Date: August 8, 2014

To: Deans and Associate Deans for Academic Affairs in Schools/Colleges that Offer Capstone Certificates

From: Jocelyn Milner, Director of Academic Planning and Institutional Research
       Susan Fischer, Director of the Office of Student Financial Aid
       Katy Duren, Associate Dean, Continuing Studies

Re: Important change for Capstone Certificates – Change in Federal Aid Eligibility

We are writing to inform you that starting this Fall Term (2014) students enrolled in Capstone certificates will no longer be eligible for federal student financial aid. We have been making Federal Direct Unsubsidized Loans available to these students but going forward students will need to rely on private loans or, for 2014-15 only, an institutional loan program that will be available to students who had been offered federal loans before this decision was made.

We are notifying the directors of Capstone certificate programs of this change in a separate message.

This change is being made in response to clarification of the interpretation of regulations by the US Department of Education (ED) relative to the aid eligibility of certificate programs not associated with a degree program. UW-Madison has asked for and received confirmation from ED that our Capstone certificates are not eligible for federal financial aid. Given this new interpretation, it will not be permissible to provide Capstone students federal aid starting this fall.

We fully appreciate the very difficult position that this creates for some programs, particularly given the past assumption of and planning for the availability of the loans to students. To ease the transition we have established an institutional loan program for students who have been offered federal loans for 2014-15. In addition to the possibility of institutional loans, previously awarded students may also seek funding through the private educational loan market. The Office of Student Financial Aid will be communicating with these previously awarded students during the week of August 11, 2014.

Note that the institutional loan program is a one-year program only that is intended to ease the difficult news of this change of eligibility. After 2014-15, students who need loans will need to seek private educational loans. Capstone certificate students who were not awarded federal loan for the 2014-15 year will have the option of applying for private educational loans immediately. The Office of Student Financial Aid stands ready to assist students who wish to apply for these loans.
Longer term, as a campus, we may choose to explore the tradeoffs involved with bringing the Capstone certificate programs into compliance with the federal Gainful Employment requirements, which is necessary for the programs to become eligible for federal financial aid. A preliminary analysis of the costs of instituting and maintaining the infrastructure necessary for Gainful Employment compliance indicates that this compliance effort will cost an estimated $300,000 or more per year. Because of this expense, we are not recommending that the campus pursue this option at this time.

We very much regret the need to deliver this difficult news, and especially so close to the start of the fall semester. We understand that this is a challenging situation for Capstone certificate programs and their students who were relying on federal funding and we hope that that the institutional loan program will fill any gap created by this change for the coming year.

Please let Susan Fischer know if you have any questions (Susan.Fischer@finaid.wisc.edu).

Copies: Darrell Bazzell, Vice Chancellor for Finance and Administration
        Tim Norris, Director, Madison Budget Office
        Sarah Mangelsdorf, Provost and Vice Chancellor for Academic Affairs
        Eden Inoway-Ronnie, Chief of Staff, Office of the Provost
        Jeff Russell, Dean of Continuing Studies
        Judith Strand, Associate Dean of Continuing Studies
        Steve Hahn, Interim Vice Provost for Enrollment Management
        Wendy Crone, Associate Dean, Graduate School
        Kelly Haslam, Assistant Dean, Graduate School
        Jennifer Martin, Graduate School
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