

And I'm Fred Sellers from the Office of Postsecondary Education. I hear reverberation now, and I want to apologize, first of all, for not having the handouts. They were subject to departmental review, and so they didn't get posted as timely, apparently. I didn't know that yesterday when we were doing our state authorization session, and there's one place in a case study where it would've been really valuable. You see I said print one side as a full page on the opening slide, and we'll get to that, but it's broken down into pieces and hopefully you can still follow the case. And as I understand it, these things are getting recorded and will be posted, so you'll be able to go back through it.

The topics in this session, basically, center on the adoption of the definition of a "credit hour," some of the requirements that we did and the recognition of accrediting agencies by the secretary and also clock-to-credit-hour conversion changes that we made. So, basically, it's all around credit hours in some way. We'll probably deal with questions at the end. I'm gonna try to go through this. It's actually quite a fairly long session in terms of presentation, so I'll do my best to speed it up a little.

As you know the credit hour – and someone yell at me if I fail to advance slides. You won't know I'm not. Oh, where is it? There. Where do I have to aim it? All right. We, basically, approached this as part of the negotiating rulemaking for the program integrity regulations, and we were pursuing the different provisions to assure better oversight of our programs, and that's one of the reasons we chose to address credit hour and the clock-to-credit-hour conversion. And as y'all heard in the opening session, in a way, that need has only increased as federal funding has increased. We need to make sure we're making the best use of our Title IV funds out there.

In addition, this was partly driven by the credit hour by the IG studies. They went to three of our accrediting agencies with institutions that enroll 70 percent of our recipients, and they found problems in the accrediting agencies' oversight of credit hours. So that was partly why we were addressing these issues, too.

Now, then, y'all have seen slides like this before, I know, and I just wanna point out we started with hearings. We did negotiations. I see one of the non-federal negotiators on the front row, Elaine Neely. We had really great non-federal negotiators at these rounds of negotiation, and they were quite lengthy. In fact, we had co-federal negotiators 'cause Carney shared it with me – Carney McCullough – and credit hour was one of my issues that we negotiated.

One of the things that happened, though, is we did not achieve consensus during the negotiations, and what that means is the department, of course, does what it things best at that point. In terms of the credit hour provisions, it pretty much was what was on the table at the end, except that we had agreed to drop the definition of a "credit hour," but we reinserted it 'cause we thought that was the best way to go. We were dropping it trying to achieve consensus, and since we didn't achieve it, we went with the way we thought was best.

Audience: *[Inaudible comment].*

I'm sorry?

Audience: [Inaudible comment].

Oh, that's – what – next door? Ooh. All right. Sound issues everywhere. Is the door open? Oh, it's just loud. All right, I'll see what I can do about being even louder. I can usually be loud, as Elaine knows.

So what we proposed, we had tentative agreement, yeah, and so what we proposed was a bit different. We also adjusted a bit of the clock-to-credit-hour provisions to the way we thought was best, but in general, those provisions were, pretty much, where we were headed. We actually had, overall, tentative agreement on this issue in the negotiations based on what was on the table at the end, but since we did not have consensus, we went back and looked at what we thought was best.

And of course, based on the public comment – we had about 1,200 – we published final regulations last October, and there's a technical corrections package, and there are a couple of important corrections on credit-hour issues that you need to pay attention to, but the final regs did take into account the public comment. We really value public comment. I think sometimes folks don't think we do, but we do very much, and one of the places you can see that is in the definition of "credit hour."

We adjusted it trying to emphasize more that it's institutional determinations of credit hour and that there's a lot of flexibility there. These regs were effective July 1, 2011, so you're expected to have started making a good-faith effort to implement them, and that means actually implementing them.

I wanna step back here and talk a little bit about more **and mention** a couple of other points about negotiated rulemaking just to – because some folks may not have heard things like this. You should always review a proposed regulation and provide us your comment, and you should tell us what you like, as well as what you don't like 'cause if you only tell us what you don't like, we may do something wrong based on that public comment.

And then after we get to the final rule, you need to continue to study both preambles. In these slides, you'll notice I gave you the page numbers in the preamble that are relevant, and that's because even the proposed rule preamble has remained relevant for these regulations 'cause there's some policy discussion there about the regulations that's not repeated in the final, but it's still valid 'cause we made no changes in the final. That's true of regulations, in general, but it's really fairly important in this one.

And then, also, I'll just point out, I'm seeing questions that were answered in the preambles that people send in. So if you read the preamble you might get your question answered. You might have more questions. I recognize that. Okay? So that's about the negotiations, so let's go into what we really have here.

We created a definition of a credit hour that we adopted in the final regulations, and it's for purposes of federal programs, right? It provides a definition of a credit hour or its equivalent – that goes back to the flexibility – and it establishes a consistent measure of eligibility for, and payments of, Title IV – of federal funds. I should say federal funds 'cause this is actually over in the general – the institutionally eligibility regs, not directly

in Title IV regs. So this is established only for federal purposes. So a school might have Title IV credit hours but academic credit hours that are different if they have some other way of dealing with stuff that wouldn't conform, though I think we thought we designed something that pretty much would address kinds of issues schools would have 'cause we believe we built in the flexibility.

One thing I wanna point out here, one of the things that drives this definition is, what do we pay for with student aid? We pay for student learning work, right? We don't pay for credits earned from AP or IB programs. We don't pay for testing out of programs. Those credits don't count toward enrollment status or any similar competency measures where there's not been student work involved and attending class or out-of-class research or something like that.

So these are all credits that are not earned by student learning work that I just described, and therefore, we never look at those in what we're gonna pay for. We don't count 'em in enrollment status. So this definition was really about, when do we have student work going on so we can measure what we're paying for, basically. So let's go into this definition, and it's spread over three slides. It was just big enough that it was kinda hard.

The lead-in, basically, is that a credit hour is an institutionally established equivalency of an amount of student work represented in intended learning outcomes and evidence of student achievement that reasonably approximates minimum measures. All right, that was a mouthful, I know. And this is a place where the definition was changed. The principles in this lead-in actually were in an add-on to try to describe flexibility, but we moved it up to emphasize that flexibility and that it's about institutionally determined credit hours so that's why I wanna talk about two or three phrases in this thing.

One is "institutionally established." You determine what the credit hours are for a partner, what the appropriate accredit hours are. Our only question will be, does it conform with the minimums we set forth in these regulations? And it's about an equivalency of an amount of student work. It doesn't necessarily always mean classroom time. It may vary depending on the kind of educational activity, so that's part of the flexibility here.

And then another key phrase in that, it says, "Reasonably approximates the minimum measures," right? So that means you have to be sort of inline with this. We recognize there are variations. I think the question that gets me most is, "Does an hour mean 60 minutes?" Well, a 50-minute period of class is gonna count as an hour 'cause that reasonably approximates an hour of classroom time, all right?

