

Appendix 1: Definitions

90/10 rule: Established in Title IV of the Higher Education Act of 1965, requires for-profit institutions to derive at least 10 percent of revenue from non-title IV funds. For the purposes of 90/10, neither Department of Defense nor Department of Veterans Affairs educational benefits are counted as Federal financial aid on the “90” side. Institutions that violate 90/10 for 2 consecutive years lose their Federal aid eligibility for at least 2 years.

Accreditation: A process of academic review conducted by non-government agencies and used to scrutinize colleges, universities, and programs for quality assurance and quality improvement.

- **Institutional accreditation:** The Department of Education requires that institutions of higher education be accredited in order to access title IV funds. There are two types of accrediting agencies: national and regional.
 - **National accreditation:** The accreditation of a postsecondary institution by national accrediting agencies, which evaluate only nontraditional institutions and is not based on geography. National accreditors, oversee the accreditation of 3,933 institutions, 70 percent of which are non-degree granting. Approximately 90 percent of the schools accredited by national accreditors are for-profit institutions.
 - **Regional accreditation:** The accreditation of a postsecondary institution by a regional accrediting agencies, which evaluate all types of institutions in a specific region. Eight regional accrediting commissions currently operate in six regions throughout the United States. Regional accreditors are responsible for accrediting 3,040 institutions, 96 percent of which are degree-granting, non-profit or public colleges and universities. Regional accreditation is considered more rigorous than national accreditation.
- **Programmatic accreditation:** Certification that a specific degree or certificate program meet standards expected within a particular field or profession and means that students who graduate from the program are eligible for licensing in a trade, or eligible to take the relevant licensing exam. Generally provided by trade organizations in a given occupation.

Certificate program: A non-degree postsecondary program below the Associate level that is generally in a technical or vocational field. For purposes of the report, the term Certificate is interchangeable with the term Diploma and does not include any post-baccalaureate Certificates.

Cohort default rate: Proportion of an institution’s former student borrowers who entered repayment on a Federal student loan during the relevant cohort year who defaulted before the end of the next government fiscal year following the cohort year. The government fiscal year begins on October 1. Therefore, for example, a student who leaves school in August 2010 would enter repayment after the 6 month grace period in February, 2011. This student would be included in the school’s fiscal year 2011 cohort default rate. If the student defaults any time before the start of fiscal year 2013 on October 1, 2012, then the student would be counted as a “defaulter” under the current 2-year window. Under the 3-year window (trial until 2014), if the student defaults any time before October 1, 2013, the student would be counted as a “defaulter.” Under the Direct Loan program, default is defined as 360 days of delinquency. The Higher Education Act provides that institutions of higher education that participate in title IV, whether public, non-profit, or for-profit, lose access to Federal aid money if more than 25 percent of students default on student loans within 2 years of entering repayment. In 2014 colleges will

be required to demonstrate that no more than 30 percent of students default on Federal student loans within 3 years of entering repayment on their loans.

Direct Loan Program: The lending program which provides title IV student loans directly from the Federal Government to borrowers, rather than through a third-party lender as under the Federal Family Education Loan (FFEL) Program. Since July 1, 2010, all title IV loans have been issued through the Direct Loan Program.

Default Management: Activities, techniques, and tools used by schools to reduce student loan defaults.

Department of Education Graduation Rate: Data collected on the number of students entering an institution as full-time, first-time, degree/certificate-seeking undergraduate students in a particular year who complete their program within 150 percent of normal time to completion.

Department of Education Retention Rate: A measure of the rate at which students persist in their educational program at an institution, expressed as a percentage. For 4-year institutions, this is the percentage of first-time Bachelor's (or equivalent) degree-seeking undergraduates from the previous fall who are again enrolled in the current fall. For all other institutions this is the percentage of first-time degree/certificate-seeking students from the previous fall who either re-enrolled or successfully completed their program by the current fall.

ECASLA: Ensuring Continued Access to Student Loans Act of 2008, which provided a \$2,000 increase in guaranteed title IV loan limits. For-profit education companies were allowed to exclude this \$2,000 from the 90/10 calculation for fiscal years 2009 and 2010.

Federal Pell Grant Program: Title IV need-based grant awarded to lower-income undergraduate students to assist with the cost of attendance.

Federal Stafford Loan: A Federal student loan program, authorized by Title IV of the Higher Education Act of 1965, for undergraduate and graduate students who are attending college at least half-time.

For-profit institution: Model of postsecondary education delivery that is privately funded and operated as a for-profit company.

Gainful Employment: Finalized in June 2011, a new regulation that, for the first time, defined colleges' obligation to "provide gainful employment in a recognized occupation." The rule requires that each program at for-profit colleges, as well as vocational programs offered by public and non-profit colleges, demonstrate that 35 percent of their student-borrowers are repaying their student loans, *or* the ratio of their typical graduate's debt to their total income is below 12 percent, *or* the ratio of their typical graduate's debt discretionary income is below 30 percent. A program that fails to meet all three of the performance measures for any 3 out of the most recently completed 4 fiscal years would lose eligibility to participate in title IV programs. On June 30, 2012, the District Court for the District of Columbia struck down the gainful employment rule stating that the Department had failed to provide sufficient justification for the requirement that 35 percent of students are repaying loans.

