

June 8, 2018

Dear Chairman Alexander and Ranking Member Murray:

As discussions continue regarding introducing legislation to reauthorize the Higher Education Act, as currently enacted (the Act), we appreciate the opportunity to provide our collective perspective and recommendations on the need to expand and add pathways to modernize access to higher education. As leaders of institutions with competency-based programs that both the U.S. Department of Education and our accreditors have approved – or are considering for approval – as direct assessment programs, we believe it is important to review the legislative and regulatory progress to date and provide input, based on our unique vantage point, on how best to advance innovation and accelerate student success while maintaining quality assurance.

We encourage Congress to build upon the Act's current provisions that allow direct assessment programs by providing more flexible disbursement of Title IV funds to non-time-based learning models. We also understand there may be a need to explore other competency-based models that are tied to time equivalencies and less reliant on faculty. At the end of this letter, we address the possibility of a second pathway for those models.

Review of Legislative History

Congress took the important first step to recognize the need to permit Title IV eligibility for non-seat-time/non-credit-hour programs when it added "direct assessment programs" as an eligible program in section 481(b)(4) of the Higher Education Act as part of the 2005 Higher Education Reconciliation Act. Through a robustly negotiated rulemaking process, the U.S. Department of Education (the Department) then promulgated regulation to further define the understanding of the term "direct assessment" and to create a process for approval by the Department. That language has been part of regulation since 2006 and was further amended in 2007 in 34 CFR 668.10. Subsequently, the institution-level accreditors also provided guidance to the institutions they accredit on how to meet their own standards of approval when creating and operating direct assessment programs.

While it took several years for these regulations and guidance to be fully promulgated and for institutions to proceed with such programs, this is an example of where the regulatory triad has made substantial progress toward innovation. As a result, our institutions and our students have demonstrated that the model of competency-based education using direct assessment is running well and has grown as a critical, innovative pathway for student learning. We believe these programs can serve as a model for other institutions.

Proposed Reforms to Direct Assessment

Our institutions, as well as others in the process of approval, are demonstrating that students can learn through a model that decouples student learning from time; customizes pace; provides targeted interaction

and substantive learning from faculty and other subject matter experts; and evaluates students' capabilities through an assessment of competencies rather than by the accumulation of credits. We also hear consistently from students that access to high-quality, innovative models of education is what they need to reach their personal and professional goals. By measuring student knowledge and learning rather than focusing on seat time and credits, direct assessment allows students to move through their program without any wasted time or money and with no sacrifice in the level of quality and achievement. For example:

- Since 2014, the University of Wisconsin System Flexible Option has enrolled 1,730 students in 5,503 subscription periods. The program provides new pathways through higher education to adult students who otherwise would not return to school. Graduates have performed well in the employment market, securing jobs throughout Wisconsin and nationally.
- Southern New Hampshire's direct assessment program, College for America, provides fully self-paced competency-based Associate's and Bachelor's degrees. SNHU's CfA program serves over 6,000 students, including more than two-thirds who are first-generation students and 95 percent who are working full-time while pursuing their degree. The program is providing affordability and flexibility with more than 70 percent of their students borrowing less than \$5,000 in total student debt.
- Capella University has enrolled over 5,000 students in its direct assessment program, FlexPath. In an analysis of comparable undergraduate populations from among both FlexPath and traditional Capella students who enrolled between October 2014 and December 2015, FlexPath graduates paid 58% less for their bachelor's degree and borrowed 40% less in federal student loans than their traditional counterparts.
- Walden University's data indicates that approximately 30% of Tempo students take out federal student loans in their programs which is significantly lower when compared to students in the course-based version of the programs.

The Department has done its best to implement and disburse Title IV to direct assessment programs under the framework Congress established in 2005, but additional reforms are now needed. We have learned a great deal about how to further advance Title IV reforms to expand the use of direct assessment for institutions who have indicated that operational hurdles present a barrier for entry into this market. Reform will ease the process for students by removing unnecessary obstacles and opening a new pathway to achieving degrees, especially for underserved populations.