So that's our lead-in, and then what did we describe in the definition? Basically, the Carnegie unit, the traditional definition of a "credit hour," where you have one hour of classroom time and two hours of out-of-class work per week over a 15-week semester for one semester hour and sort of the equivalent for a quarter hour, where you have a 10- or 12-week term. That's a quarter. But you're not required to use these ratios. Remember, all of that reasonably approximates.

One of the first questions I remember getting, "Oh, well, they're working on all this outside, and they only come in for one hour a week." Well, that could still be a three-credit-hour course, for example, or a four-credit-hour course depending on the amount out-of-class student work. It just has to, as we said, reasonably approximate the amount of work in this description of a Carnegie unit. It doesn't have to conform exactly to this, all right? 'Cause we also led in, here, with "approximate," not "less than," and it's a minimum measure, so you may award less credit than the amount of student work that's being done. That happens in some situations. The school makes that choice.

All right, now, then – oops, oh, I had highlighted those pieces. All right, and then the final part of the definition said that it must approximate equivalent work for other academic activities as established by the institution. So once again, it's the institution making a determination, and we know these kinds of things. Lab work may have no out-of-class preparation. I mean, classically, a science course that's four credit hours has three semester hours that are classroom time and a three-hour lab a week that counts as one credit hour 'cause there's no out-of-class work, so that's an approximate equivalent, right?

And so this is all very open-ended. It doesn't mean you must use credit hours. It means you have to have some measure and that you have to make sure to approximate these. I know some schools use units if I'm tracking this right. And in that situation, if 4 units is the equivalent of 12 semester hours of student work, fine. We'll assume that that is equal to being a full-time student for a semester, for example.

So you need to pay attention to these alternatives. So we're trying to provide you the flexibility so that you can deal with alternative delivery methods, measurements of work, or academic calendars to determine the intended learning outcomes or verify student achievement. So that's a rundown of the definition of a "credit hour." And if you really pay attention to what we did in it – and it may strike some folks as a bit subtle, but it's there.

We made sure it's the institution that's determining the credit hours, and that you had a fair amount leeway in how you went about that, okay? And we also are pointing out this is only for federal purposes. If you really feel you need a separate measure for academics, that's fine, but you do all Title IV using a measure that conforms to this definition, okay?

The next area that we regulated, that goes with this, are accrediting agencies and state agencies because these are the entities that have some oversight, and so we are amending the secretary's recognition of nationally recognized accrediting agencies and of state agencies for the approval of postsecondary vocational education. And we actually adopted these portion of the regs based on what are non-federal negotiators from the accrediting agencies recommended and worked pretty closely with them to make sure we did what they thought was workable and what met our concerns. And we believe that these provisions reinforce the concept that credit hours our institutionally established.

So what did we do here? For accrediting agencies, we amended the portion of the recognition regs for our agencies that seek to have their institutions eligible for Title IV

aid. It's a special part of the accrediting agency recognition regulations, and basically, it requires that an accrediting agency do an effective review, an evaluation of the reliability and accuracy of the institution's assignment of credit hours. As part of the agency's review of an institution for initial accreditation or pre-accreditation or renewal of accreditation, right? Those are the points where they would go look at this.

The agency must review the institution's policies and procedures for determining credit hours as defined in 600.2, the definition we just went over, and it has to also look at the institution's application of their policies and procedures to their programs and coursework. After doing that, they're expected to make a reasonable determination about whether the institution's assignment of credit hours conforms to commonly accepted practice and higher education.

And then this was something they wanted very much: They wanted to be able to use sampling or other methods. We put it in the reg. We would've agreed to this as a matter of policy, but it's specifically in the reg.

All right, once they've done this, they need to take any actions they deem appropriate if they identify deficiencies in an institution's determination of credit hours. And if they find systemic non-compliance with the agency's policies or significant non-compliance regarding one or more programs at the institution, they must promptly notify the secretary. This is supposed to be when they identify a truly egregious problem, not when they say, "Oh, you got off on this one course by not taking into account some little thing here." It's about something systemic and important, not the little nice to-do things that – you know, adjustments that need to be made.

There's no requirement that an accrediting agency or state agency make determinations about credit hours assigned to individual coursework, though some agencies are providing such reviews. I think the national agencies are the key agencies doing this. They're working with their schools much more closely and looking at how the schools are assigning credit hours, but that's okay. It's more than we asked for, but that's fine, and it probably is a good thing for those schools. It's the institution's responsibility to ensure its compliance with the Title IV regs, though, ultimately.

Now then, that's what we did over with accrediting agencies. For the state agencies, for the approval of public postsecondary vocational institutions, we, basically, adopted the same principles 'cause their regs lay out pretty much like the accrediting agency regs, and there's only four states now with recognized state agencies: New York, Pennsylvania, Oklahoma, and Puerto Rico.

One of the confusions that seemed to happen during the proposed rule, where somehow people conflated this with the state authorization requirements and thought somehow the state authorization requirements were requiring the approval of credit hours at all schools in the state, and that's not true by the state agency. That's simply not true. This was a very specialized area, and it had nothing to do with the state authorization requirements.

All right, now that was, perhaps, the easy portion of this, and we seem to be progressing pretty well. So we've looked at the first three areas: the definition of a credit hour,

accrediting agency requirements, and the state approving agency requirements. We also looked at our clock-to-credit-hour conversion requirements in conjunction with these because we had had some concerns. Excuse me. These requirements are located in the program eligibility section of the Student Assistance General Provisions and §668.8(k) and (l).

And here, I'm going to be probably a little bureaucratic, and you'll hear me refer to specific section and paragraph citations to try to keep this coordinated 'cause the opening part of this is a bit complex in how we do some determinations. So what this is is an exception to the "credit hour" definition. If you went back and looked at the definition of a "credit hour" in the regulations, it opens with, "Except as provided in 34 CFR §668.8(k) and (l)."

So in other words, if this portion applies, we don't look at that definition we went over earlier. This is what matters, although we may refer back to it, okay? So it stands as an exception to the definition, in a sense, for certain programs. What we did here, this has been on the books since the early '90s – the clock-to-credit hour – or the late '80s – somewhere back there. I had left general provisions from those days, in my deep, dark past, so I wasn't directly involved at that point.

But what we did was we modified the prior regulations, and what we modified were the requirements for when an institution must use clock hours. We won't allow a conversion for a program subject to (k) and (l), and then we also modified the standards for the conversions, so those are the key, broad-stroke description of what we did, and of course, the devil's in the detail. All right, so one of the things I wanna point out is, what does §668.8(k) and (l) apply to? Well, this slide has nothing new on it. §668.8(k) and (l) apply to undergraduate, gainful employment programs, basically, when you really look at the reg and how the citations work out, so I can make that kind of statement.

So what does that mean? It means that for public and private nonprofit institutions, gainful employment programs, they're generally – they're non-degree programs. And for postsecondary vocational institutions and proprietary institutions of higher education, gainful employment programs are generally degree programs and non-degree programs, all right? We're gonna have an exception to this come up, eventually, so don't have heart failure in some of this, all right?

