

Excerpts, selected by the HELP Committee, from a larger document
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potential for abuse of Title IV funds – that letter may provide the Department with justification for developing new regulations and increase federal oversight of regional accrediting agencies.

Cohort Default Rates (CDR's) - To partially offset the new 3-year calculation, the HEOA increased the threshold default rate from 25% to 30%. If a school exceeds the 30% CDR in any given year, it must provide ED with a plan to reduce its CDR. If a school remains over 30% for three consecutive years, it may be deemed ineligible for Title IV programs. Separately, if a school exceeds 40% CDR in any given year, it is deemed ineligible for Title IV programs.

Implications for APUS – It is clear that the Department expects institutions with high CDRs to change their enrollment strategies and recruit students carrying a lower risk of default. Institutions will likely increase pre-enrollment screening to boost prospective graduation rates, job placement rates, and loan repayment rates. To the extent that APUS moves toward accepting civilian students who rely upon Title IV loans, it may need to modify its open enrollment policies to accommodate these elements, with a corresponding impact on enrollment growth.

These are the primary sources of anxiety that I sense among our counterparts in the industry Wally, and to some degree among the market analysts who were present. I think it is noteworthy that the level of that anxiety was greater among those in the vocational and trades sector, for obvious reasons. In short, I think we have more reason to be concerned with the aggressive regulatory attitude of the current administration and Department of Education staff than we do from these specific rules.

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And speaking of editing – I've thrown this together rather quickly, so please excuse any typographical, grammatical, or other compositional oversights.

Rsk

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