



Glossary of Financial Aid Terms

Clock/Credit-Hour Conversion: The calculation performed to establish whether certain programs offered in credit hours meet the standard for the minimum number of credit hours and can be considered eligible. [Definition by the Office of Federal Student Aid.¹]

Clock Hour: A period of time consisting of: a 50 to 60-minute class, lecture, or recitation in a 60-minute period; a 50 to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period; or 60 minutes of preparation in a correspondence course. [Definition by Office of Federal Student Aid.]

Credit Hour: Except as provided in 34 CFR 668.8(k) and (l), a credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally established equivalency that reasonably approximates not less than : one hour of classroom or direct faculty instruction and a minimum of two hours of out of class student work each week for approximately 15 weeks for one semester or trimester hour of credit, or 10 to 12 weeks for one quarter hour of credit, or the equivalent amount of work over a different amount of time; or at least an equivalent amount of work as required in paragraph (1) of this definition for other academic activities as established by the institution including laboratory work, internships, practica, studio work, and other academic work leading to the award of credit hours. [Definition by the Office of Federal Student Aid.]

DCL GEN-14-23: This Dear Colleague Letter from the Education Department, distributed in March 2013, provides answers to frequently asked questions about competency-based education and direct assessment programs and their intersections with federal financial aid policies. It is available [here](#).

Direct Assessment: As defined by the Higher Education Act, direct assessment programs are those that utilize the direct assessment of student learning in lieu of clock or credit hours. Direct assessment programs must apply to the Education Department and be approved for participation in the federal financial aid system.

Non-Standard Term: Academic or payment period in which classes are expected to begin and end within fixed starting and ending dates but the terms are not the length of standard terms (14-17 weeks long). [This definition by the Office of Federal Student Aid.]

Non-Term: An academic or payment period in which classes do not to begin and end within a fixed dates. A program measuring progress in clock-hours is always considered a nonterm program. A credit-hour program is considered nonterm if it has: courses that do not begin and end within a set period of time; courses that overlap terms; self-paced and independent study courses that overlap terms; or sequential courses that do not begin and end within a term. [This definition by the Office of Federal Student Aid.]

¹ Many of these terms are defined by the Office of Federal Student Aid (as noted) and available [here](#).



Payment Period: The amount of time a student must complete before receiving the next disbursement of federal aid. There can be no more than two payment periods in either the academic year or the remainder of the program, whichever is shorter, though institutions may make multiple payments of the student's aid disbursement within a single payment period. For programs that are self-paced (like many CBE programs), the two payment periods in a year may not come at a regularly scheduled time. According to the Education Department, such programs define the first payment period as ending when the student both successfully completes half the credit or clock-hours for that year and half of the weeks of instructional time in the program; the second payment period is the remainder of the academic year.

Prior Learning Assessment: The evaluation of skills and knowledge students already possess prior to taking coursework at an institution. Prior learning is often assessed through submission of a portfolio. Institutions may not, under federal rules, access federal financial aid to pay for students' time spent preparing such portfolios, or to pay for the testing itself.

R2T4: When a student withdraws from a program before completing at least 60% of a payment period, the institution is required to perform calculations of the amount of aid disbursed but unearned and return the funds to the Education Department. Because CBE programs are self-paced, institutions may find it difficult to assess when a student officially withdrew and to perform the necessary R2T4 calculations. However, to ensure taxpayer dollars are not wasted, CBE programs are still required to assess R2T4 calculations--albeit with some flexibilities. Schools measure when a student has begun attendance in a new payment period and when he has begun coursework towards a particular competency, and calculate R2T4 amounts on that basis. In subscription-period programs, the student is assumed to be enrolled for the entire payment period and R2T4 calculations are measured accordingly.

Satisfactory Academic Progress: Federal rules require that institutions monitor students' satisfactory academic progress. Students must meet a certain GPA (at least a "C" average) and must be on pace to graduate within 150 percent of the expected time to completion, though institutions may set stricter standards. Students who fail to meet SAP may be placed on a financial aid warning and/or lose federal aid eligibility, absent an appeal to the institution. SAP is treated the same way in CBE programs, but institutions have flexibilities to determine the "normal" time to completion given that the programs are self-paced, and may use the mastery of competencies as a proxy for the GPA portion of the SAP analysis.

Standard Term: An academic or payment period that is generally 15 to 17 weeks long. Semester-based academic calendars traditionally have two terms, in the fall and spring, and trimester-based academic calendars traditionally have three terms, in the fall, spring, and summer. [Definition by the Office of Federal Student Aid.]

Subscription Period: Some CBE programs utilize a "subscription period," in which students pay the institution a set amount for a defined period of time (rather than paying on a per-competency basis). Students may consume as much or as little coursework as they are able during the subscription period. Such programs may look more like standard semester-based (standard term) programs than non-term programs, except students may "subscribe" at any time for a semester rather than all enrolling at once.