

provide greater access to high quality distance education programs; and

(C) Appropriate level of Federal assistance for students enrolled in distance education programs.

Under the Distance Education Demonstration Program, participants may offer Title IV, HEA program funds to students enrolled in educational programs utilizing distance education delivery methods for all or a portion of their classes without being subject to certain statutory and regulatory provisions, upon granting by the Secretary of an institution's request for waiver of these provisions. The purpose of these waivers is to test new ways of administering the Federal student assistance programs and to consider how the law and regulations might be altered to allow for expansion of aid to distance students and still ensure program integrity.

The legislation creating this program authorized the Secretary to select, from among eligible applicants, up to a total of 15 institutions, systems of institutions, or consortia of institutions to begin participation in the first year of the program. (For these purposes, a system of institutions could be a group of institutions with a common governing board. An example would be a community college system or a group of private institutions owned by the same corporation. A consortium of institutions could be two or more institutions that have agreed to collaborate on a common effort such as sharing distance education courses or a two-year and four-year institution cooperating to offer a bachelor's degree completion program.) The 15 participants for the first year of the program were selected in May of 1999 and began participation on July 1, 1999.

The Secretary is authorized to select, from among eligible applicants, up to a total of 35 additional institutions, systems of institutions, or consortia of institutions to begin participation in the third year of the program. Nine institutions, systems of institutions or consortia of institutions were selected in June 2001 and began participation on July 1, 2001. Additional institutions, systems of institutions, or consortia of institutions will be selected to increase the diversity of the types of institutions in the program. The Secretary anticipates that these additional institutions, systems or consortia selected will continue to participate until June 30, 2005. Participation will be conditioned upon their meeting the requirements of the Distance Education Demonstration Program and continued participation in Title IV, HEA programs. Institutions desiring to withdraw from

the Distance Education Demonstration Program may do so without jeopardy to their participation in Title IV, HEA programs but must meet all the eligibility criteria in section 102 of HEA. Also, the scope of the participation, such as the specific distance education programs included and waivers provided, may be modified as agreed upon by the Secretary and the participant, to allow for changes in the programs offered, the modes of delivery used, the size of participants' distance programs, or other changes desired by the Secretary or the participant as experience is gained in the program.

On November 1, 2002, the Department published regulations that modified 34 CFR Sections 668.2, 668.3, and 668.8 that limited institutions in the area of distance learning. These changes were based, in part, on experiences gained from the Distance Education Demonstration Program. Since that time, we have decided that it would be appropriate to accept applications to participate in this program to determine what other barriers continue to exist and to increase the diversity of the types of participants in the Distance Education Demonstration Program. To that end, we are particularly seeking applications from eligible applicants that would increase the diversity of the types of participants in the Distance Education Demonstration Program, particularly in the number of institutions that exclusively provide instruction online.

The Department works closely with accrediting agencies and States to determine how their respective roles contribute to assuring quality and integrity in distance learning. Accrediting agencies play an important role in monitoring the demonstration programs, consistent with their responsibilities. Where State requirements are relevant to distance education programs, the Department works with States to determine how their monitoring role assists in ensuring program integrity.

The participants must agree to provide data and information that will assist the Secretary in evaluating the Distance Education Demonstration Program and in reporting to Congress as required by HEA. The data and information provided by participants will assist the Secretary in determining whether statutory and regulatory changes might be needed to support the growth of quality distance education courses and programs and the appropriate level of Federal assistance for students enrolled in distance education programs, two of the purposes of the program that are specified in the statute. A copy of the

form containing the data collection requirements can be found on the program Web site.

The program is also designed to examine ways to assure the integrity of Title IV, HEA programs in the context of distance education. This examination is accomplished principally through the close monitoring of participants' administration of Title IV, HEA programs.

Eligible Applicants

The following institutions are eligible to apply to participate in the Distance Education Demonstration Program:

(1) Institutions located in the United States that participate in the Title IV, HEA programs; and

(2) Institutions located in the United States that provide a two-year program that leads to an associate degree or a four-year program that leads to a baccalaureate or higher degree and would be eligible to participate in the Title IV, HEA programs but for the fact that they do not meet one or both of the 50 percent rules. Such institutions must apply to participate in Title IV, HEA programs at the same time they submit an application to the Distance Education Demonstration Program.

In addition, systems and consortia of these institutions are eligible to participate in this program. As stated earlier, the Secretary is particularly interested in including institutions that exclusively provide instruction on-line.

Statutory and Regulatory Provisions That May Be Waived

The Secretary may waive statutory and regulatory provisions. To obtain a waiver, an institution must request the waiver in its application to participate in the program and must provide reasons for the waiver. Where possible, the applicant should suggest an alternative that is designed to meet the same objectives as those achieved by the waived statutory or regulatory provision. For example, if an applicant seeks to waive the requirement that students must achieve satisfactory academic progress as defined in Department regulations, the applicant should suggest an alternative means to ensure that Federal student aid funds are provided only to students who are making progress towards a degree or certificate. An applicant need not include an alternative approach with regard to a request to waive one or both of the 50 percent rules.

Statutory Provisions

The Secretary may waive the following HEA statutory provisions: