



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

DEC 18 2014

GEN-14-23

Subject: Competency-Based Education Programs - Questions and Answers

Summary: The attachment to this letter provides, in a Question and Answer (Q&A) format, guidance to institutions regarding the eligibility of competency-based education programs, which include direct assessment programs, under existing statutory and regulatory requirements for the Title IV, Higher Education Act of 1965, as amended (HEA) student assistance programs.

Dear Colleague:

On March 19, 2013, the U.S. Department of Education published a Dear Colleague Letter (DCL GEN 13-10) titled "Applying for Title IV Eligibility for Direct Assessment (Competency-Based) Programs." That letter described the statutory and regulatory authority for Title IV eligibility of competency-based education programs where student progress is measured by direct assessment.

The letter also explained the process by which an institution may apply for approval to award Title IV, HEA student assistance to students enrolled in a direct assessment program. An institution that wishes to apply for approval to provide Title IV, HEA program assistance to students enrolled in a direct assessment program should follow the instructions included in DCL GEN 13-10, and should continue to send supporting materials to CaseTeams@ed.gov.

Since the March 19, 2013, letter was published, we have received numerous questions regarding the requirements for providing Title IV, HEA student assistance to students enrolled in competency-based education programs more generally. The Q&As in the attachment to this letter address these questions, including –

- The distinction between credit hour competency-based education and direct assessment;
- Requirements for establishing credit hour equivalencies in direct assessment programs;
- Requirements for regular and substantive interaction between students and faculty;
- Prohibitions on paying Title IV aid for credit earned through prior learning assessments;
- Satisfactory academic progress;
- Return of Title IV Funds provisions; and
- Accrediting agencies' roles in reviewing competency-based education programs.

The attachment to this letter will primarily address competency-based education programs that are offered using credit hours or using direct assessment with credit hour equivalencies.

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To provide information about the Title IV eligibility of competency-based education programs, we have also established a dedicated e-mail address to which institutions may submit questions about Title IV requirements for such programs: CBE@ed.gov.

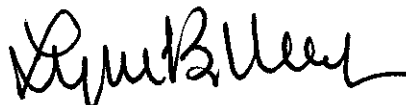
On July 31, 2014, we published a Federal Register notice inviting institutions to apply to participate in one or more of four experiments under the Department's Experimental Sites Initiative, among which are three that are related to competency-based education and direct assessment programs. Those experiments would provide, to those institutions that are selected to participate, some flexibilities to the current requirements. However, the information in this letter and its attachment provide guidance on how institutions can provide Title IV, HEA program assistance to students enrolled in competency-based and direct assessment programs under the existing statutory and regulatory requirements.

Institutions wishing to apply to participate in one or more of the experiments described in the July 31, 2014, Federal Register notice, or ask questions about one of the experiments, should contact the Experimental Sites Initiative team at: experimentalsites@ed.gov.

Please note that while some questions may be appropriate for more than one e-mail address, an institution should attempt to direct each of its inquiries to the most appropriate resource. An institution should not attempt to send the same inquiry to multiple e-mail addresses.

We thank institutions for their interest in competency-based education and for their continued cooperation in the administration of the Title IV student assistance programs.

Sincerely,



Lynn B. Mahaffie
Acting Assistant Secretary
for Postsecondary Education

Attachment:

GEN-14-23 Credit Hour Competency-Based Education Programs - Questions and Answers

Credit Hour Competency-Based Education Programs

Q1 What makes competency-based education (CBE) programs different from traditional academic programs?

A1 Competency-based education (CBE) is an innovative approach in higher education that organizes academic content or delivery according to competencies – what a student knows and can do – rather than following a more traditional scheme, such as by course.

Q2 Are there differences between credit hour CBE programs and direct assessment programs?

A2 A program that is organized by competency, but measures student progress using clock or credit hours, is a CBE program, but not a direct assessment program. In such a program, Title IV aid must be administered under normal statutory and regulatory provisions for clock or credit hour programs. Note that an institution offering a CBE program using credit hours must ensure that each credit hour requires sufficient educational activity to fulfill the Federal definition of a credit hour, as described in Q&A #3.

A direct assessment program is another form of CBE program. Student progress in a direct assessment program is measured solely by assessing whether the student can demonstrate that he or she has a command of a specific subject, content area, or skill, or can demonstrate a specific quality associated with the subject matter of the program. Therefore, unlike a CBE program measured in credit hours, a direct assessment program does not specify the level of educational activity in which a student is expected to engage in order to complete the program. However, the program must provide students with sufficient educational resources, including substantive interaction with instructors, for students to develop each competency required for completion. Additionally, before an institution may provide Title IV aid to students in a direct assessment program, that program must be approved under the regulatory provisions at 34 CFR 668.10.

Note that if an institution measures student progress in a program using direct assessment, but also provides credit or clock hour equivalents on a student's transcript in order to facilitate the transfer of credit to other institutions, that program would still be considered a direct assessment program subject to the requirements in 34 CFR 668.10. In such a case, institutional policies, publications and consumer information would need to be clear in specifying that

the program is a direct assessment program rather than a clock or credit hour program.

Q3 What are the requirements for establishing credit hours for a CBE program that is not offered using direct assessment?

A3 The definition of a credit hour in the regulations at 34 CFR 600.2 includes a provision that allows an institution, along with its accrediting agency, to establish credit hours in a CBE program that are based on an amount of expected educational activity that reasonably approximates not less than one hour of classroom instruction and two hours of out of class work each week.

For example, consider a degree program that measures student progress in credit hours. In a traditional version of that program a credit hour could consist of one hour-long class session per week with an assumption of at least two hours of out of class preparation (e.g., homework). A credit hour CBE version of the program might not require structured class sessions, but it would still require sufficient academic activity – for instance, reading and writing assignments, with feedback from an instructor – to reasonably approximate three hours of expected academic engagement per week for each credit hour. The CBE version of the program could allow this work to be completed more flexibly and at the student's desired pace, as long as the student was otherwise making satisfactory academic progress.

An institution's policies for establishing credit hours for a CBE program must also meet all requirements and standards set by the institution's accrediting agency. See Q&As #14 and #15 for more about accrediting agencies' responsibilities for reviewing CBE programs.

Q4 What are the requirements for establishing credit hour equivalencies for the competencies in a direct assessment program?

A4 For CBE programs that are direct assessment programs, the regulations at 34 CFR 668.10(a)(3) require an institution to provide a factual basis, satisfactory to the Secretary, for its claim that the program or portion of the program is equivalent to a specific number of credit or clock hours, but this factual basis could take a variety of forms. The purpose of these equivalencies is, for the Title IV student aid programs, to ensure that, in the judgment of the institution and its accrediting agency, the amount of learning in the direct assessment program is

equivalent to the amount of instruction, student work, and demonstrated knowledge expected in an equivalent traditional program.

One approach to establishing credit hour equivalencies for a direct assessment program is to identify the intended learning outcomes of a traditional course or courses that correspond to the competencies that have been defined for the direct assessment program. The following example demonstrates an institution's mapping of the program's competencies to traditional courses or to components of traditional courses.

Traditional Course	Credit Hours	Competency	Credit Equivalent
Marketing 101	3	Apply theories, models, and practices of marketing	1
		Analyze how a company uses marketing resources	2
Accounting 101	4	Apply theories, models, and practices of accounting in the analysis of financial statements	1.5
		Describe regulatory and ethical issues in accounting	0.5
		Integrate accounting theories, models, and practices across an organization	2
English 101	3	Write appropriately researched persuasive arguments	6
Communications 101	3		
Statistics 101	3	Perform complex statistical calculations	3
Management 101	4	Identify the recent major trends in leadership theory	2
		Analyze and critique leadership case studies	2
Total	20	Total	20

Note that this example, while intended to illustrate this approach, does not include the level of detail that the institution would need to provide to establish a factual basis for its claim of clock or credit hour equivalency.

The mapping described above is not the only possible method for establishing equivalencies. Another approach would be to establish the credential level of the direct assessment program, the number of credit hours typically needed to attain that credential in an equivalent traditional program, and the proportion of the direct assessment program represented by each competency. With this approach, each competency could be assigned a proportional share of the total number of expected credit hours for the program for Title IV purposes. As with the approach described above, the institution would need to provide sufficient detail to validate its claims of clock or credit hour equivalency.