The following are some fundamental next steps needed to improve the flexibility of Title IV disbursements and advance innovative learning models for students so they can complete their programs more quickly while achieving a strong and worthwhile education:

- Reform Return to Title IV (R2T4) requirements for direct assessment programs. Current R2T4 requirements are tied to a time component, which can cause students who move more quickly through their courses/competencies and/or program to return federal student aid funds and be left with a balance simply because they have not completed enough weeks to satisfy the requirement—even if they have completed their degree program. These rules should be modified to eliminate a return of funds for students who have successfully completed all work for which Title IV funds were originally disbursed.
- Separate the direct assessment model from credit-hour/seat-time requirements entirely. Currently, while direct assessment programs regularly demonstrate to their regulators that students can learn on an assessment, non-seat-time basis, these institutions are still required to demonstrate credit-hour equivalency for federal aid purposes. This creates a significant burden for students who sometimes must wait for funds to be received before continuing their programs. While measuring equivalency may always be necessary for accreditation and credit transfer purposes, it is not necessary for Title IV purposes. These programs have already demonstrated that it is quite

possible for a program to measure progress and attainment through direct assessment of progress rather than through time equivalencies.

- Allow direct assessment programs with models in which student work is not confined to administrative time periods or terms (such as nonterm or nonstandard term programs) but for which a billing or other administrative period exists to disburse federal financial aid under term-based rules or via a “paycheck model of disbursement.” Currently, programs that allow students to begin courses at any time and move at their own pace are not permitted to administer federal financial aid under standard term rules. Because nonterm and some nonstandard term rules require completion of a specified number of weeks before subsequent financial aid disbursements can be made, students must often sit and wait for the next disbursement period before continuing, which can negatively impact their progress toward and possibly even completion of degrees.
- Modify Satisfactory Academic Progress (SAP) provisions as they relate to direct assessment programs. Because direct assessment programs use a mastery model, we propose modifying SAP provisions by removing the qualitative component of the requirement and requiring institutions to monitor whether students are on pace to complete their program within reasonable and responsible maximum time requirements.

Proposed Demonstration Program

Many institutions of higher education have been developing competency-based models and delivering competency-based education programs for several years. While we are continually assessing programs and making improvements, we are beyond the “demonstration stage.” We need the U.S. Senate to consider similar language to that adopted by the U.S. House Education and Workforce Committee regarding competency-based education, which would continue and expand the direct assessment provisions under the Act.

We recognize that some innovative competency-based education models may exist under a time-based or time-equivalency model and that exploration of these programs relative to Title IV funding is still in process. These programs may also rely less on faculty interaction, which may make understanding their model and eligibility for Title IV worthwhile. Therefore, we understand there may be a need for a demonstration program or other provisions to consider additional competency-based learning models. Many of us participated in the Distance Education Demonstration Program created under the 1998 HEA Reauthorization legislation and fully understand the value of testing models in the protected space of a demonstration. However, if innovative approaches to competency-based education are to move forward, it is essential to distinguish between effective direct assessment competency-based programs and other competency-based degree programs for which demonstration grants might prove fruitful.

Conclusion

When examining how to expand opportunities and Title IV funding for students to enroll in innovative competency-based education programs, we urge your Committee to keep and expand the Act’s direct assessment provisions created in 2005. The co-existence of these reforms with any new demonstration program created for additional exploration related to competency-based education will maximize opportunities for institutions and students. We would be pleased to provide further input during the legislative process.

Sincerely,



Ray Cross, President
UW System



Dr. Wallace E. Boston, Jr., President and CEO
American Public University System

A stylized, cursive signature in black ink, likely belonging to Dr. Richard Senese.

Dr. Richard Senese, President
Capella University

A cursive signature in black ink, likely belonging to Dr. Ward Ulmer.

Dr. Ward Ulmer, President
Walden University

A cursive signature in black ink, likely belonging to Paul J. LeBlanc.

Paul J. LeBlanc, University President and CEO
Southern New Hampshire University