

June 1, 2015

New Guidance on the Partial Restoration of the ‘Ability to Benefit’ Provision for Title IV Federal Financial Aid

The Consolidated and Further Continuing Appropriations Act of 2015 helped reopen the door to opportunity in postsecondary education by changing the Higher Education Act of 1965, as amended (HEA), to partially restore what is known as the “**ability to benefit** (ATB) alternatives”. The new law went into effect on Dec. 16, 2014, and changed the HEA to allow a student who did not receive a high school diploma (or its recognized equivalent), or who did not complete a secondary school education in a home-school setting, to be eligible for Title IV financial aid. This can now be done through a combination of ATB alternatives and enrollment in an eligible career pathway program (as determined by the Title IV eligible institutions' staff).

This ATB provision has the potential to help many students. Consider the following example.

At age 21, Tony is the oldest of five children in a single parent household. He had to drop out of high school at age 17 to work full-time in order to help support his younger brothers and sisters. For the next four years he had a succession of minimum wage jobs to help his family make ends meet. This experience reinforced what he had always heard—that in today’s job market there is a need for postsecondary education and training in order to land a good job. So Tony met with an advisor at a local community college to explore his education options. To his dismay, Tony found that he would not be able to receive federal financial aid because he did not have a high school diploma or other high school credential, such as a GED. Discouraged by this news, Tony gave up hope of being able to help his family better its circumstances.

While Tony is only a fictional character, many individuals share his circumstances due to a lack of high school credentials.

A new [Dear Colleague letter](#) from the U.S. Department of Education provides helpful information on the ATB alternatives. Key areas highlighted in the letter include:

- the definition of an eligible career pathway program that a student must be enrolled in to qualify for the ability to benefit alternative;
- ATB alternatives requirements that students must meet;
- information regarding the retroactive provisions of the new law; and
- the alternative Pell disbursement schedule for students who first qualify for this provision on or after July 1, 2015.

Now imagine a scenario in which Tony has access to ATB alternatives:

Tony went back to the community college and was told he could enroll in a career pathways program and receive Title IV federal financial aid if he met certain prerequisites. He had the option of taking a U.S. Department of Education-approved, independently administered test, or he could pay for and complete at least six credits (or 225 clock hours) counting toward a degree or certificate at the

community college. Tony decided to take the test and scored high enough to meet ATB alternatives requirements. He then completed the financial aid application process and was found to be eligible to receive aid. Finally, Tony enrolled in an eligible career pathways program, which included counseling and support services to help him identify and attain his academic and career goals. The program also provided articulated, contextualized (i.e. relevant to his field of study) course sequences that allowed Tony to consistently advance to higher levels of education and employment. It was structured very efficiently—everything Tony studied prepared him to be successful in his new field, as well as to earn industry-recognized credentials and an associate degree. The program was developed in collaboration with local employers in Tony’s field, as well as workforce and economic development partners, and was filling a vital need in Tony’s region. As part of his career pathway, Tony enrolled in and completed an adult education program that helped him prepare to be successful in work and in life.

The fictional story above is only an illustrative example of how the new ATB alternatives might benefit students. The partial restoration of ATB alternatives can increase opportunities for many individuals. Because there are several important factors not mentioned in this example, such as the possible impact of the timing of a student’s entry into an eligible career pathways program on the amount of funding that students may be able to receive, it is very important to read the entire Dear Colleague letter. It is also recommended that a student contact his or her college’s financial aid office for more information on these issues.

For additional information on this topic, please contact Federal Student Aid's Research and Customer Care Center Monday through Friday, between 9 a.m. and 5 p.m. EDT, at 1-800-433-7327, or anytime via email at fsa.customer.support@ed.gov.