



*For illustrative purposes only. Not intended as legal advice.*

## Checklist for Online Education Vendors

Affirm is currently unable to finance private education loans for postsecondary educational expenses. This guide may help you determine whether Affirm is able to support your business at this time.

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### Checklist

*If your response to a question indicates that “It’s possible that Affirm can support your business!” then there’s no need to go through additional questions.*

*If your response to a question indicates that “Affirm is unable to support your business at this time” then there’s no need to go through additional questions.*

*If you are unsure about your responses to any of these questions, please consult with your own legal counsel.*

1. Does the Program receive Title IV funding? (Note: this question asks about the specific Program, not the online education vendor offering the Program or any other institution affiliated with the Program.)  
 No (continue to question #2)       Yes (Affirm is unable to support your business at this time)
2. Does the owner of the online education vendor receive Title IV funding generally or does the online education vendor receive Title IV funding for other programs?  
 No (continue to question #3)       Yes (Affirm is unable to support your business at this time)
3. Does the online education vendor admit only students who satisfy one of the following:  
(a) possess a high school diploma or the equivalent; or  
(b) completed high school in a state-approved homeschool setting; or  
(c) are beyond the age of compulsory school attendance in the state where the online education vendor is located (the maximum compulsory school age ranges from 16-18 years of age; state specific requirements are online at [https://nces.ed.gov/programs/statereform/tab5\\_1.asp](https://nces.ed.gov/programs/statereform/tab5_1.asp))?



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- No (It's possible that Affirm can support your business!)       Yes (continue to question #4)

4. Does the online education vendor have a state license, bond or similar required authorization to provide postsecondary education in the state where it has a campus or other instructional site?

- No (It's possible that Affirm can support your business!)       Yes (continue to question #5)

5. Does the Program:

- a. Provide 15 weeks of instruction consisting of 600 clock hours (defined [below](#)), 16 semester or trimester hours, or 24 quarter hours and admit individuals who have not completed an associates degree as regular students and provide undergraduate training (i.e., training that is appropriate for someone at an undergraduate level) leading to a certificate or other recognized educational credential (i.e., does the Program provide a formal industry-recognized certification or does Program completion otherwise signal technical proficiency); or
- b. Provide 10 weeks of instruction consisting of 300 clock hours, 8 semester or trimester hours, or 12 quarter hours and admit students who have completed the equivalent of a 2 year degree as regular students or provide a graduate or professional program (meaning that program must: (i) serve students above the baccalaureate level, and (ii) serve students who have completed at least three years of full time study before entering the program or as part of the program); or
- c. Provide 10 weeks of instruction consisting of 300-600 clock hours and admit individuals who have not completed an associates degree as regular students and provide undergraduate training (i.e., training that is appropriate for someone at an undergraduate level) leading to a certificate or other recognized educational credential (i.e., does the Program provide a formal industry-recognized certification or does Program completion otherwise signal technical proficiency) and (i) at least 70% of students who continue in the Program past any drop-out/full refund period graduate on time or within 150% of the published Program length; (ii) within six months after completing the Program, at least 70% of students have been employed in jobs for which the Program purports to provide training (or related comparable jobs) for at least 13 weeks; (iii) the Program has had a state license (or other legal authorization or exemption) for at least one year and the Program has operated during that time; and (iv) if there are a minimum number of clock hours required for training in the recognized occupation that the program prepares students for, as established by the program's home state or a federal agency, then the clock hours in the program do not exceed the minimum number of clock hours by more than 50%?

- No (skip to question #9)       Yes (continue to question #6)

6. Evaluate the questions below to determine whether the Program provides "gainful employment."



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a. Employment in Jobs Relevant to Training Program

- i. Are students trained in the skills they need to obtain and maintain jobs in the occupation(s) for which the Program purports to provide training?
- ii. Within six months after completing the Program, have at least 70% of students been employed in jobs for which the Program purports to provide training (or related comparable jobs) for at least 13 weeks?

b. Program Completion

- i. Do relatively few students withdraw from the Program?
- ii. Do at least 70% of students who continue in the Program past the 100% refund drop-out period (if any) complete the Program on time or within 150% of the published Program length?

c. Earning Levels

- i. Are Program costs justified by the wages for the jobs for which training is provided, i.e., are earnings for students who complete the Program sufficient to cover their living expenses and loan payments?
- ii. Confirm the estimated annual loan payment of a typical graduate does not exceed 30% of his or her annual discretionary income or 12% of his or her annual total earnings. (Discretionary income can be estimated by calculating the higher of the mean or median annual total earnings and subtracting 1.5 times the Poverty Guideline for a single person. The Poverty Guideline for 2019 is \$12,490 and is updated annually at <https://aspe.hhs.gov/poverty-guidelines>.)

No to any (skip to question #9)

Yes to all (continue to question #7)

7. Does the Program train students for jobs that are listed on one of two federal government jobs lists: the Bureau of Labor Statistics Standard Occupational Classification (SOC) (<https://www.bls.gov/soc/>) or the Department of Labor Occupational Network (O'Net) (<https://www.onetonline.org/>)?

No, the Program nurtures a hobby rather than training students for jobs (skip to question #9)

Yes, the Program trains students for jobs listed on the SOC or O'Net lists (continue to question #8)

8. Has the online education vendor satisfied Questions 5-7 for at least the prior two years? Has the Program been substantially the same in length and subject matter during that time (not including changes due to new technology)? Note that any period during which the online education vendor was part of another institution that satisfies Questions 5-7 does not count toward the two years except if the online education vendor was a branch campus.



