

**DEPARTMENT OF EDUCATION****Federal Student Financial Assistance Programs—Distance Education Demonstration Program****AGENCY:** Department of Education.**ACTION:** Notice inviting applications for participation in the Distance Education Demonstration Program.

**SUMMARY:** The Secretary of Education invites institutions of higher education (institutions), systems of institutions, and consortia of institutions to submit applications to participate in the Distance Education Demonstration Program authorized under section 486 of Title IV of the Higher Education Act of 1965, as amended (HEA). Under the Distance Education Demonstration Program, selected institutions providing distance education programs may receive waivers of specific statutory and regulatory provisions governing the student financial assistance programs authorized under Title IV of HEA.

*Instructions for Submitting an Application:* Elements to be included in an application are described in this notice. There is no application form for the program. Proposals should be submitted by electronic mail or in hard copy to the addresses below. Applicants are urged to submit applications only by electronic mail, to the e-mail address below. Applications should clearly designate a contact person, and the telephone number and the e-mail and street address of the contact person.

Applications submitted by electronic mail should be submitted in Microsoft Word version 7 or lower or WordPerfect version 7, 8, or 9.

Further information concerning technical assistance may be found at the end of this notice and at the Distance Education Demonstration Program Web site: <http://www.ed.gov/offices/OPE/PPI/DistED/>.

**DATES:** Applications must be postmarked or submitted electronically on or before October 6, 2003.

**ADDRESSES:** *Applications submitted electronically.* Institutions must submit applications by e-mail by 5 p.m. Eastern time on October 6, 2003 to the following address: [DistanceDemo@ed.gov](mailto:DistanceDemo@ed.gov).

*Applications submitted by mail:* Hard copy applications must be sent to Rose Fletcher, U.S. Department of Education, 1990 K Street NW., Room 80, Washington, DC 20006.

An institution must show proof of mailing these documents by October 6, 2003. Proof of mailing consists of one of the following: (1) A legible mail receipt with the date of mailing stamped by the U.S. Postal Service, (2) a legibly dated

U.S. Postal Service postmark, (3) a dated shipping label, invoice, or receipt from a commercial carrier, or (4) any other proof of mailing acceptable to the U.S. Secretary of Education.

If these documents are sent through the U.S. Postal Service, the Secretary does not accept either of the following as proof of mailing: (1) A private metered postmark, or (2) a mail receipt that is not dated by the U.S. Postal Service. Institutions should note that the U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, an institution should check with its local post office. You are encouraged to use certified or at least first-class mail.

*Applications delivered by hand.* Hand-delivered applications must be taken to Rose Fletcher, U.S. Department of Education, 1990 K Street, NW., Room 8031, Washington, DC 20006.

Applications that are hand-delivered will be accepted between 9 a.m. and 5 p.m. daily (Eastern time), except Saturdays, Sundays, and Federal holidays. Applications must be received by 5 p.m. on October 6, 2003.

**FOR FURTHER INFORMATION CONTACT:**

Carney McCullough or David Bergeron via telephone at (202) 502-7575 or via Internet: [DistanceDemo@ed.gov](mailto:DistanceDemo@ed.gov).

Information concerning the program can also be found on the Distance Education Demonstration Program Web site: <http://www.ed.gov/offices/OPE/PPI/DistED/>.

If you use a telecommunications device for the deaf (TDD), you may call the Federal Information Relay Service (FIRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the contact person listed in the preceding paragraph.

**SUPPLEMENTARY INFORMATION:****Background and Purpose of the Distance Education Demonstration Program**

There has been rapid growth in the number of institutions providing courses and degree programs in various modes of "distance education." For purposes of the Distance Education Demonstration Program and this notice, "distance education" is defined as an educational process that is characterized by the separation, in time or place, between instructor and student. This process may include courses offered principally through the use of television, audio, or computer transmission, such as open broadcast, closed circuit, cable, microwave, or

satellite transmission; audio or computer conferencing; video cassettes or discs; or correspondence.

