award amount is determined using the Career Pathway Alternative Pell Grant Disbursement Schedules, all other Pell funding calculations (e.g. determining the Pell Grant amount for each payment period) are the same as those used for Regular Pell Grant awards, but based on the Career Pathway Alternative Pell Grant Disbursement Schedules.

Although a student in an eligible career pathway program may have his or her Pell Grant award determined using the Career Pathway Alternative Pell Grant Disbursement Schedules, calculation of the percentage of the student's annual Scheduled Award used will be based on the student's full Scheduled Award under the Regular Federal Pell Grant Payment Schedule. For example, a student in an eligible career pathway program who is only eligible for a Limited Pell Grant award and has an EFC of 0 for the 2015–2016 award year will only receive \$4,860 if that student attends full-time for the full year. The student would only have used 84.1558 percent ($\$4,860 / \$5,775$) of the student's Scheduled Award for the 2015–2016 award year. For more information on calculating Pell Grant awards please see Volume 3, Chapter 3 of the FSA Handbook.

Regular Pell Grant – Any otherwise eligible student whose first enrollment in any Title IV eligible postsecondary program was before July 1, 2015, and who is enrolled in an eligible career pathway program in or subsequent to the 2015–2016 award year, is eligible for a Regular Pell Grant award. For these students, institutions must use the Regular Federal Pell Grant Payment and Disbursement Schedules published in GEN-15-02 for the 2015–2016 award year and the Federal Pell Grant Payment and Disbursement Schedules that are published annually for subsequent award years.

For a student who enrolls in an eligible career pathway program on or after July 1, 2015, an institution must determine whether the student should receive a Regular Pell Grant award or a Limited Pell Grant award based on when the student began attendance in any Title IV eligible postsecondary program, without regard to whether the student

received Title IV aid. For example, consider a student who enrolled in a Title IV eligible postsecondary program at School A in August 2003 in the 2003–2004 award year and then enrolls in an eligible career pathway program at School B in December 2015 in the 2015–2016 award year. Because this student first enrolled in a Title IV eligible postsecondary program before July 1, 2015, the student would be eligible for the Regular Pell Grant amount (using the schedules from GEN-15-02) at School B for a maximum Pell Grant amount of \$5,775 in the 2015–2016 award year, regardless of whether the student received Title IV aid for the earlier enrollment at School A.

Documentation – An institution must document its determination as to whether a student qualifies for a Limited Pell Grant award or a Regular Pell Grant award for the 2015–2016 award year and for any subsequent award years. If the institution’s determination is that the student is eligible for a Regular Pell Grant award, such documentation could include documentation from the National Student Loan Data System that the student previously received Title IV aid, or a transcript or other documentation from a previous institution that demonstrates that the student was enrolled in an eligible program at a Title IV institution.

Title IV Eligibility for Students Without a Valid High School Diploma or Its Recognized Equivalent Who Are Eligible Under One of the ATB Alternatives

The following chart provides a summary of the conditions under which a student who does not have a high school diploma or its recognized equivalent may be eligible for Title IV aid.

Title IV Eligibility for Students Without a Valid High School Diploma or Its Recognized Equivalent Who Are Eligible Under One of the ATB Alternatives				
		First Enrolled in Any Title IV Eligible Postsecondary Program		
		Prior to July 1, 2012 (Grandfathered Students)	On or after July 1, 2012, but prior to July 1, 2015	On or after July 1, 2015
Title IV eligible postsecondary		Eligible for Title IV aid, including a <u>Regular Pell</u>	Eligible for Title IV aid, including a	Eligible for Title IV aid, including a

	program that is part of an eligible career pathway program	Grant award* for all award years, including 2014-2015 and thereafter	<u>Regular Pell Grant award*</u> for only 2014-2015 and thereafter	<u>Limited Pell Grant award**</u> for only 2015-2016 and thereafter
	Title IV eligible postsecondary program that is NOT part of an eligible career pathway program	Eligible for Title IV aid, including a <u>Regular Pell Grant award*</u> for all award years, including 2014-2015 and thereafter	Not eligible for Title IV aid	Not eligible for Title IV aid

* To award and disburse Pell Grant funds to these students, institutions would use the Regular Pell Grant Payment and Disbursement Schedules described in [Dear Colleague Letter GEN 14-01](#) for 2014-2015 and [Dear Colleague Letter GEN 15-02](#) for 2015-2016

** To award and disburse Pell Grant funds to these students, institutions would use the Career Pathway Alternative Pell Grant Disbursement Schedules. The 2015-2016 Career Pathway Alternative Pell Grant Disbursement Schedules are attached with this Dear Colleague Letter

If you have questions about the guidance provided in the letter, 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.

Sincerely,

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

Attachments/Enclosures:

[GEN-15-09: Title IV Eligibility for Students Without a Valid High School Diploma Who Are Enrolled in Eligible Career Pathway Programs in PDF Format, 458KB, 9 Pages](#)

[2015-2016 Career Pathway Alternative Pell Grant Disbursement Schedules in PDF Format, 993KB, 8 Pages](#)

[2015-2016 Career Pathway Alternative Pell Grant Disbursement Schedules in Excel Format, 124KB](#)

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