Guidance on Implementing the “Ability- to-Benefit’ Provision for Title IV Federal Financial Aid for Adult Education Students

Reference Dear Colleague Letter DCL ID: GEN-15-09
College and Career Readiness

1. How has the “Ability- to- Benefit” Provision of Title IV Financial Aid changed?

The Consolidated and Further Continuing Appropriations Act of 2015 (Pub. L. 113-235) enacted on December 16, 2014 changed the Higher Education Act of 1965 and partially restored “ability to benefit alternatives”. These changes allow a student who does not have a high school diploma (or its recognized equivalent), or who has not completed a secondary school education in a home-school setting, to be eligible for Title IV federal financial aid through ability to benefit (ATB) alternatives, but ONLY if the student is enrolled in an “eligible career pathway program”.

2. What are the “Ability- to- Benefit” or ATB alternatives?

Students who are enrolled in an eligible career pathway program on or after July 1, 2014, (are not a high school graduate, have not completed a secondary school education in a home-school setting, or have not met high school equivalent conditions) may be eligible to receive Title IV federal financial aid if the student meets one of the following ability to benefit alternatives (484(d)(1)):

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

A student who meets one of the above alternatives may use that alternative to establish his or her Title IV eligibility at any eligible Title IV institution if they are enrolled in an eligible career pathway program.

3. What do these restored changes mean for Adult Education or Basic Skills students?

With this restoration, Adult Education students may be eligible for Title IV federal financial aid through a combination of Ability- to-Benefit Alternatives and enrollment in an eligible career pathway program.

Students enrolled in an eligible career pathway program, on or after July 1, 2014, and who are not high school graduates, or have not earned a high school equivalency, or completed high school in a home-school setting, may be eligible to receive Title IV federal aid if the student meets one of the above Ability-to -Benefit Alternatives.
4. What are the Ability-to-Benefit Tests that are currently approved?
As of this date, the approved Ability-to-Benefit tests are:

<table>
<thead>
<tr>
<th>Test Publisher</th>
<th>Test Name</th>
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<tbody>
<tr>
<td>ACT Inc.</td>
<td>ASSET, COMPASS AND COMPASS ESL • Eligible ONLY through 10/31/15</td>
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<tr>
<td>Association of Classroom Teacher Testers (ACTT)</td>
<td>Combined English Skills Assessment (CELSA)</td>
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<td>CELSA Forms 1 and 2</td>
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<tr>
<td>The College Board</td>
<td>ACCUPLACER</td>
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<tr>
<td>Wonderlic Inc.</td>
<td>Wonderlic Basic Skills Test Verbal Forms VS-1/VS-2, Quantitative Forms QS-1/QS-2 – both paper and online</td>
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<tr>
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<td>Spanish Wonderlic Basic Skills Test Verbal Forms VS-1/VS-2, Quantitative Forms QS-1/QS-2 – both paper and online</td>
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<td></td>
<td>• Effective November 1, 2015, only these two Spanish ATB tests are permitted for ATB purposes for Spanish speaking students</td>
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5. Are there minimum score requirements on the Ability-to-Benefit (ATB) Tests?
Yes, there are minimum passing scores. It is recommended that your college assessment staff consult with the test publishers directly for guidance regarding the minimum passing scores for each assessment. Additionally, each college or provider organization may have local policies for minimum score requirements related to admissions. Please see the 6/24/15 Electronic Announcement for more information on ifap.ed.gov