But none of this is new – this layout. One of the things about this area, right here, I'm talking about, I think in some earlier discussions of the regs, folks focused so much on what the new changes were, they lost sight of just what programs are we dealing with when we deal with clock-to-credit-hour conversion. So that's why I wanted to make sure this is clear.

Thanks to the gainful employment regs, we've really looked at providing fairly detailed guidance about what a gainful employment program is. So I put these in here so you have all the references if you have a question about whether program should be considered a gainful employment program.

Now, then, I'm gonna – this may seem counterintuitive, but it seems the best way to present this. We're gonna talk about §668.8(k)(2). Like I said, I'm gonna start talking in section – paragraph numbers 'cause it's the easiest way to keep the concepts straight. Under §668.8(k)(2), some gainful employment programs must use clock hours, and they may not convert for Title IV purposes, right? We're always talking about Title IV purposes.

It doesn't mean you couldn't use credit hours for an academic purpose, but for Title IV purposes, if programs are – if §668.8(k)(2) is applicable, the program must use clock hours. And basically a couple of the major points are the program is required to be measured in clock hours for federal or state approval of the program, or it must be measured – completing the clock hours of a program is necessary for licensure by the students in the occupation they're being trained for. We do provide that a limited – if it's a limited component that's required to be in clock hours, like a practicum, it wouldn't affect whether the program could convert.

One of the questions we've had in relation to these first two bullets is whether a program is subject to one of the requirements because a state requires an institution to report the clock hours on an application for approval or other document. 'Cause this requirement could mean the program is required to be treated as a clock-hour program to the extent the state makes a substantive use of the information. And this is a little bit more information than I think has been out there before because I think some folks have thought it's just any reporting, but if they're making substantive use of it.

So if you believe your state's tracking the reported hours for any substantive purpose, you need to consider it a clock-hour program. If you think they're not really tracking it, you should contact your school participation team. The department will work with the state to determine whether it's considered a substantive use or not and whether this provision will apply.

We're gonna be providing more guidance in a "Dear Colleague" letter. Some of y'all already know I'm retiring at the end of this year, and one of my last goals is to get out – or at least make sure there's been clearance in the department, a "Dear Colleague" letter, addressing issues like this.

Now, then, there's also the final note on this slide. If a state uses another measure, but that measure represent clock hours, we considered the state to require clock hours. This is sort of, as with the reporting issues, we're going to be having to look at the substance of what the state is doing. I've had two examples that have come up already that are pretty clear. One is the Texas Workforce Commission regulations. For example, they define one academic semester credit hour as equal to a minimum of 15 hours of classroom lecture, 30 hours of laboratory experience or 45 hours of externship. In other words, that semester hour equates to clock hours. We, therefore, consider them to be requiring clock hours for these provisions.

In another case I've seen – it's in Alabama – with the regulations of the Alabama Cosmetology Act. They use a term called "credit unit hours," and what that's defined as is one and one-fourth clock hours, okay? So there, that credit, unit, hour, actually

represents clock hours, also. So we would consider programs even as they're reporting credit hours, they're to be using clock hours.

All right, another piece of §668.8(k)(2), in terms of a program that must use clock hours, concerns some program that may otherwise qualify for conversion, but it does certain things that we would say mean it can't be treated as a credit-hour program. It does not continue to provide the clock hours that are the basis for the conversion to credit hours, and it does not require attendance in those hours apart from excused absences. And the excused absence reference is in the "payment period" definition that you have there, where for a payment period, we allow for up to ten percent of the clock hours of a payment period to be excused absences.

So I can try to say this in some other words 'cause I know it's kind of a double negative. So in other words, if the program is subject to the conversion formula, it may convert to credit hours only if it continues to provide the clock hours that are the basis for the conversion, and it requires attendance in those hours, apart, of course, from excused absences. The excused absence piece is one that I've heard as being missed, but we always provided for that. That was even on the table during the negotiations when we looked at this provision.

Then finally, it's basically a catchall provision. The credit hours awarded need to be in compliance with the definition of a credit hour in §600.2. If you're following the conversion formula, you're gonna be okay on this. So this would only arise if you're failing to implement the conversion formula correctly.

Now, then, in terms of the gainful employment programs we cited that are subject to §668.8(k) and (l), we also provide, in §668.8(k)(1), some exceptions to being subject to the conversion formula unless §668.8(k)(2) applies 'cause §668.8(k)(2) is like a "trump," all right? So an undergraduate G.E. program – 'cause we're only dealing with undergraduate programs, and we're basically only dealing with G.E. programs – they may use credit hours as defined in §600.2, the general definition we went over earlier – without applying the conversion formula, if one of two conditions is met.

One is that the program's at least two academic years in length and leads to an undergraduate degree. That's, basically, what that says there, and this is not new. That exception was always there, and we've kept it, right? So, basically, if I'm a proprietary institution, and I have a bachelor's degree program, it's going to meet this condition and not be subject to the conversion formula. You'd be using §600.2.

The other condition is that the G.E. program is an undergraduate, non-degree program, and so this would hit both, all sectors of institutions, public, private, nonprofit, and for-profit, where each course in the program is fully acceptable toward a degree program at the institution, and the institution's able to demonstrate that students enroll in and graduate from that degree program. This provision's not new, though we did modify it to address an abuse. We were seeing cases where institutions created sort of dummy degree programs, claimed all the coursework was transferrable, but never enrolled any students in those degree programs and saying they could meet this provision.

So we provided that they have to demonstrate that students enroll in and graduate from the program, and notice it says "student." How many does it take to have "students" – two? Right? But one of the things that could arise is, if you fail to have students enrolled in the program, there are times in policy we've taken the position you've ceased to offer that program. So if apart from normal, a time's off or something, if you no longer have students enrolling in a program, we may consider it to cease to be an eligible program.

'Cause remember, like with Katrina, when a lot of the schools in New Orleans had to stop offering class? It raised an institution eligibility issue. Were they really offering postsecondary education? So if this situation arises, you should contact your school participation team if that's one degree program that handles this for your non-degree 'cause it could raise an issue about whether you meet this provision.

So we can kinda summarize a little bit here. A G.E. program that doesn't meet Conditions 1 or 2 must either use the conversion formula or use clock hours. That's a school choice if you're not meeting Conditions 1 or 2, all right? And the program may always use clock hours. We're always gonna take clock hours for a program. I even had to work on loan periods with a doctor of medicine degree in clock hours. It really shocked me when I hit it, but the school was offering their doctor of medicine in clock hours.

And if you're using the conversion formula, the program must be eligible to use it. In other words, you need to go through the conditions in §668.8(k)(1) and §668.8(k)(2) and make sure it's okay to use it if the conversion's applicable, and you must properly implement it. Those are some key points to think about as you work with this stuff.

