

The Administrative Costs of Title IV-Eligible Non-Degree Programs

By Lisa Saul, Partner and Uniform Guidance Director

As costs continue to rise, many higher education institutions are seeking new revenue streams to fund operations. One growing trend is the addition of non-degree programs such as certificates and other post-graduate programs.

If your institution is considering non-degree programs, important questions include:

- Is this certificate program eligible for Title IV aid?
- Should this certificate program be classified as undergraduate or graduate?
- What programs require Financial Value Transparency (FVT) and Gainful Employment (GE) reporting?

There are many complex administrative requirements for determining whether a non-degree program is Title IV-eligible. While the following list of requirements is not exhaustive, it can help your institution plan strategically and avoid unintended consequences when considering these programs.

Department of Education Approval

We recommend that institutions start by contacting the U.S. Department of Education (ED) [School Participation Division](#) to request guidance and official approval for the program, even when it's not technically required. ED will likely request more information about the program. (Note that the National Association of Student Financial Aid Administrators refrains from making such determinations due to the potential liabilities associated with incorrect program eligibility determination.)

An incorrect determination could affect your institution's eligibility for *all* Title IV funds, so it is essential to get this determination right.

Program Eligibility

Institutions must ensure that a program is eligible *before* awarding Title IV funds to enrolled students. As outlined in the "Determining Program Eligibility" section of [Volume 2, Chapter 2](#) of the 2023 – 2024 Federal Student Aid (FSA) Handbook:

- Your institution should first ensure that the program is included in the notice of accreditation (unless the program doesn't require specific accreditor approval).
- The state must also authorize your institution to offer the program. In certain cases, this may require general authorization as well as specific program licensure. The Eligibility and Certification Approval Report (ECAR) should specifically list non-degree programs and locations.

Requirements for Reporting the Published Length of Programs

As noted in the 2023 – 2024 FSA Handbook, your institution must report all GE programs to ED and publish the programs' length in weeks, months, or years on your website.

ED also requires institutions to have a "normal time" for the completion of academic programs. [34 CFR § 668.41\(a\)](#) defines "normal time" as "the amount of time necessary for a student to complete all requirements for a degree or certificate according to the institution's catalog." For non-degree programs, "normal time" is

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defined as “the various scheduled times for certificate programs.”

This means your institution must state a published length for the non-degree programs in years, months, or weeks and also:

- Credit or clock hours in conformity with the specifications in [34 CFR § 668.41\(d\)\(4\)](#) and [34 CFR § 668.45](#); and
- Report the published length via the [Common Origination & Disbursement](#) website and the [National Student Loan Data System](#).

Types of Title IV-Eligible Programs at Higher Education Institutions

For a certificate or other non-degree recognized credential, the program must:

- Be at least one academic year long;
- Result in a certificate or non-degree credential; and
- Prepare a student for gainful employment in a known occupation.

This includes all non-degree programs that lead to gainful employment except the following:

1. Preparatory courses necessary to enroll in a Title IV-eligible program ([34 CFR § 668.32\(a\)\(1\)\(ii\)](#)).
2. Approved comprehensive transition and postsecondary programs for students with intellectual disabilities ([34 CFR § 668.231](#)).
3. Programs that are a minimum of two years long and intended to be transferred to a bachelor’s degree for which the institution does not offer a credential ([34 CFR § 668.8\(b\)\(1\)\(ii\)](#)).
4. Teacher certification programs that don’t result in a credential ([34 CFR § 668.32\(a\)\(1\)\(iii\)](#)).

Short-term programs must provide a minimum of 10 weeks of instruction and at least 300 but fewer than 600 clock hours of instruction ([34 CFR § 668.8\(d\)\(3\)](#)).

[FSA Electronic Announcement General-23-121](#) states that:

The program must admit as regular students some people who have not completed the equivalent of an associate degree. It must also have been in existence for at least one year, have verified in an annual audit completion and placement rates of at least 70%, and not be more than 50% longer than the minimum training period required by the state or federal agency, if any, for the occupation for which the program of instruction is intended. Any short-term program not meeting these requirements is not

an eligible program at any institution participating in the *Title IV* programs.