<table>
<thead>
<tr>
<th>Test Publisher and Tests</th>
<th>Minimum Passing Scores</th>
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<tr>
<td>ACT Inc.</td>
<td>The ACT assessments (ASSET, Compass and Compass ESL) are currently listed as eligible for meeting the ATB requirements.</td>
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<tr>
<td>ASSET, COMPASS, and COMPASS ESL</td>
<td>ASSET, COMPASS AND COMPASS ESL • Eligible ONLY through 10/31/15</td>
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<td></td>
<td><a href="mailto:jacque.twiggs@act.org">jacque.twiggs@act.org</a> 319-321-9750 (Cell)</td>
</tr>
<tr>
<td>Association of Classroom Teacher Testers (ACTT)</td>
<td>Combined English Language Skills Assessment (CELSA), Forms 1 and 2 Effective Date: November 1, 2002. Passing Scores: CELSA Form 1 (97) and CELSA Form 2 (97). Publisher: Association of Classroom Teacher Testers (ACCT) 1187 Coast Village Road, Suite 1, #378, Montecito, CA 93108. Contact: Pablo Buckelew. Telephone: (805) 965-5704, Fax (805) 965-5807.</td>
</tr>
<tr>
<td>Combined English Skills Assessment (CELSA)</td>
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<tr>
<td>The College Board</td>
<td>ACCUPLACER (Reading Comprehension, Sentence Skills, and Arithmetic) Effective Date: November 1, 2002. Passing Scores: Reading Comprehension (55), Sentence Skills (60), and Arithmetic (34). Publisher: The College Board, 250 Vesey Street, New York, New York 10281. Contact: ACCUPLACER Program. Telephone: (800) 607-5223, Fax (212) 253-4061.</td>
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### Test Publisher and Tests

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</table>
Effective Date of Tests: July 1, 2015 Publisher: Wonderlic, Inc., 400 Lakeview Parkway, Suite 200, Vernon Hills, IL 60061. Contact: Mr. Chris Young. Telephone: (847) 247-2544, Fax (847) 680-9492. |

### 6. Who may administer Ability-to-Benefit (ATB) tests?

Ability to benefit tests must be **independently and properly** administered.  
- Only a certified test administrator can proctor ATB tests;  
- Independently administered means:  
  - Given at an assessment center by an employee who is a certified administrator or  
  - Given by a certified independent test administrator

Please refer to PowerPoint slides on **Administering ATB Tests** provided by David Bartnicki, U.S. Department of Education that is attached for test administration requirements of test administration centers and reporting.

### 7. What are the requirements for eligible career pathways?

Career pathways are structured plans of instruction for students that combine rigorous and high-quality education, training, and support services aligned with the skill needs of industries in state or regional economies, and labor markets. Students eligible for Title IV federal aid under one of the above ATB alternatives must be enrolled in an “eligible career pathway program”. Any institution, whether public, nonprofit, or for-profit, may offer an eligible career pathway program.

Basic Skills staff should meet with their Financial Aid Administrator and review the Ability-to-Benefit requirements to determine if a career pathway offered by their college meets the eligible career pathway criteria. Please follow guidance from the US Department on **Eligible Career Pathways** [http://ifap.ed.gov/eannouncements/102215EligibleCareerPathwayProgQandA.html](http://ifap.ed.gov/eannouncements/102215EligibleCareerPathwayProgQandA.html)
An eligible career pathway program must:

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

An eligible career pathway program contains two components: an adult education component and a Title IV eligible postsecondary program component. In this context, “adult education” includes academic instruction and education services below the postsecondary level that increase an individual’s ability to read, write, and speak in English and perform mathematics or other activities necessary for the attainment of a secondary school diploma or its recognized equivalent; transition to postsecondary education and training; and obtain employment. Title IV eligible components are defined in 34 CFR 668.8-Eligible program.

The definition of an eligible career pathway program under section 484(d)(2) of the Higher Education Act may differ from definitions in these other laws. A program that qualifies for funding under the Workforce Innovation and Opportunity Act or another law may not meet the definition of an eligible career pathway program in section 484(d)(2) of the HEA.

To provide Title IV federal aid to students who are eligible only through one of the ATB alternatives allowed under the new law, an institution must ensure that its eligible career pathway program(s) meets the requirements under section 484(d)(2) of the HEA as described above. An institution must maintain documentation that its program meets each of the requirement in the definition of an eligible career pathway program.