The growth in distance education has occurred in response to increasing demand from students who have little or no options to enroll in more traditional programs, including working adults, parents, people who live in rural communities, and students with disabilities. Another reason for this growth is the potential for cost control. Distance education is also attractive to institutions that are unable to make large investments in new facilities to meet increased student demand.

Additionally, through consortia and other agreements among institutions that provide distance education, many students are able to take advantage of a richer selection of course offerings tailored to their individual needs than are available at the institutions where they are enrolled.

Currently, some statutory provisions defining institutional eligibility for the Title IV, HEA programs limit the circumstances in which Title IV, HEA program funds can be provided to students enrolled in distance education. For example, institutions that offer more than 50 percent of their courses via distance education or enroll more than 50 percent of their students in distance education programs (hereafter referred to as "the 50 percent rules") are not eligible to participate in the Title IV, HEA programs.

Other statutory and regulatory provisions are based on the patterns and structure of on-campus education and traditional academic terms. As such, they can be burdensome and difficult to apply to distance education programs. They may also limit institutions from structuring programs that may best meet the needs of distance education students, institutions, and systems and consortia of such institutions.

Enacted in 1998, as described in section 486(a) of the HEA, the purpose of the Distance Education Demonstration Program is to—

(1) Allow demonstration programs that are strictly monitored by the Department of Education (Department) to test the quality and viability of expanded distance education programs currently restricted under HEA;

(2) Provide for increased student access to higher education through distance education programs; and

(3) Help determine the—

(A) Most effective means of delivering quality education via distance education course offerings;

(B) Specific statutory and regulatory requirements which should be altered to

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:

• *Section 102(a)(3)(A)*. This section makes an otherwise eligible institution ineligible if more than 50 percent of its courses are offered by correspondence and telecommunication.

• *Section 102(a)(3)(B)*. This section makes an otherwise eligible institution ineligible if 50 percent or more of its students are enrolled in correspondence or telecommunications courses.

• *Section 484(l)(1)*. This section defines a telecommunications student at an institution as a correspondence student if (1) the student is enrolled in certificate programs of less than one year; (2) the institution provides more certificate than degree programs; or (3) 50 percent or more of the institution's courses are offered by correspondence and telecommunications.

### Regulatory Provisions

In addition to the aforementioned statutory provisions, the Secretary may waive the regulatory provisions implementing part G of HEA that inhibit the operation of quality distance education programs. Part G consists of sections 481 through 493B of HEA. These sections contain numerous provisions dealing with the Title IV, HEA programs including those that limit the amount of aid that can be provided for correspondence courses and programs. In general, the regulations implementing these provisions are contained in 34 CFR part 668.

(Under the Distance Education Demonstration Program, the Secretary is authorized to waive any regulations governing part F of Title IV, which deals with need analysis and costs of attendance. However, the Secretary is not authorized to issue regulations implementing part F; therefore, there are no regulations to waive.)

### Application Proposal Requirements

Each application proposal to participate in this program shall include—

1. The name, address, and Web site address, if any, of the institution, system, or members of the consortium seeking to participate, and the name, title, mailing and e-mail addresses, and telephone number of a contact person for the institution, system, or consortium;

2. A description of the distance education programs offered or to be offered for which the institution is seeking a waiver or waivers. An institution may request a waiver or waivers for one, several, or all of its distance education courses or programs. The description should include the types of programs, degrees or certificates

offered, program goals, and the methods used or proposed to be used to deliver distance education;

3. A description of the applicant's consultation with a recognized accrediting agency or agencies with respect to quality assurances for the distance education programs to be offered;

4. A description of the types of students that the distance education programs are intended to serve, (e.g., adult learners, rural populations, individuals with disabilities);

5. The Title IV, HEA programs under which distance education students will receive funds;

6. The specific statutory and regulatory provisions to be waived, the scope of each waiver, and the reason for each waiver. The applicant should propose an alternative to the provision or explain why no alternative is necessary;

7. An assurance that the institution, system, or a consortium will fully cooperate with the Department's ongoing evaluations of the program; and

8. A statement of the goals of the institution, system, or consortium for participation along with the method the institution will use to evaluate achievement of the goals.