State Requirements and GE Program Length

As noted in the “State requirements and program length” section of [Volume 2, Chapter 2](#) of the 2023 – 2024 FSA Handbook, your institution must be able to show a suitable relationship between the length of the GE program and the entry-level requirements of the occupation the program prepares the student for.

This is considered reasonable if the clock hours in the program are not greater than:

1. 150% of the minimum clock hours necessary for training in the occupation the program prepares the student for, as established by the state the program is offered in or by any federal agency; or
2. The minimum number of clock hours necessary for training in the occupation the program prepares the student for, as established by a state adjacent to the state the program is offered in. However, your institution must show that the program meets the requirements in the other state.

These limits apply to both clock- and credit-hour GE programs. The GE program must also establish that students need the training to obtain employment in the recognized occupation ([34 CFR § 668.14\(b\)\(26\)](#)).

Any institution may function as a short-term vocational school if it offers GE programs that are less than one academic year in length.

Reporting Requirements for Short-Term Programs

For short-term programs, [FSA Electronic Announcement General-23-121](#) states that:

Some institutions and independent auditors have asserted that institutions that meet the definition for institutions of higher education ([34 CFR § 600.4](#)) are not subject to the attestation requirements for short-term programs because such programs are part of the definition of postsecondary vocational institutions ([34 CFR § 600.6](#)). This is incorrect. Although the criteria for the types of institutions differ, an institution of higher education also qualifies as a postsecondary vocational institution if it offers programs that are less than an academic year in length that lead to a certificate or other nondegree recognized credential. If such programs are short-term programs, an annual audit attestation to the accuracy of completion and placement rates for those programs is required.

Example: Is This Certificate Program Title IV-Eligible?

To understand how complicated it can be to determine whether a non-degree program is eligible for Title IV aid, let's look at an example using a teaching certificate, one of the most common types of certificate programs institutions offer.

One key aspect in determining Title IV eligibility is whether the program is an undergraduate or graduate program. While it may seem straightforward, the answer varies depending on whether the credential is awarded by the institution or by the state. In our example, the institution is awarding the credential.

A student enrolled in a Title IV-approved program is eligible to borrow at the annual loan limit consistent with the student's academic standing at the institution. However, if the student is enrolled in an eligible graduate program at the institution, he or she can borrow Direct Loans at the graduate-level loan limits because that student meets the definition of a "regular student." [34 CFR § 600.2](#) defines a regular student as "a person who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution."

A student must meet the definition of a regular student to be eligible for any Title IV aid. In our example, the student is enrolled as a regular student in a graduate program where the certificate is conferred by the institution and the student is eligible to borrow at graduate-level loan limits.

However, there are two exceptions to the regular student requirement. The first exception applies if the student is enrolled in preparatory coursework. As noted in the "Exceptions to the "regular student" requirement for Direct Loans" section of [Volume 8, Chapter 1](#) of the 2023 – 2024 FSA Handbook, "A school may not award Direct Loans for standalone courses that do not count towards an eligible program and exist solely to serve as preparatory coursework."

The second exception applies if the student is not enrolled in an academic program but is enrolled in coursework necessary to be certified by the state to teach in that state.

The annual loan limits for teacher certification programs referenced in [34 CFR § 685.203\(a\)\(7\)](#) and [34 CFR § 685.203\(c\)\(2\)\(vii\)](#) apply only when the institution does not confer a credential, but rather the state requires the coursework to be completed to meet teaching requirements in that state. In this scenario, the student

does not meet the definition of a regular student but is allowed to borrow Direct Loans at the fifth-year undergraduate loan limits only. For Pell Grants related to teaching certificate programs, see [34 CFR § 690.6\(c\)](#). Since the institution in our example is conferring the credential, not the state, this does not apply.