Please follow guidance from the US Department on Eligible Career Pathways


Please note that “career pathway program” is also defined in the Workforce Innovation and Opportunity Act, and in other laws, including State and local laws. This definition may vary from the requirements for Ability-to-Benefit “Eligible Career Pathway” requirements.

8. **Will the Department of Education (DOE) approve or designate programs that are deemed to be "eligible Career Pathways"?**

   Educational institutions or schools must determine if a career pathway program meets the criteria as outlined in the law and GEN-15-09 and if necessary, must provide documentation to auditors and reviewers. Career pathway programs should not be submitted to the Department of Education for approval. Lists of eligible career pathways will not be provided to colleges by the Department of Education.
8a. How will educational institutions know if a career pathway is “eligible”?

Provider organizations should review the established approval criteria for career pathways provided by funders and partnering organizations. **Current and active** career pathways approved under the Basic Skills PLUS program that meet the established career pathway review criteria in which students at the Adult Secondary Education level (low or high) are co-enrolled in Basic Skills and Title IV courses and programs of study that align with local workforce demand and meet the criteria listed in item #6 above are considered eligible. In addition, career pathways that meet the requirements for Career and Technical Education and NC Works Certified Career Pathways may be eligible. Contact NCCCS staff for additional support.

The Ability to Benefit Career Pathway Program Definitions:

“To provide Title IV aid to students under one of the ATB alternatives under the new law, an institution must ensure that its eligible career pathway program(s) meets the requirements under section 484(d)(2) of the HEA as described in GEN-15-09”.

Basic Skills staff should meet with their Financial Aid Administrator and review the Ability-to-Benefit requirements to determine if a career pathway offered by their college meets the eligible career pathway criteria. Please follow guidance from the US Department on Eligible Career Pathways http://ifap.ed.gov/eannouncements/102215EligibleCareerPathwayProgQandA.html

9. How will Financial Aid Administrators at the colleges know if a career pathway is eligible?

Each college will need to establish their own career pathway programs and insure that these programs meet federal guidelines. The Department of Education will not approve career pathways. However, if your college is audited, you must be able to document that your program meets the eligibility requirements that have been established in the Ability-to-Benefit guidelines. See Dear Colleague Letter DCL ID: GEN-15-09

For Basic Skills programs, guidance is available through the System Office of College and Career Readiness. Financial Aid Administrators should work collaboratively with their Basic Skills PLUS Directors and Coordinators, Vice President of Academic Affairs, and VP for Students Services to ensure the programs meet Department of Education requirements.

10. Will the Department of Education revise the Free Application for Federal Student Aid (FAFSA) codes?

It is our understanding that there will not be revisions made to the Free Application for Federal Student Aid (FAFSA) codes. The FAFSA application will process a student's eligibility if the student selects the “Other” section on the item regarding completion of high school graduation, diploma or recognized high school equivalency. Students may receive Pell Grants if they are enrolled for at least one course and can receive loans if they are enrolled for at least six credit hours. Colleges must use the Alternative Pell schedule for students who enroll in eligible programs for the first time after July 1, 2015. The regular Pell schedule can be used for students who were enrolled in eligible programs of study prior to July 1, 2015.

11. What educational expenses are eligible under the Adult Education and Family Literacy Act and Title II of the Workforce Innovation and Opportunity Act?

The only costs that can be included in a student’s cost of attendance are those associated with the Title IV eligible postsecondary program component in an eligible career pathway.

Similarly, credit or clock hours associated with adult education coursework cannot be incorporated into a student’s Title IV enrollment status, regardless of whether the institution considers the adult education coursework to be remedial. However, costs for noncredit or reduced credit remedial coursework that is not part of the adult education component of the eligible career pathway program, but is associated with
the Title IV eligible postsecondary program component, can be included in a student’s cost of attendance. That coursework can also be included in the student’s Title IV enrollment status. An eligible career pathway program is not itself an eligible program because it contains an adult education component that includes, by definition, coursework that is below the postsecondary level. Therefore, an institution may not include the cost of the adult education component of an eligible career pathway program in a student’s cost of attendance and may not pay for the cost of the adult education component using Title IV federal aid.

