Implementation of updated clock-to-credit conversion regulations (EA ID: GENERAL-21-34) – Posted May 25, 2021

On September 2, 2020, the Department of Education published a final rule amending various institutional and program eligibility regulations issued under the Higher Education Act of 1965, as amended (HEA).

This electronic announcement specifically addresses the changes to 34 CFR 668.8(k) and (l) that eliminated the requirement for institutions to consider out of class work time when determining the number of Title IV credit hours in an eligible program.

The Secretary permitted institutions to early-implement the regulatory changes published in the September 2, 2020 final rule, including the changes to the clock-to-credit conversion requirements. Otherwise, the final regulations are effective July 1, 2021.

Guidance for Clock-to-Credit Hour Conversions 34 CFR 668.8(k) and (l)

Under the regulations, if your institution offers an undergraduate educational program in credit hours that is considered a non-degree program, the appropriate conversion formula must be applied unless:

- The program is at least two academic years in length and provides an associate degree, a bachelor’s degree, a professional degree, or an equivalent as determined by the Department (Note that this does not permit an institution to ask for a determination that a non-degree program is equivalent to a degree program); or
- Each course within the program is acceptable for full credit toward a single associate degree, bachelor’s degree, or professional degree provided by that institution, or equivalent degree as determined by the Department, provided that the institution’s degree requires at least two academic years of study and the institution can demonstrate that students enroll in, and graduate from the degree program.

The formula will determine if, after the conversion, the program includes the minimum number of credit hours to qualify as an eligible program for FSA purposes. The formula also determines the number of Title IV credit hours associated with each class that an institution can use to determine a student’s enrollment status during the program.

As outlined in the September 2, 2020 final rule, the conversion formula for determining the number of credit hours in an educational program has changed. Previously, the formula required an institution to use a ratio of 37.5 in-class clock hours to each semester/trimester credit hour, or 25 in-class clock hours to each quarter hour, except that institutions could include “work outside of class” (out-of-class) hours as long as the in-class hours met a lower ratio – 30 clock hours to one semester hour or 20 clock hours to one quarter hour and the institution’s accrediting agency had not identified any problems with the institution’s establishment of credit hours.

Under the new regulations, there is no longer any consideration of out-of-class hours for purposes of the clock-to-credit conversion. Therefore, the revised formula for determining the number of credit hours in each class of an educational program is as follows:
A semester or trimester hour must include at least **30 in-class clock hours** of instruction. A quarter hour must include at least **20 in-class clock hours** of instruction.

This will result in one of two outcomes for a program that is subject to the clock-to-credit conversion:

1. If the institution previously included out-of-class hours and met or exceeded the 30-to-1 or 20-to-1 ratio of in-class hours for performing the conversion for the program, there will be no change to the number of Title IV credit hours in the program.
2. If the institution was unable to or chose not to include out-of-class hours and had not used the 30-to-1 or 20-to-1 ratio for in-class hours for performing the conversion for the program, the change to the regulations will result in a **greater number of maximum Title IV credit hours** for the program.

As a reminder, the conversion calculation is always performed on a course-by-course basis to ensure that an institution is accurately calculating a student’s enrollment status for each payment period.

**Transition to the New Clock-to-Credit Hour Conversion**

When the new regulatory provisions for the clock-to-credit conversion are fully implemented (either early at the institution’s discretion or on July 1, 2021), as described above, some programs may include a greater number of Title IV credit hours.

If this occurs, the institution has three transition options:

- Institutions can teach the remainder of the current program to currently enrolled students in accordance with the existing conversion calculation;
- New students (enrolled after the implementation date) may be enrolled in the program under the new conversion regulations; or
- An institution may choose to switch from the old conversion calculation to the new conversion calculation at the end of a payment period (as long as the payment period ends after the implementation date).

**Updating the Institutional Application for Approval to Participate in Federal Student Aid Programs (E-App) to Comply With New Provisions**

Since 2011 the Department has required institutions to report the combined in-class and out-of-class clock hours in a program on the E-App. However, when the September 2, 2020 regulations are effective (either on July 1, 2021 or when the institution early-implements the regulations), institutions will report only **in-class clock hours** for the program on the E-App. Therefore, all institutions with programs subject to the conversion for which out-of-class hours were included will be required to eventually revise the number of clock hours reported for those programs to reflect only the in-class hours in the program.

Institutions with programs that are subject to the clock-to-credit conversion requirements must use the in-class clock hours in the program to re-calculate the maximum number of credits allowed using the new formula. Once your institution implements the new regulatory provisions, either early or by the effective date of July 1, 2021:

- If the new calculations **result in a change in the number of Title IV credit hours in a program**, the institution must submit an E-App **immediately** at [https://eligcert.ed.gov](https://eligcert.ed.gov) to update both the number of clock hours and Title IV credit hours in the program; or
If the new calculation *does not change the number of Title IV credit hours in the program*, the institution should update the E-App to change the number of clock hours reported for the program when the next update or recertification application is submitted.

Institutions are generally permitted to update the information for the existing program to reflect these changes. Institutions would only need to end a program and create a *new* program on the E-App if the institution’s accrediting agency or state consider it to be a new program.

If you have questions about these requirements, please contact your School Participation Division using the contact information on [Federal Student Aid's Partner Connect website](https://partnerconnect.federalstudentaid.ed.gov).