Q5 Are CBE programs, including direct assessment programs, less than a year in duration eligible for Title IV, HEA program funds?

A5 Yes, as with any eligible program, direct assessment programs may be as short as 10 weeks of instructional time in duration if other applicable requirements are met. The regulatory requirements for program length are provided in the regulations at 34 CFR 668.8. Because, as discussed above in Q&A #2, direct assessment programs do not measure student progress using credit hours, the competencies in the program must be the equivalent, in terms of content, to a program of at least the minimum number of credit hours required for Title IV eligibility, and the institution must document that mastery of program content typically requires at least 10 weeks of academic engagement.

Q6 Is there a specific calendar format – standard term, nonstandard term, or nonterm – that CBE programs must use?

A6 All CBE programs, including direct assessment programs, could be offered as nonterm programs. A CBE program may also be offered as a standard or nonstandard term program; however, to be offered as a standard or as a nonstandard term program, a CBE program must require students to start and finish competencies within established term dates.

Note that if an institution chooses to offer a direct assessment program as a standard term program, the duration of the term should correspond with the appropriate credit equivalency. For example, if the standard term is 14 to 17 weeks in length the institution must use semester hour equivalencies. If the standard term is 10 to 12 weeks in length, the institution must use quarter hour equivalencies.

Some institutions use “subscription periods” where students pay a flat fee for a defined calendar time period in which a student may enroll in as many competencies as they choose during that period. Subscription periods may coincide with the institution’s regular academic terms; they may also themselves constitute academic terms for Title IV purposes. If a subscription period is treated as a standard term or a nonstandard term, the subscription period is considered a payment period, and Title IV awards must be based on an individual student’s enrollment status in that payment period.

Subscription periods may also be used in nonterm CBE programs. However, in nonterm CBE programs, a payment period is defined as the period in which a

student successfully completes half of the number of clock or credit hours or their equivalents (in a direct assessment program) and half of the weeks in the academic year. Therefore, in a nonterm CBE program, students' payment periods may or may not coincide with an institution's subscription periods.

Q7 Are indirect costs – e.g. room and board – included in a CBE student's cost of attendance?

A7 A student's cost of attendance (COA) is defined in section 472 of the HEA and, for a student enrolled on at least a half-time basis, must include allowances for room and board, transportation, and miscellaneous personal expenses, unless the student is incarcerated or enrolled in a correspondence program.

With the exceptions stated above, an institution must include allowances for all the costs above in a student's cost of attendance when determining that student's eligibility for Title IV unless the institution can document, on a case-by-case basis, that an individual student has no such expenses, and the institution exercises professional judgment to omit these expenses from the student's COA.

Q8 Does each student have to engage in educational activity every week in a CBE program?

A8 While it is expected that students will generally be academically engaged throughout an educational program, there is no requirement that the institution be able to document academic engagement for each student for every week of instructional time.

However, institutions must ensure that the instructional materials and faculty support necessary for academic engagement are available to students every week that the institution counts toward its definition of a payment period or an academic year. Note that, to the extent that instructional services supporting educational activity are not offered at any time during a seven-day period, that week would not count toward the institution's definition of a payment period or an academic year, nor would it count toward the minimum program length requirements in 34 CFR 668.8.

For all CBE programs, including direct assessment programs, educational activity includes (but is not limited to):

- Participating in regularly scheduled learning sessions (where there is an opportunity for direct interaction between the student and the faculty member);
- Submitting an academic assignment;
- Taking an exam, an interactive tutorial, or computer-assisted instruction;
- Attending a study group that is assigned by the institution;
- Participating in an online discussion about academic matters;
- Consultations with a faculty mentor to discuss academic course content; and
- Participation in faculty-guided independent study (as defined in 34 CFR 668.10(a)(3)(iii)).

For direct assessment programs only, educational activity also includes development of an academic action plan developed in consultation with a qualified faculty member that addresses competencies identified by the institution.

Note that not all of the educational activities described above fulfill the requirements for regular and substantive interaction between students and instructors, as described in Q&A #9 below.

Q9 Is regular and substantive interaction between students and faculty required for CBE programs, including direct assessment programs?