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

12. Does this mean that certificates can be covered even though they are not usually covered under Pell Grants?

Yes. Certificates can be covered if they meet the CFR 668.8-Title IV eligible component (Eligible postsecondary program components) that lead to an associate, bachelor, professional or graduate degree, be at least a two-academic year program acceptable for full credit toward a bachelor’s degree or at least a one-academic year training program that leads to a certificate, or other nondegree recognized credential, and prepares students for gainful employment in a recognized occupation.

13. What internal partners should we collaborate with?

It is suggested that Basic Skills staff partner with program leaders in curriculum, continuing education, student services and financial aid to ensure that career pathways meet the requirements listed in item #7. The Financial Aid Office at each college should establish and implement management controls and written procedures to ensure it communicates students’ Federal Work Study and assistance award status to the NC Works Career Centers and the Financial Aid Compliance office.

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<tr>
<th>Contacts</th>
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<tbody>
<tr>
<td><strong>System Office</strong></td>
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<tr>
<td>Student Services</td>
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<tr>
<td>College and Career Readiness/Basic Skills/Transitions</td>
</tr>
</tbody>
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### Recommended Action Checklist

<table>
<thead>
<tr>
<th>Action</th>
<th>Documents and Information Needed</th>
<th>Target Date and Assignment</th>
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</thead>
<tbody>
<tr>
<td>2. Identify students who are eligible under the new provisions and Ability to Benefit requirements to determine which students should take advantage of the new provisions; set goals for implementation</td>
<td>Student Records; Transition Plan for each student and Established Career Pathways; Basic Skills PLUS Career Pathway Review Criteria; <a href="http://www.nccommunitycolleges.edu/sites/default/files/uploads/ccr/career_pathway_review_criteria.pdf">http://www.nccommunitycolleges.edu/sites/default/files/uploads/ccr/career_pathway_review_criteria.pdf</a> DOE: <a href="http://ifap.ed.gov/eannouncements/102215EligibleCareerPathwayProgQandA.html">http://ifap.ed.gov/eannouncements/102215EligibleCareerPathwayProgQandA.html</a></td>
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<tr>
<td>3. Identify the eligible career pathways available to students. Review Career Pathway approval criteria for Basic Skills PLUS, CTE Career Pathways, Ability to Benefit and NC Works Certified Career Pathways.</td>
<td>List of your College’s Career Pathways Career Pathway approval criteria Approved Programs of Study</td>
<td></td>
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<tr>
<td>4. Develop a financial aid strategy for students using available Braided Funding strategies</td>
<td>Meet with and review Financial Aid requirements</td>
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</tr>
<tr>
<td>5. Monitor and analyze student performance pre and post implementation of new provisions.</td>
<td>Student records; student performance results</td>
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### Resources:

- **Dear Colleague Letter** Publication Date: May 22, 2015  
  DCL ID: GEN-15-09  
  Subject: Title IV Eligibility for Students Without a Valid High School Diploma Who Are Enrolled in Eligible Career Pathway Programs  

- **CFR 668.8-Eligible program**  
  [http://www.ecfr.gov/cgi-bin/text-idx?SID=534ec79926ef3ae3d52c97f1afa7656c&mc=true&node=se34.3.668_18&rgn=div8](http://www.ecfr.gov/cgi-bin/text-idx?SID=534ec79926ef3ae3d52c97f1afa7656c&mc=true&node=se34.3.668_18&rgn=div8)

- **Office of Career and Technical Adult Education (OCTAE) Website:**  

- **US Department of Education**  
  Question and Answers on Eligible Career Pathways about the new ATB process and Career Pathway Programs  