In addition to the information described above, systems and consortia must provide the following additional information—

1. A description of the system or consortium and the relationship among the members of the system or consortium, a copy of any agreement governing the relationship of institutions that are members of the system or consortium, and a list of the institutions which are members;

2. A description of the manner in which the distance education programs are or will be conducted among the system and consortium members particularly as that manner is related to the waiver request; and

3. The manner in which Title IV, HEA program funds will be administered for the students in the distance education programs. (This would include such matters as the disbursement procedures that would be followed, the definition of an academic year that would be used, how attendance would be monitored, and the satisfactory academic progress rules that would be followed.)

### Selection of Participants

In selecting applicants to participate in the Distance Education Demonstration Program, the Secretary will take into account the—

1. Number and quality of applications received;

2. Department's capacity to oversee and monitor the applicant's participation;

3. Applicant's financial responsibility, administrative capability, and the program or programs being offered via distance education; and

4. Necessity of including different types of participating institutions vis-à-vis size, mission, and geographic distribution, with an emphasis on institutions that provide education exclusively through on-line instruction.

As part of the selection process, the Department will screen the applications to ensure that applicants are eligible. Then, outside reviewers will recommend the best applications given the statutory criteria. The Secretary will make final selections, based on the recommendations of the outside reviewers and the criteria listed in HEA.

### Evaluations

The HEA requires the Secretary to submit reports to Congress evaluating the Distance Education Demonstration Program annually and eighteen months after the initiation of the program. As specified in HEA, the evaluations are to include the following:

1. The extent to which the institution, system or consortium has met the goals set forth in its application to the Secretary, including the measures of program quality assurance.

2. The number and types of students participating in the programs offered, including the progress of participating students toward recognized certificates or degrees and the extent to which participation in such programs increased.

3. Issues related to student financial assistance for distance education.

4. Effective technologies for delivering distance education course offerings.

5. The extent to which statutory or regulatory requirements not waived under the Distance Education Demonstration Program present difficulties for students or institutions.

To assist the Secretary in conducting such evaluations, participants in the Distance Education Demonstration Program will be required to provide information to the Secretary, such as: Course level detail regarding their offerings, the degrees or certificates awarded for successful completion, data on persistence and completion, data regarding student demographics, information regarding tuition and fees charged by the participant, program design and use of technology, information regarding the educational environment and student support, and student satisfaction surveys.

## Guidance

The guidance provided below is intended to assist applicants in determining what information they may wish to include in their applications. This guidance is non-binding and does not constitute criteria for selection. Applications which do not include the information suggested in the guidance will be considered on the same basis as applications which include all or part of that information.

1. Applicants should consider describing the ways that they think their proposals will assist the Department in determining new ways of administering Federal student assistance programs that better meet the needs of distance students.

2. It is important that the accrediting and State authorizing agencies of the institution, or institutions that comprise a consortium or system, are willing to collaborate with the Department to determine how their complementary roles can best be structured to assure quality and integrity in institutions' distance education programs. To this end, applicants for this program should provide documentation that their accrediting agencies and States are willing to work with the Department to examine the respective roles of the agencies as they relate to institutions' distance education programs. In that documentation, accrediting agencies should certify that the individual distance programs that the institution includes in its application are within the scope of the institution's accreditation, and that the agency will review the program at an appropriate time. Consortia and systems should also provide evidence that the agency or agencies which accredit the schools comprising the consortium or system are willing to work with the Department in evaluating issues relating to the quality of distance education offered by the institutions as a result of their membership in the consortium or system.