Now, then, all of that leads us to what did we really change in the conversion formula? Okay, we had set up, originally, in the old regs, two ratios: 30 clock hours would equal one semester hour, and 20 clock hours would equal one-quarter credit hour. Well, that assumed a lot about out-of-class student work, and there were questions arising around whether schools really had that much: Are we overpaying? And some of the evidence we're seeing from followup from these regs indicates, in fact, that was the case 'cause some schools are reporting programs strictly based on the new ratios with no out-of-class work taken into account. That would indicate to us that these programs had no out-of-class work, and we were overpaying students.

'Cause what – the ratios we did adopt, 37.5 hours for a semester hour or trimester hour, or at least 25 clock hours for a quarter hour, those are in direct proportion to the hours in a defined academic year. Remember in an academic year we defined – is defined, in part, as at least 24 semester hours, 36-quarter credits, or 900 clock hours. So, basically, those two numbers represent 24 and 36 divided into 900. That assumes no outside work.

However, because we are looking at outside work, like we did in the "credit hour" definition, we are providing an exception in a sense. Now if you're just using these ratios, we're calling it the default option. You can always just use the straight clock hours conversion, like 37.5 into a program of 900 clock hours gives you X credit hours, right?

One of the things that we have noted is if you've got individual classes and activities, you need to be applying it by class or course because it doesn't work to apply it by program. You can't take into account things like where payment periods begin and end and the appropriate credit hours to attribute to a term if it's a term-based program.

Now this default option's not taking into account out-of-class work. The regulations in §668.8(1)(2) – that's an "L" up there in the citation – also provides what we're dubbing the full-formula option, and this is where you decide to take into account the out-of-class student work in a program, all right? In a sense, it's an exception to the new ratios. You didn't have this in the prior regs.

So this is, in fact, a chance to make up for what we changed in the ratios if it's appropriate. So it takes into account out-of-class student work. The credit hours must meet the new "credit hour" definition, but they should if this is done correctly, and your accreditor or state-approving agency has not identified any deficiencies in how you're assigning credit hours for you to be able to use this exception.

All right, the out-of-class student work is based on individual coursework components in the program, for example, classroom study and courses vs. practica with little outside study. There's guidance in the NPRM, and this is why I emphasize you need to go back and read preambles. This guidance appeared in the proposed rule preamble, and since we didn't make any changes that affect that guidance, it's still in effect for the final rule. Some people try to do it just across the program in a blanket, and that just isn't gonna work.

All right, so one other piece of §668.8(1)(2) is regardless of the amount of outside work, each semester hour must include at least 30 clock hours of attendance or a quarter credit must include at least 20 clock hours. So we use the old ratios as minimums we still expect to see there. So what does that really mean? It means that if you don't have that much outside class work, but you're taking into account you may have to use more clock hours per semester hour to come up to 37.5 hours of student work per semester hour or 25 hours per quarter credit. So those are the basic principles around clock-to-credit-hour conversion.

I have a case study. This is where I really wish you had your copy with you, but we'll go through it, and I think I broke it down to where you should be able to follow it on the screen still, but I'll try to go slow and make sure you can take it in as best you can. So our opening slide of the case study that's converting to semester hours, we have a program. It's 720 clock hours, all right? This program consists of 5 classroom courses but 120 clock hours in each course, and it has 120-hour externship with no out-of-class student work, all right?

The institution determines that the first three classroom courses generally require students to perform 40 hours of out-of-class work for each course, and then they determine for the last two courses, there's only eight hours of out-of-class work for each course. All right, that's our basic case study. So we'll be returning to these numbers again and again, right? And then I had a duplicate slide, all right.

So now, then, remember, we have two options our school can do in converting this program. One is just to convert it based on the clock hours and ignore the out-of-class student work. The other way they can go is use the full-formula option and take into account the out-of-class student work. One of the interesting things – 'cause you have flexibilities here – is you can come up with a number of answers to what the conversion formula's gonna give you. It's gonna depend on the institutional policy on which option you adopt, and it will depend on how you deal with rounding.

Under the default option, you'll see when we go through this, there are two possible answers driven by rounding – 19.2 hours or 18 semester hours. And for the full-formula option, you got three possible answers in this case study, partly 'cause I gave you an alternative way of rounding. So you get 22.026 without rounding or 22 or 21 with rounding, okay? So you need to set up a policy about how you're implementing the stuff that would apply to the program.

And you're always rounding down. I should emphasize this to ensure no overpayments. So even if the fraction is greater than one-half, you round that down. So if you get a fraction of 0.7, you round that down if you're rounding because otherwise you'll be creating an overpayment. And the other reason we're doing this course by course is because we need to know the credit hours that belong to a term or where the credit hours of the coursework for determining the end of non-term payment period. So you really can't do this blanket and be able to fulfill other requirements in Title IV.

All right, now, then, if our institution were to go with the default option, you know, each of these courses, all six of them, had 120 clock hours in 'em, right? So they're just gonna divide by the 37.5 clock hours per semester hour, and the answer is 3.2 hours per course or 3 if you're rounding. So you always calculate course by course, and you always round down any fraction.

So what does that leave us with? In the case of this program, if they didn't do rounding, they'd get 3.2 times 6 'cause there were 6 courses, remember? So that's 19.2 semester hours. If they did rounding, they're gonna come up with 18 semester hours 'cause they had to round down that 0.2.

I think most people retain the fractions from what I've seen 'cause I used to see these back when I was dealing with Pell payments and non-term programs, especially, and I saw all these fractions flying around in some of the programs. But you have the option of rounding down if you wanna keep it simpler.

Okay, now, then, let's look at the full-formula option, and this is the page I wish you had printed fully out, but I have highlighted and blown-up pieces of it, so you should be able to follow it. This is a way of implementing the full-formula option to make sure you take into account all of the principles in the conversion. It may not be the only way mathematically that would work, but it is a way, and I wanted to make sure folks had, at least, some guidance on a way that was sort of a safe harbor.

The first part of this formula – we're gonna walk through this piece by piece 'cause you can't just look at this chart and follow it. I recognize that. So the first part we're gonna

talk about is that upper left-hand corner **that** I've highlighted, and we'll see that piece in the next slide. That's what I just was highlighting, and basically all it's doing is laying out the six courses, right? The first 3 with 40 hours of actual out-of-class student work, the fourth and fifth course with the 8 hours of out-of-class work, and the externship with no out-of-class work. The box you'll see down at the bottom of the slide, generally, just sort of describes a principle this area of the case study's illustrating. So, basically, we've described the characteristics of each course in our case study.

Now, then, we're going to look at how we will arrive at the total clock hours and preparatory hours that can be considered in determining the clock hours for the first three courses. So we're gonna be looking at these pieces, and I don't know that – is it legible, the middle piece there? I hope so because I know the print was kinda small. Basically, it's the footnote (A) you see up in the upper right.

But we have our three courses. They had 120 hours of classroom time. Then we get, what are the allowable out-of-class prep hours? Well, that's what the footnote (A) is about. It's taking into account the limitation that there could not be more than 7.5 hours of out-of-class work per 30 clock hours of attendance to be a semester hour. And so how that's done is we're going to look at – we have 120 hours – right? – in classroom time. Well, you divide that by 30, and that gives you the proportion of the hours of classroom time to 30 hours.