A9 All Title IV eligible programs, except correspondence programs, must be designed to ensure that there is regular and substantive interaction between students and instructors. Such interaction must occur as a required part of the program. Therefore, any CBE program, including a direct assessment program, that does not include regular and substantive interaction between students and instructors would be considered to be a correspondence program with the significant limitations and restrictions on Title IV eligibility that apply to such programs.

Q10 What are the required conditions for regular and substantive interaction between students and instructors for CBE programs, including direct assessment programs?

A10 We do not consider interaction that is wholly optional or initiated primarily by the student to be regular and substantive interaction between students and instructors. Interaction that occurs only upon the request of the student (either

electronically or otherwise) would not be considered regular and substantive interaction.

Some institutions design their CBE programs using a faculty model where no single faculty member is responsible for all aspects of a given course or competency. In these models, different instructors might perform different roles: for example, some working with students to develop and implement an academic action plan, others evaluating assessments and providing substantive feedback (merely grading a test or paper would not be substantive interaction), and still others responding to content questions.

Such a model may be used to ensure regular and substantive interaction between students and instructors. However, in applying such a model, an institution must ensure that the interaction is provided by institutional staff who meet accrediting agency standards for providing instruction in the subject matter being discussed, that the interaction is regular, and that the amount of faculty resources dedicated to the program is sufficient in the judgment of the accrediting agency. Interactions between a student and personnel who do not meet accrediting agency standards for providing instruction in the subject area would not be considered substantive interaction with an instructor.

Q11 How are the quantitative and qualitative components of the satisfactory academic progress (SAP) requirements handled for students in CBE programs?

A11 Satisfactory academic progress (SAP) is treated the same way in a CBE program as it would be for other Title IV-eligible programs under 34 CFR 668.34.

An institution's SAP policy must specify the pace at which a student is expected to progress through the CBE program to ensure that the student will complete the program within 150% of the published length of the educational program (also known as the "quantitative measure"). Because CBE programs are generally self-paced, students may graduate earlier than the published length of the program, but the institution must make a reasonable determination regarding the normal time to completion and use that determination as its published length.

If a CBE program is measured in credit hours, or if the institution uses credit hour equivalencies for a direct assessment program, then the institution must evaluate a student's pace under the requirements for credit hour programs in 34 CFR 668.34(a)(5) and 668.34(b). Pace in a credit hour program must be calculated by

dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted.

An institution's SAP policy must also specify a qualitative measure that a student must achieve at each evaluation. If grade point average is not an appropriate qualitative measure, a comparable assessment measured against a norm may fulfill this requirement. If an institution documents that the degree of mastery necessary to complete a competency in a CBE program equals or exceeds the equivalent of a "C" grade in a traditional program, then it may consider a student to have met the SAP qualitative measure as long as that student has an academic standing consistent with the institution's requirements for graduation from the program.

Q12 Do the Return of Title IV Funds regulations (34 CFR 668.22) apply to CBE programs?

A12 Institutions offering CBE programs must follow all current regulations and guidance related to the Return of Title IV Funds (R2T4) requirements. Institutions should refer to the regulations at 34 CFR 668.22 and Volume 5 of the Federal Student Aid Handbook for complete requirements and guidance.

Q13 Since students generally progress in competency-based programs at their own pace, how are the Return of Title IV Funds (R2T4) provisions to be implemented when there are no established start and end dates for competencies?

A13 Because of the self-paced nature of CBE programs, we consider the time when a student is enrolled in a competency to be, for Title IV R2T4 purposes, a module. We consider a CBE module to have begun when the student began working toward demonstrating mastery of the competency and ending when the student has successfully demonstrated mastery. An institution must have a mechanism for determining and documenting that a student has begun attendance in a payment period by working toward one or more competencies.

When a student demonstrates mastery or otherwise ceases enrollment in all competencies without beginning another competency during a payment period or period of enrollment, the institution must follow the same R2T4 provisions that apply to a student who was enrolled in modules in a more traditional program to determine if the student is considered to have withdrawn, including a procedure

for identifying students who have unofficially withdrawn. See the regulations at 34 CFR 668.22(a)(2).