3. While the Department will evaluate applications using the statutory criteria, to the extent possible, the Department will view those criteria in the context of the delivery of student aid to distance students and the changes that are needed to facilitate that process. Because the delivery of student aid is so critical to improving access to distance education, an application should fully describe the applicant's ability to fully execute its plans for student aid delivery and specify waivers requested and substitutions and address fully the need for the waivers and substitutions.

4. Applicants should consider establishing both quantitative and qualitative objectives for their participation and include in the application a description of how they intend to measure goal attainment, including measures of program quality. The Department notes that quantitative measures are essential for understanding goal attainment.

5. A major concern of the Department is to ensure that Federal funds in the Distance Education Demonstration Program are used appropriately. An application should address how the applicant plans to document student eligibility, including documentation of student attendance.

6. Another major concern of the Department is that an applicant be committed as an institution to the success of its proposed activities. One way for an institution to demonstrate its commitment is to include with its application a letter from its chief executive officer (or comparable official) expressing support for the application and acknowledgement of the responsibilities that the institution would assume if the application were approved. Correspondingly, in the case of a consortium applicant, the submission of such a letter from the chief executive officer (or comparable official) of each of the participating institutions would demonstrate such commitment.

## Technical Assistance

Interested parties are invited to consult the Distance Education Demonstration Program Web site for information about applying to participate in the Distance Education Demonstration Program and providing Federal financial aid to students enrolled in distance education programs. The Web site also contains the names and contact information for Department staff with expertise on various issues relating to the Distance Education Demonstration Program who are available to answer questions and provide technical assistance regarding eligibility and administration of Title IV, HEA student financial assistance programs.

## Electronic Access to This Document

You may view this document, as well as all other Department of Education documents published in the **Federal Register**, in text or Adobe Portable Document Format (PDF) on the Internet at the following site: <http://www.ed.gov/legislation/FedRegister>.

You also may view this document in text or PDF at the following site: <http://www.ed.gov/news.html>.

To use PDF you must have Adobe Acrobat Reader, which is available free at this site. If you have questions about using PDF, call the U.S. Government Printing Office (GPO), toll free at 1-888-293-6498 or in the Washington, DC area at (202) 512-1530.

**Note:** The official version of this document is the document published in the **Federal Register**. Free Internet access to the official edition of the **Federal Register** and the Code of Federal Regulations is available on GPO Access at: <http://www.access.gpo.gov/nara/index.html>.

**Program Authority:** 20 U.S.C. 1093.

Dated: August 29, 2003.

**Sally L. Stroup,**

*Assistant Secretary, Office of Postsecondary Education.*

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## DEPARTMENT OF ENERGY

### Bonneville Power Administration

#### Availability of the Bonneville Purchasing Instructions (BPI) and Bonneville Financial Assistance Instructions (BFIA)

**AGENCY:** Bonneville Power Administration (BPA), DOE

**ACTION:** Notice of document availability.

**SUMMARY:** Copies of the Bonneville Purchasing Instructions (BPI), which contain the policy and establish the procedures that BPA uses in the solicitation, award, and administration of its purchases of goods and services, including construction, are available in printed form for \$30, or without charge at the following Internet address: <http://www.bpa.gov/Corporate/kgp/bpi/bpi.htm>. Copies of the Bonneville Financial Assistance Instructions (BFAI), which contain the policy and establish the procedures that BPA uses in the solicitation, award, and administration of financial assistance instruments (principally grants and cooperative agreements), are available in printed form for \$15 each, or available without charge at the following Internet address: <http://www.bpa.gov/corporate/kgp/bfai/bfai.htm>.

**ADDRESSES:** Unbound copies of the BPI or BFAI may be obtained by sending a check for the proper amount to the Head of the Contracting Activity, Routing CK-1, Bonneville Power Administration, P.O. Box 3621, Portland, Oregon 97208-3621.

**FOR FURTHER INFORMATION CONTACT:** Manager, Corporate Communications, 1-800-622-4519.