And then you can look at the out-of-class work and divide that by 4. That's what you see on the second line to the right in parentheses, and that equals 10. That's the amount of out-of-class work per 30 hours in this course. Well, that's greater than 7.5 per 30 hours, so that means you have to default to counting only 7.5 hours of out-of-class work per 30 hours for this course.

So what you do, then, is you multiply – we said there were, in proportion to 30 hours, the number is 4, right? So 4 times 7.5 is gonna give you 30 hours of out-of-class work that are allowable under these regulations, right? So for this course, the total allowable clock and preparatory hours for making the conversion is going to be 150. You'll add the 30 to the 120. That way, you've taken into account the 7.5 limitation, and this also illustrates that this sort of out-of-class work apply to each course. They don't carry over in other places.

Now, then, let's look at the second two courses. They're a little different. Remember, they only had eight hours of out-of-class work. Well, you divide eight by four, and you get two. That's less than 7.5. So in this case you know you count all of the out-of-class work. So you're gonna count 120 hours plus 8 to give you the total hours that you're gonna consider in the conversion – 128 there.

Now, then, our externship is the easy one. There was no out-of-class work, anyway, so it's just 120 hours are gonna count in making the conversion. So the total number of allowable hours to be considered in the conversion comes to 826, but this is not a relevant number 'cause we don't look at the total. We look at each course.

So now, we know our total number of prep hours and semester hours – prep hours – so we divide those by 37.5, and you can see in the footnotes there. It's (C). You had 150 hours that were allowable, divided by 37.5. You're gonna get four credits for that course. For the second set of courses, the 2 courses with 8 hours of out-of-class work, you're going to be dividing 128 hours by the 37.5, and for those courses, they have 33.413 credits that are applicable. And then, of course, with the externship, we only had 120, and you divide that by 37.5, and you get 3.2.

So for the program without rounding, we're gonna come up with 20.026 credits for the program, right? That's without any rounding, but you can round, and if you rounded everything down, okay, you're gonna come up with 21 hours 'cause you just delete the fractions. Drop the fractions, basically, and so if you decide to do rounding, that would be an answer.

One of the things about rounding is how many decimal places are you rounding, and so I was thinking about that and realized there's another way to round, and that's if you decided you only wanted to round down to one decimal point. That would still be allowable 'cause you'd still be ensuring no overpayments, right?

So if you did that, you're gonna come up with a total of 22 hours once you do the rounding. So this is just an alternative if you don't wanna deal with fractions out three or four spaces. So that's a way of implementing the full-formula option. It may not be the only way, but it is a way that adequately takes into account all of the provisions of the conversion formula when you're taking into account out-of-class student work.

Now, then, I wanna talk a little bit about some additional resources that you have and some information. As was mentioned during the general session, we've posted what Qs and As we have up on our website at [OPE](#). You can also find it on IFAP under Hot Topics, and we did do one "Dear Colleague" letter, and that's GEN-11-06. It covered some aspects of credit hour. It did not touch on clock-to-credit-hour conversion at all. I'm expecting, as I had mentioned earlier, to go back and work on that as some of my last projects.

Now, then, all of these regs raised some issues around your E-App, right? You need to use your E-App if the information for a program on your ECAR has changed, or you need to add programs that you were previously not required to report. You must update the information if the program previously used credit hours but now uses clock hours – §668.8(k)(2) might've made you go to clock hours – or the number of credit hours that's changed. If you have questions on E-App reporting, go to your school participation team. Actually, I think there was handout in the registration materials about who they are, but here's the website for you track them down.

Now, then, these regs were effective July 1, 2011, and it raised some transition issues because you had students already in programs that might be affected by the regulations. This is probably mostly clock-to-credit-hour issues. If you want to apply the pre-July 1 regulations to students in a program until they graduate, that's okay, but you have to apply the amended regulations to student starting on or after July 1. Or alternatively, you could've just said all student are gonna be finishing the program based on the regs, the

new regs, for payment periods that are assigned '11-'12 and subsequent award years. That's your option. Either way, we'll be happy.

If you're teaching out students under the pre-July 1 regulations, you do have to do something on your E-App, though. You gotta add a program with the new information for the new students, but you should retain the pre-July 1 program until all the students enrolled prior to July 1 finish it, right? And when the students finish the pre-July 1 program, report an end date for that program.

In terms of gainful employment, these programs should look alike, and therefore they'd still be treated as one even though you're reporting them as two for purposes of your E-App. So when you go looking at gainful employment measures and such things, and reporting, they'd still be considered one program there, but on your E-App, they're gonna show up as two 'cause they should share all the characteristics that make 'em the same program for gainful employment.

Now, then, one last thing before we do questions, and we have some time. Good. There's my contact information, but I'm going to advise you on a couple of things on contacting us. As I said, I'm retiring December 31, so one of the best places you can go with questions – you can CC me, but I would advise you to go to your training officers. We got some good training officers out there, and I can know some of them are very up on this stuff, and they talk among themselves, so you can get good advice there. If it's about E-App and school participation, you, of course, go to your school participation team.

I have a backlog, and I'll apologize again for not getting back to some people I know I owe e-mails to that are sitting out there, but I've done my best to address what I know are some questions floating around out there. And with that, let's open this for questions, and I guess you need to go to the mike in the middle of the aisle there. And one thing I remember from yesterday in this room, speak very clearly 'cause there's a reverberation, and it's really hard for me to hear questions, and speak up.

Audience: I have a question on the conversion clock-to-credit-hours. If I have a program with 40 clock hours and the credit is 37.5 to 1, am I losing 2.5 hours in this situation?

Fred Sellers: No, you could have the fraction that that amount that's – what is it? I gotta do the math in my head. That's very bad.

Audience: Okay, so –

Fred Sellers: 2.5 over 37.5-fraction would still count as a fraction of a credit hour.

Audience: Thank you.

Audience: Morning, Fred. Steve Dill with Lincoln Educational Services. Slide 25 you said that one of the exceptions was that a program wasn't subject to the conversion if that program fully transferred

into a degree program. My question is the second bullet point was that if the institution has to be able to prove that students enrolled in and graduate from the degree program. If the institution requires that a student graduate from a diploma program before they could enroll into the degree portion of the program, will that fulfill the department's definition of enrollment and graduate from?

Fred Sellers: Yeah, but all of the coursework in the diploma program transfers to the degree program?

Audience: Correct.

Fred Sellers: I would say that's okay.

Audience: Thank you.

Audience: Good morning, Fred. This is Teri Basson in Austin. When you were talking about the Texas Workforce Commission, and how or how we report to them in clock hours, and even to the coordinating board when we're applying for a new program, are you saying that, then, all of those programs or certificate programs are considered clock hours?

Fred Sellers: Yes, ma'am.

Audience: You're kidding?

Fred Sellers: No.

Audience: So even if they don't require licensure, just because of the fact –

Fred Sellers: The reason is because those credit hours, the term – the substantive issue there is they're just clock hours by another name.