When the competencies in a term-based CBE program do not have specified start and end dates and students are enrolled to complete as many competencies as they can during the term – as in a program using “subscription periods,” as described in Q&A #6 above – students are considered to be scheduled to attend for the entire term/payment period. When, for R2T4 purposes, an institution determines the total number of calendar days in the payment period or period of enrollment for a program offered in modules, that calculation does not include any scheduled breaks of at least five consecutive days and days when the student is not enrolled in any competency/module or in any other course offered during that period of time (34 CFR 668.22(f)(2)(ii)(B)). Therefore, when a student withdraws from a CBE program where the student is expected to complete as many competencies as possible in a term, the total number of calendar days in the denominator of the R2T4 calculation would include all of the days in the term/payment period, less any institutionally scheduled breaks of at least five consecutive days and any days during which the student was not enrolled in any particular competency, module, or course.

If an institution’s CBE program is a credit hour non-term program the institution must establish a reasonable policy for determining the likely timeframe for when a withdrawn student would have completed the payment period or period of enrollment based on that student’s progress prior to withdrawal. (See *Percentage of Title IV aid earned for withdrawal from a credit-hour non-term program* in Volume 5 of the Federal Student Aid Handbook.)

Q14 **Students in CBE programs may be able to demonstrate mastery of a competency at an accelerated pace because of prior knowledge or experience. May the credit for such mastery be used in the determination of a student’s Title IV eligibility even if the institution provides no instruction to the student?**

A14 No. Credit that is based solely on prior learning may not be incorporated into a student’s enrollment status for Title IV purposes in a term-based program, nor may it be considered to apply toward a student’s completion of a payment period or academic year in a non-term program.

The definition of an educational program, including a CBE program, in the regulations at 34 CFR 600.2, and the direct assessment regulation at 34 CFR

668.10(a)(3)(iii) and (f), provide that an institution may not include for Title IV purposes learning or mastery of competencies that occurred prior to enrollment in the program or from tests of learning that are not associated with educational activities overseen by the institution.

Thus, an institution may not provide Title IV funds for an evaluation of a student's learning without the student having engaged in substantial educational activity at the institution. An institution must be able to demonstrate that it has separated credit hours earned as a result of prior learning from hours earned as a result of educational activity at the institution.

For example, consider an institution that permits a student to earn credit or demonstrate competency after taking an examination or other assessment without the student having been engaged in any educational activity. While, consistent with the institution's academic policy, such a student would be able to receive academic credit toward completion of his/her program, the institution could not include that academic credit for Title IV purposes.

Q15 What are accrediting agencies' roles with respect to CBE programs?

A15 Since offering a program using competency-based education for the first time would be considered a substantive change to an institution's offerings of educational programs, pursuant to the regulations at 34 CFR 602.22, the institution must first obtain its accrediting agency's approval of the change before Title IV aid can be provided to students enrolled in a competency-based program.

Additionally, as described in Q&A #3, under 34 CFR 602.24(f), when an institution's accrediting agency reviews an institution for initial accreditation, renewal of accreditation, or for a substantive change under 34 CFR 602.22, the agency must include in that review, the institution's policy for determining credit hours for its CBE programs to ensure that those policies conform to commonly accepted practice in higher education. Accrediting agencies should also ensure during such reviews that the instructors used in a CBE program meet accrediting agency standards and that the institution devotes sufficient faculty resources to the program.

Q16 Are there additional accrediting agency requirements for CBE programs that are offered using direct assessment?

A16 An institutional accrediting agency has a number of additional roles to play in approving a direct assessment program before Title IV funds may be awarded in such a program. In order for a direct assessment program to be approved by the Department, the institution's accrediting agency must evaluate and specifically approve the program and include the program in the institution's accreditation. Additionally, the accrediting agency must review and approve the institution's methodology for determining the credit hour equivalence for the institution's direct assessment measures.

When an institution applies to the Secretary to award Title IV funds in a direct assessment program, it must submit documentation from its accrediting agency that the agency has evaluated the institution's offering of the direct assessment program and approved both the program in general and the institution's methodology for determining credit hour equivalence. The Department will then review the documentation submitted by the institution to ensure that the appropriate approvals have been provided and that the program otherwise meets the requirements for Title IV eligibility.