Incentive Compensation: Paying commissions, bonuses, or other incentive payments to individuals based on their success in enrolling students or securing financial aid for them. In 1992, Congress banned institutions that participate in Federal student aid programs from engaging in such practices. In 2002, the Department of Education issued regulations (commonly known as "safe harbors") that allowed for 12 activities or payment arrangements that institutions could use without

violating the ban against incentive compensation. As of July 1, 2011, these safe harbors have been eliminated.

Institutional Loan: Private student loan financed by the student's postsecondary institution. For institutional loans made to students from July 1, 2008 until July 1, 2012, schools are permitted to count 50 percent of the loan amount at the time the loan is made towards the "10" side of the 90/10 calculation.

IPEDS: Integrated Postsecondary Education Data System; a system of interrelated surveys conducted annually by the U.S. Department's National Center for Education Statistics (NCES). IPEDS gathers information from every college, university, and technical and vocational institution that participates in the Federal student financial aid programs. The Higher Education Act of 1965, as amended, requires that institutions that participate in Federal student aid programs report data on enrollments, program completions, graduation rates, faculty and staff, finances, institutional prices, and student Financial aid.

MyCAA: Military Spouse Career Advancement Accounts; enables spouses of low-ranking servicemembers to access tuition assistance benefits, up to \$2,000 per year with an overall cap of \$4,000 over 3 years. Benefits are limited to programs that lead to Associate degrees, Certificates and licensures.

OPEID: Office of Postsecondary Education ID; identification number used by the U.S. Department of Education to identify institutions. Typically an OPEID number corresponds to one campus. But because of the consolidation, combinations, and growth in the for-profit sector, one corporate entity may have one number for many campuses.

Post-9/11 GI bill: Post-9/11 Veterans Educational Assistance Act of 2009; provides education benefits to servicemembers, veterans, and their families. The post-9/11 GI bill pays veterans' tuition and fees directly to a postsecondary institution, up to \$17,500 per academic year, in addition to a housing allowance and book and supply stipend. The bill also created a uniform method to pass on, or share, educational benefits with spouses and children.

Private, non-profit institution: Model of postsecondary education delivery that is privately funded and operated on a non-profit basis.

Public institution: Model of postsecondary education delivery that is funded by, and operated as a government entity.

Proprietary institution: Model of postsecondary education delivery that is privately funded and operated as a for-profit company. Used synonymously with for-profit institution.

Repayment Rate: Measures the proportion Federal student loans borrowed by students to finance the costs of attending gainful employment programs that student borrowers have either repaid in full or on which borrowers have made principal payments during the most recent fiscal year.

Student loan default: Failure to repay a title IV student loan after extended delinquency; Under the Direct Loan program, defaults occurs after 360 days of delinquency. Under the prior Federal Family Education Loan (FFEL) program, default occurred on the date that a guarantee agency paid a claim of default, which could be between 270 and 360 days or more delinquent.

Student loan deferment: An agreement between a loan holder and borrower of a title IV student loan to temporarily suspend payments. Deferment must be granted by the loan holder in certain

circumstances and is limited to following situations: pursuing at least half-time study at an eligible school, in a graduate fellowship program approved by the U.S. Department of Education, in a rehabilitation training program, for individuals with disabilities approved by the U.S. Department of Education, active duty military service, actively seeking but unable to find full-time employment, or experiencing economic hardship. The unemployment and economic hardship deferments are available for up to 36 months; a student must re-apply periodically. During the deferment no interest accrues on subsidized loans. Interest continues to accrue on non-subsidized loans, and the interest is added to the principal at the end of the deferment period.

Student loan forbearance: An agreement between a loan holder and borrower of a title IV student loan to temporarily suspend payments. Forbearance can be mandatory or discretionary depending on the circumstances of the student borrower. The loan holder may grant a forbearance up to 12 months at a time. During the forbearance period, interest continues to accrue on all loans, and the interest is added to the principal at the end of the forbearance. Crucially, a forbearance can be granted verbally over the phone as long as the loan holder sends the borrower confirmation of the terms of the forbearance within 30 days.

Title IV: Title IV of the Higher Education Act of 1965, which makes available federally funded student aid to eligible postsecondary students in the form of Federal government-guaranteed student loans and grants.

Tuition Assistance (TA): Education benefit offered to active duty armed forces personnel. The tuition assistance program provides a benefit of \$250 per semester credit hour (\$166 per quarter credit hour), capped at \$4,500 per year.

Withdrawal: Students who left a program before completion, not including students who transferred to another postsecondary institution. For purposes of HELP Committee retention data, for-profit education companies used different internal definitions of whether students were considered withdrawn, varying from 10 to 90 days from the date of last attendance.