Audience: So even though – Fred, are you kidding? So I thought we were only considered – you know, going back, we've only been doing the LVN programs, pharmacy tech, firefighters because of the licensure requirement. But just the fact that we report to the coordinating board, or to Texas Workforce, that the program has 1,500 clock hours and we're paying in credit hours, we have to do that?

Fred Sellers: If I understand your question correctly, yeah. We may need to talk offline. I need to go through ins and outs of it 'cause I kinda vaguely remember you asking me about this.

Audience: Well, not that 'cause that's new.

Fred Sellers: That's – yeah, well –

Audience: What you just did this morning is new.

Fred Sellers: – some of the issues I brought up have come up as we've been working with implementing the regs and where we see how they apply in certain situations. So I know some of this may be a little new because we haven't issued a "Dear Colleague" letter, that this is the kind of thing that needs to be in it, but I wanted to get the best information out to you that I could, now.

Audience: This is crazy, Fred.

Audience: Hi, Fred. I'm **John Sarpy** from Louisiana. You said something today, which I heard for the first time, which is different than in the actual regulation. It's similar to the lady's concern, here. The way I read the regulation is if getting state approval to offer the program, if clock hours have to be shown to the state – for any reason pretty much – then the school has to use clock hours from Title IV.

However, you said something earlier here. You said that's only if you're giving the state the clock hours for what you call a substantive reason, meaning that the state will actually track those clock hours. Is that true? Can you say a little bit more about that?

Fred Sellers: Yeah, as I said, if you have a question around that, contact your school participation team, all right? We're gonna have to look at some of this on case-by-case basis 'cause the department's gonna have to consult with the state about how they're using things. So I would advise you, John, to contact your school participation team about that question.

Audience: Well, that brings up another quick issue, okay? Whereas the Department of Education already has clock hour and credit hour information on pretty much all of these schools **on the ICAR** and so on. Is there some thought within the department to notify these schools on a program-by-program basis and say, "Hey, we think your accounting program needs to be clock hours"? Therefore, give the school some ability to look at that rather than having an individual school make the determination and coming up four or five years later in the program of you having hundreds of thousands of liabilities.

Fred Sellers: John, as I said before, contact your school participation team. This is not something we can deal with right here.

Audience: Hi, I have a quick clarification question on the exemption for diploma-certificate programs. So we have a diploma program, and if the graduates from the diploma program decide to go to the associate's program, their credits are fully transferrable, and we'll accept the full credit from the diploma program. But not every one

of our diploma graduates go into the associate program. Does that diploma program, is that still exempt under the –?

Fred Sellers: Okay, let me see if I understand the question correctly. You have multiple diploma programs, some of which transfer into degree programs and some of which don't.

Audience: No, all of our degree – the way we have it set up for our degree programs, there's a corresponding diploma program, and basically, the first year of the degree program is pretty much the diploma program. So anybody who enrolls in the diploma program only, initially, if they decide to continue on and go to the degree program, their full diploma program is credited towards their degree program. But not everybody in the diploma program decides to go –

Fred Sellers: Oh, no, no, you have to have at least a couple of students going to the degree program and graduating from it. Not every student has to transfer.

Audience: That's – thank you very much.

Fred Sellers: All, right, yeah. Yes, ma'am?

Audience: I have a question regarding the limited amount of clock hours that require a program to be clock hour.

Fred Sellers: Hold on a second. A cell phone went off, and I couldn't hear, and you need to speak up a little bit more.

Audience: Okay. I have a question regarding the comment about limited number of clock hours required for a program that doesn't make it clock-hour program. For example, we have a master of public health that's primarily didactic, but they do have one quarter of field practicum.

Fred Sellers: The provision about a limited amount of externship was put in there for things like a nursing program, where it's basically credit hour, but there was a limited portion, for example, that you had to complete a certain number of clock hours for licensure. And it depends on the length of the program whether we'd consider it a small portion. I think you probably wanna send the question in just to be safe.

Audience: Okay, so there's not like a percentage we could use like if it's –

Fred Sellers: 'Cause I'm having trouble hearing you.

Audience: It's not like a percentage that we can use, like if the program's a five-quarter didactic program, plus one quarter of practicum, and this –?

Fred Sellers: That would probably fit, but I would like to see it in writing and respond in writing.

Audience: Okay. So that should be to our trainer?

Fred Sellers: Yeah.

Audience: Okay, thank you.

Audience: Hi, I have a question, too, on the limitations on the number of outside hours that you can count in your credit-hour conversion. I couldn't find in the regulations, anywhere, where we were restricted to 7.5 hours.

Fred Sellers: That's looking at it – how do I say this? – kind of looking at in the negative because remember the conversion formula says you gotta have 37.5 clock hours per credit hour, but every credit hour has to have a minimum of 30 clock hours in it, every semester hour. So that just leaves you a balance of 7.5, so that becomes a limitation.

Audience: Okay, I didn't get that in the regulation, but the other piece of it is, too –

Fred Sellers: Yeah, it's how the pieces of the reg interact that gets you there.

Audience: Our accrediting agencies received guidance from the department where they won't accept any hours for the externship as outside class work.

Fred Sellers: I'm sorry, I –

Audience: We're being told that our accrediting agencies received guidance that said that, number one, we are restricted to seven and a half hours per credit for homework, and that there are no acceptable outside hours for externship.

Fred Sellers: I could not – can you slow down and be a little louder?

Audience: Really?

Fred Sellers: There is a reverberation. I had this yesterday. There's a reverberation in here that makes voices blur when they're at the mike. I was worried I was doing that.

Audience: From here, I sound really loud.

Fred Sellers: Good.

Audience: Okay. Our accrediting agency has received guidance that they've shared with us that says that we are, in fact, restricted to the seven and a half hours per credit of outside class work for the students, but they've also said that based on that guidance that we can't count any outside work for students on an externship.

Fred Sellers: No, we didn't say that. I know there are some externships with out-of-class work, and it would count. I think the accrediting agencies misunderstood the guidance.

Audience: All right, there's at least two –

Fred Sellers: You might wanna send that in to me and Kay Gilcher. Her address is gonna be Kay.Gilcher@ed.gov, and she heads up the area own recognizing accrediting agencies 'cause it sounds like something's getting garbled there.

Audience: Great, that would be a big help. Thanks.

Fred Sellers: Yep.

Audience: Hi, Fred.

[Crosstalk]

Fred Sellers: **Hi, Carl.**

Audience: _____ *[break in audio]* where a school has been told by an accrediting association that they would report – are approved in credit hours. Their accrediting association said, "You are a credit-hour school." This is in one of the Texas schools, and then, of course, the Texas Workforce Commission says, "No, we need you to report in clock hours." Is there a way to determine or guide the school which they should use, which –?

Fred Sellers: They could use both. The question is for purposes of Title IV aid, what do they use, and based on what you just said, they're a clock-hour school for Title IV aid purposes, not necessarily for academics. Remember I'm only dealing with us in terms of what you have to do for Title IV.