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- No (continue to question #9)       Yes (skip to question #11)

**9.** Is the online education vendor public or non-profit?

- No (It's possible that Affirm can support your business!)       Yes (continue to question #10)

**10.** Does one of the following apply:

- a. Graduates of the Program receive an associate, baccalaureate, professional or graduate degree; or
- b. The Program runs for at least two academic years (defined [below](#)) and counts for full credit toward a bachelor's degree; or
- c. The Program: (i) runs for at least one academic year, (ii) leads to a certificate or other nondegree recognized credential (i.e., does the Program provide a formal industry-recognized certification or does Program completion otherwise signal technical proficiency), *and* (iii) the answers to questions 6 and 7 are "Yes"?

- No (It's possible that Affirm can support your business!)       Yes (continue to question #11)

**11.** Do any of the following exceptions apply?

- a. Does the online education vendor offer more than 50% of courses by correspondence (defined [below](#)), and is the online education vendor not a public or nonprofit career and technical education school principally or exclusively serving individuals preparing to enter the labor market and who either completed or left secondary school?
- b. Are more than 50% of the online education vendor students enrolled in correspondence courses?
- c. Do more than 50% of enrolled students lack a secondary school diploma or its equivalent, and the online education vendor does not provide a two- or four-year program for which it awards an associate or bachelor degree?
- d. Are more than 25% of the enrolled students incarcerated?
- e. Does the online education vendor provide 50% or more of the Program through an internship, externship or practicum that would not satisfy this checklist (25% or more where the same individual, partnership or corporation controls both the Program and the internship, externship or practicum)?
- f. Have (i) the online education vendor's owners (having at least a 25% stake), (ii) their family members or (iii) a online education vendor director, ever owned 25% or more or served as director, CEO, officer or partner of an institution that is now participating in or ever participated in federal student financial aid programs or its third-party servicer? If so, is there any liability currently owed to the U.S. Department of Education that was established during the period of ownership or position held? (This may not



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automatically disqualify the online education vendor from being a covered educational institution for which private education loan disclosures are clearly required to be given, but it is disqualifying if the online education vendor, the online education vendor's owners (having at least a 25% stake)?

- g. Has the institution or an affiliate of the institution that has the power by contract or ownership interest to direct the management of policies at the institution filed for bankruptcy or has an order for bankruptcy been filed against it?
- h. Has the online education vendor's CEO has been convicted of, or has pled no contest or guilty to, a crime involving the acquisition, use, or expenditure of federal student financial aid funds, or has been judicially determined to have committed fraud involving federal student financial aid funds?

- No to all (continue to question #12)
- Yes to any (It's possible that Affirm can support your business!)

**12.** Is the online education vendor managed in an administratively and financially sound manner? For example:

- a. Is there a financial aid staff? Is financial aid staff appropriately trained or has a background in financial aid? Does the online education vendor have a process for certifying student enrollment, receiving loan funds from lenders and disbursing refunds to students? Does the online education vendor inform students of their financial obligations and financial aid options in a clear manner?

- No (It's possible that Affirm can support your business!)
- Yes (continue to question #12b)

- b. Does the online education vendor have audited financial statements? In the most recent audited financial statement, did the auditor express an adverse, qualified or disclaimed opinion or express doubt about the continued existence of the online education vendor as a going concern?

- No (Affirm is unable to support your business at this time)
- Yes (It's possible that Affirm can support your business!)

## Definitions

**“Academic year”** means:

- 26 weeks of instructional time for a program offered in clock hours; or
- 30 weeks of instructional time for a program offered in credit hours; and
- 24 semester or trimester credit hours, 36 quarter credit hours, or 900 clock hours for an undergraduate educational program. 34 C.F.R. § 668.3(a).

**“Clock hour”** means (1) A 50- to 60-minute class, lecture, or recitation in a 60-minute period; (2) A 50- to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period; or (3) Sixty minutes of preparation in a correspondence course (defined below). 34 C.F.R. § 600.2.

There is a clock-to-credit hour conversion formula for non-degree undergraduate programs (semester hour = 37.5 clock hours; trimester hour = 37.5 clock hours; quarter hour = 25 clock hours). 34 C.F.R. § 668.8(l)(1). For purposes of Title IV eligibility, a program may count work outside of class toward the minimum hours requirements, so long as there are at least 30 hours of instruction for a semester hour or trimester hour and 20 hours of instruction for a quarter hour. 34 C.F.R. § 668.8(l)(2).

For degree programs of at least two years in length, **“credit hour”** means one hour of classroom or faculty instruction and two hours of out of class student work each week (over 15 weeks for one semester or trimester hour of credit, 10-12 weeks for one quarter hour of credit, or the equivalent amount of work over a different period), or at least an equivalent amount of work 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. 34 C.F.R. § 600.2.

A **“correspondence course”** is a course where the institution provides instructional materials by mail or online and that does not meet regularly, where interaction between the instructor and student is limited, not substantive, and is primarily initiated by the student (as opposed to regular and substantive interaction between the students and the instructor). A course that has correspondence and on-campus components is considered to be a correspondence course. A correspondence course does not include a distance education course.