These requirements could apply differently to another institution, especially if the teaching certificate is issued only to satisfy state requirements and the institution is not awarding credentials. It depends on the specific details of the certificate program.

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Next Steps

As detailed in the "Adding a program and determining eligibility" section of [Volume 2, Chapter 5](#) of the 2023 – 2024 FSA Handbook, once an institution receives final approval on a new certificate program from its accreditation agency, governing authority, and other oversight bodies, it has 10 days to submit a completed E-App to ED. The E-App must include copies of the approvals from the accrediting agency and state authorizing agency.

ED will then evaluate the submission, and once approved, it will send a revised ECAR and approval letter to the institution.

The institution can self-certify the eligibility of a new program unless one of the following exists:

- The institution has been provisionally certified;
- The institution is on heightened cash monitoring (HCM);
- The institution is receiving funds under HCM or the reimbursement method;
- Progress in the program is measured by direct assessment (unless ED has previously approved a direct assessment program at the institution at the same level of offering);
- The institution is subject to the two-year rule;
- The program is a comprehensive transition and postsecondary program;
- The program is an undergraduate program of 300 – 599 clock hours and admits as regular students those who have not completed the equivalent of an associate degree (i.e., a short-term program); or

- ED has informed the institution that it must request approval before adding additional programs.

Note that you must receive both state and accreditation agency approvals before self-certifying that a new educational program is Title IV-eligible and disbursing funds to students. For new GE programs, you must update the ECAR within 10 days of receiving final approval from your accreditation agency, governing authority, and other oversight bodies to make the change.

If the self-determination is incorrect, your institution will be liable for all Federal and State Aid program funds received by or for students enrolled in the program ([34 CFR § 600.10\(c\)\(3\)](#)).

Clock-to-Credit-Hour Conversion

Some short-term programs fall under the clock-to-credit-hour conversion requirement. To learn more, see Sections C – D of the Program Eligibility Flow Chart on pages 1954 – 1955 of the [2023 Compliance Supplement](#).

This flow chart will walk your institution through the steps for program eligibility to determine if the program is eligible (as outlined in Section A on page 1952) and if the program offers a recognized credential and prepares students for gainful employment (as explained in Section B on page 1953). It also covers whether the program is subject to the clock-to-credit-hour conversion (Section C) and provides instructions for performing the conversion (Section D).

Final Regulations for Financial Value Transparency and Gainful Employment

To address ongoing concerns about GE programs that leave students with excessive amounts of student loan debt compared to their earnings, with no gain in earnings compared to individuals with a high school education, ED established [final regulations](#) for Financial Value Transparency and Gainful Employment on October 10, 2023.

The goal of these new regulations, which are scheduled to go into effect on July 1, 2024, is to provide students with transparency into financial costs and benefits early in any certificate program. The additional [costs](#) of meeting these regulations result in additional costs to the institution.

However, if an institution does not meet [the reporting requirements and program outcomes](#) for GE programs, the institution will lose Title IV eligibility for the students in the program. The National Association of Independent Colleges and Universities has a helpful [checklist](#) of steps

the institution should take in preparation for these new regulations.

Conclusion

Non-degree programs can be a lucrative revenue stream to help institutions fund operations. Assessing how your institution will handle, account for, and perform any administrative activities before offering these programs and issuing Title IV funds, if allowed, will help minimize the risk of having to return the funds due to noncompliance.

It will also reduce the risk of detrimental effects on your institution's other programs if the administrative burden for non-degree programs requires extensive time and effort.

Please [contact us](#) with any questions or if you would like assistance with any of the considerations above.

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Lisa joined CapinCrouse in 1999. She has 25 years of experience in performing and supervising Uniform Guidance audits of Department of Education student financial aid programs and a variety of federal funding, as well as program audits and agreed-upon procedure engagements of various state-funded programs. Lisa oversees the firm's more than 90 Uniform Guidance audits.

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