Audience: Okay, thanks.

Audience: Hi, Fred, a few things: When you mentioned the exemption for diploma programs transferring to degrees, you said by institution. Is that specific by actual location and main campus, or is it all across the institution if –?

Fred Sellers: No, the credits for the non-degree program have to transfer to a degree at the same institution.

Audience: And when you say "institution," you mean the name –

Fred Sellers: The single eligible institution the student was attending for their non-degree program. It has to be a degree program at that same institution.

Audience: And how are you defining "institution"? The Department of Ed. defines it as the main – including all the additional locations, correct?

Fred Sellers: It's the single, eligible institution, which may have multiple locations there included in a single institution's eligibility, yeah.

Audience: Okay, I just wanted to understand location. And then for the non-degree programs, typically, I think everybody uses the 15, 30, 45 – taking the clock hours and converting 'em to degree – to credit hours. Are you kinda recommending that we kinda use the Carnegie unit that we use for the degree credit validation for the non-degree programs, as well and not use the 15 hours of lecture and the 30 hours of lab?

Fred Sellers: I'm sorry. I'm not sure I'm following your question.

Audience: You said for the non-degree programs –

Fred Sellers: Okay, for a non-degree program, okay, if it's exempt from the conversion, you would be using the §600.2 general definition to determine the credit hours for that program, like you would for a degree program.

Audience: But if it's a clock-to-credit –

Fred Sellers: So the clock-to-credit-hour conversion formula is not something you look at.

Audience: But you don't wanna –

Fred Sellers: We're assuming it's eligible, it's not subject §668.8(k)(2) – there's a series of things where I'm assuming here. But generally, if it's about the transfer of a program where the coursework all transfers to a degree program at the same institution, what we're talking about is that program can also use credit hours as defined in §600.2 and not use the conversion formula.

Audience: What if it's not? What if it's a clock-to-credit conversion? You're not gonna wanna use the 15 lecture hours and 30 lab hours **you did before.**

[Crosstalk]

Fred Sellers: Well, no, that doesn't – you ignore that if you're subject to clock-to-credit-hour conversion use. The definition – I'm not sure I'm following your question clearly. We may need to talk some more.

Audience: Okay. And then finally, we received guidance from our accreditor when we attempted to submit homework hours for a massage therapy program. They mentioned that they received written guidance from the Department of Ed. that stated a program like massage therapy shouldn't have outside work, so they can't approve it. Does that sound accurate?

Fred Sellers: I didn't hear you clearly the way you said it, I don't think.

Audience: Our accreditor denied our homework hours for a massage program based on Department of Ed. guidance that stated that the program – like massage – cannot have outside work because it's basically a clock-hour program.

Fred Sellers: That doesn't sound right. There's something garbled here.

Audience: Okay.

Fred Sellers: Yeah, and, well, like I said to the earlier lady, you probably should write Kay Gilcher and me, and we'd be –

Audience: Yeah, it seems to be happening more than a few times, so they're definitely getting guidance from the department.

Fred Sellers: Yes, ma'am? I think there's a lady at the back that's next.

Audience: Fred, how are you? Can you hear me?

Fred Sellers: Yeah.

Audience: Okay. Before I ask my question, remember no question is ever stupid. Okay –

Fred Sellers: I know.

Audience: Prior to the change from credit hour to clock-hour conversions, _____ *[break in audio]* our school. We had a total of 24 credit hours, 720 clock hours. After the credit-hour conversion came into play, we sent our accrediting agency to do the credit-hour/clock-hour conversion, and we added in additional outside hours. So we went from 720 hours up to 900. Our credit hours did not change, so we're still at 24 credit hours. Did you say that we had to add that on to our _____ *[break in audio]* add on the program, or are we fine with the way that it's listed on our **PPA account**?

Fred Sellers: Well, if I'm hearing you right, Leigh, basically, under the new regs, you've documented that you still have the same number of credit hours for the program, so there's no change on your E-App or your ECAR from what I understand of the question. So I don't see that you need to be reporting anything. That effective date stuff isn't going to affect you if I understand the question correctly.

Audience: If they did change, do we have to do it?

Fred Sellers: Yeah, if it did change the number of credit hours in the program, you do have to do that, yes.

Audience: Okay, thank you.

Audience: Hi, Fred.

Fred Sellers: Hi.

Audience: I have an easy question and then a "I'm confused" question. The easy question is when will the slides be available? Will they be posted before we leave the conference?

Fred Sellers: I was told they were gonna be posted next week or shortly after the conference.

Audience: But not during the conference?

Fred Sellers: Yeah, I was – I didn't – Sophia McArdle and I were doing our state auth. presentation yesterday and discovered they had not been posted, and they were among the later ones submitted because they were under review within the department.

Audience: Okay. My other question, my "I'm confused" question is, first of all, I'm with the lady from Texas that says, "This is isn't right," so we're not agreeing, but my bigger confusion is why only Texas? And have you identified other states that you think also require clock hours?

Fred Sellers: Okay, it's not only Texas. That's why I mentioned the Alabama Cosmetology Act.

Audience: Do you have a listing of –

Fred Sellers: As we find out, we will be looking at these things, but those are the two that have come up so far.

Audience: Do you have –?

Fred Sellers: I was using those as examples, Elaine.

Audience: Right, well, yeah –

Fred Sellers: There may be others. There may be no others, but I suspect there are others.

Audience: So at this point, Texas and Alabama are the only two you've identified. Will you be notifying us through the "Dear Colleague" letter of the states that you consider?

Fred Sellers: It will probably be more in a not-specific way. I'll have to talk to folks at the department about that.

Audience: Okay, thank you.

Audience: Hello. Given the confusion over this interpretation, when the "Dear Colleague" letter comes out at the end of the year, will there be some transition period for us to come into compliance or –?

Fred Sellers: No, the issue is you should've made an attempt, a good-faith effort, to implement the regulations, right? And there has been information out about it, so as I pointed out earlier in the session, you need to make a good-faith effort. They were effective July 1. It may be you didn't do it quite right, but you should've made the effort to do something. Yes, Sally?

Audience: I'm here to give you a hard time. You know that. Good-faith effort, we've been trying since May on California, been to the region, been to you, been back to the region. We still don't have an answer. My schools in California don't know whether they have to be clock or credit hours, non-degree.

Fred Sellers: All right, well, we'll have to look at that offline.

Audience: So I don't see how it's fair to tell the school they should've been in compliance when we can't get any answers, and I know it's not your fault, but –

Fred Sellers: Yeah. Yeah.

Audience: I don't wanna give you hard time.

Fred Sellers: I understand the concern and –

Audience: Yeah, no, I am concerned. I have a lot of schools California, and they don't know what they're supposed to be doing.

Fred Sellers: You know, this is –

Audience: And –

Fred Sellers: I hadn't heard it quite that way, so –

Audience: Yeah. The other thing is, is – just so everybody knows – when you do your E-App, you have to round down. So if you came up with a 19 like you did before you did the rounding, they'd have to round down on an E-App. It won't take –

Fred Sellers: Sally, I think you need to speak a little louder.

Audience: I'm sorry. I said if somebody does their E-App, you have to remember to round down your credits. You can't send in a partial credit. So just when you do your E-App, if you use the traditional and come up with the 19 credits – 19.2 – you round down to 19 so that they'll have to round somewhere – just so they're aware. And the other thing on your E-App, I don't think you can send in **to-be** clock hour without state accrediting approval. So they probably have to switch to a clock-hour program, totally.

Fred Sellers: We'll have to talk about that. That shouldn't happen. I know the E-App is out of date with these regulations, and we're trying to do things to cope with that, and I think – what is the – it's Question 69 that's the catchall?

Audience: Right.

Fred Sellers: Some of this stuff has to be reported in that catchall question to be able to capture the right information.

Audience: And I guess I don't wanna ask this one, but I'm going to: Do we have any clarification on the credit-hour programs that are non-term and whether or not they're required to take attendance or track those clock hours?

Fred Sellers: A school is expected to require students to attend the hours that support a conversion, and it was in the slide. I don't think I mentioned it, pointed out just taking attendance once a day doesn't cut it.

Audience: I knew I didn't wanna ask that one.

Fred Sellers: 'Cause they wouldn't document it.

Audience: This is just a comment. I've got a say it. It sounds like with the clock-credit conversion – I've worked at some cosmetology schools previously, so I know they have a punch clock – but it seems like now if you are a credit-hour school, based upon a clock credit, and you have to monitor the ten percent attendance, you can't just say they attended one day. It seems like we just about have to have a punch clock in the classroom for each credit-hour program. Would that be going too far or –?

Fred Sellers: Well, I wanna point out something. One of the reasons that provision is in the regs is because of abuse, in particular, at a community college. We encountered a community college where they had a cosmetology program. Because of that particular state, they wanted it to be a credit-hour program because they got capitation money from the state based only on their credit-hour programs.

What they were doing, though, were students earning all the credits in the program, but the students still had like 400 clock hours to go. So there was no coordination of the clock hours that supported the credit hours, and I don't know that that's strange from some questions I've seen since then. So this was intended to address real abuse we've seen out there. Yeah?

Audience: Hi, Fred. I'm Susan Brewer from Arkansas Monticello, and my question has to do with you have a program, and you don't start any new students after July 1. They won't start until after July 1, 2012, and you said we'd have to go in and add that program again, and you'll have that program listed twice on your ECAR.

Fred Sellers: Yeah, you'll end up –

Audience: Would you have to do all the notice of intent since it's not a new program? Would that be required?

Fred Sellers: I'm not sure I followed your question.

Audience: Well, if you add a new G.E. program, you have to do a notice of intent as part of your documentation that you're adding a new program. Since it's really not a new program, would that be required?

Fred Sellers: We're in kind of one those odd situations as we transition to the new reg. For participation to track the program, they need it reported under the new requirements for your new students, and you need to retain the old program on the books for your students that you're still treating under the old regs through their graduation. So you have to have both programs there to have those students in eligible programs.

Audience: Right, but I guess my question is, for the one you're adding, would you be required to have the notice of intent, which requires that you may not have done because it's not really a new program?

Fred Sellers: Well, you don't have to change the one that's continuing.

Audience: I know, but I'm referring to the new one that you're adding.

Fred Sellers: Yeah, I'm not sure I'm tracking the question. It sounds like something, though, you might wanna talk to the school participation team about. I actually worked with them to come up with those slides. I am no authority on the E-App or ECAR, I will tell you. But we have had some meetings around it, and as I understand – what I have there is, basically, what I really know.

Audience: Okay, I'll check with them.

Audience: [Inaudible comment].

Fred Sellers: Oh, a notice of intent, they don't – I don't know what it is.

Audience: It's not required for the new one.

Fred Sellers: Not required for the new? Oh, okay. No, notice of intent is required, I'm told.

Audience: Hi, Fred. You mentioned that schools should make a good faith – in the discussion, the comment was made that it is believed that campuses and students spend more than five hours outside of the classroom studying and preparing for work, and that was the reason for the change from 20 to 25 hours in the conversion. You also indicate that the _____ [break in audio] agency must provide a negative indication that you're not complying with the outside coursework.

So if that comes due July 1, 2012 because the accrediting agencies were giving an extension, and they come back and find that they disagree with some aspects of your training, would the campus still be considered to make good-faith effort if they believe they were meeting the requirement?

Fred Sellers: I think it would have to be looked at on a case-by-case basis and depend on other circumstances. I don't think I can give you a straight answer, right now.

Audience: All right, thank you.

Fred Sellers: I'm sorry.

Audience: Hello, Fred. I'd just like to clarify something about students that begin school before July 1 or began school – excuse me – before July 1 of 2011. There was a portion of your slide that said something about students that are paid from the 2011-2012 award year. What about students – are schools been like accountable or held accountable?

You said that you could implement the old regulations for students that started prior to July 1. Suppose that student – the school –

chooses, because it's the most beneficial to the student, to package that student completely out of '11-'12, okay, which would make the money available to the student on July 1 of 2011; however the student started school under the old provisions. Is there a clarification on that? There seems to be a little bit of ambiguity.

Fred Sellers: No, I think you're over interpreting things. The issue is for a continuing student who is enrolled in a program prior to July 1 and you're continuing to treat that student under the old regs, when you package '11-'12, you're using the old reg conversion, for example. All right? It's for new students who start on or after July 1 that you would have to package '11-'12 using the new rules if you decide to go that way.

Audience: Okay. Okay, I just wanted to clarify that. Thank you.

Audience: Hi, Fred. Thanks for your presentation, and we're gonna miss your explanations in the New Year. My name is Tim O'Neil from Shamrocks Unlimited, a third-party servicer in California, and working mostly with the proprietary schools, so we're already in the habit of doing these kinda conversions and how we're applying these to the new regulations. But some of this spins off – and we mentioned it a little bit today – about the Regulation 668.4(e) about the attendance and the ten-percent exclusion, in terms of tracking attendance of students, and how this is applying to both, apparently, clock- and credit-hour schools if your credit hours are based on a clock-hour conversion. So I just wanted to get a little clarification from you on that – students requiring to attend 90 percent, then, of the clock hours in their program, and that applies, then, to payment periods, I assume, as well.

Fred Sellers: Yeah, the exception, as I understand it, applies within the payment period. The excused absences are by payment 'cause that's in the definition of a payment period.

Audience: Right. That means that if a student's going to receive their second payment – they're going into the second payment period – they have to have earned at least 90 percent of those clock hours that were part of the first pay period.

Fred Sellers: Well, a payment period's –

Audience: Payment period.

Fred Sellers: – gonna be 450 clock hours. I need to stop, right now. We've run way over, and I'll have to talk to you later about that 'cause I'm not sure I'm really tracking all of your question. Thank you, everyone. I appreciate it.