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**ED-OIG/A05P0013**

Dr. Mary Ellen Petrisko  
President  
Western Association of Schools and Colleges  
Senior College and University Commission  
985 Atlantic Avenue, Suite 100  
Alameda, California 94501

Dear Dr. Petrisko:

This final audit report, “The Western Association of Schools and Colleges Senior College and University Commission Could Improve Its Evaluation of Competency-Based Education Programs to Help the Department Ensure Programs Are Properly Classified for Title IV Purposes,” presents the results of our audit. The objective of our audit was to determine whether the Western Association of Schools and Colleges Senior College and University Commission (Commission) established control activities that provided reasonable assurance that schools properly classified, for Title IV of the Higher Education Act of 1965, as amended, (Title IV) purposes, the methods of delivery and measurements of student learning for competency-based education programs.<sup>1</sup> We evaluated the Commission’s processes over reviewing schools’ proposed competency-based education programs as of November 13, 2015.

We concluded that the Commission’s control activities did not provide reasonable assurance that schools properly classified the methods of delivery for competency-based education programs. As a result, the Commission’s evaluations of the schools’ classifications of the methods of delivery will not help the U.S. Department of Education (Department) ensure that proposed competency-based education programs are properly classified for Title IV purposes. We found that the Commission did not evaluate whether proposed competency-based education programs were designed to ensure faculty-initiated, regular, and substantive interaction between faculty and students. According to Title IV regulations, programs that are not designed to ensure such interaction should be classified as programs delivered via correspondence, not distance education. The Commission did not implement processes to provide reasonable assurance that schools properly classified competency-based education programs’ methods of delivery because correspondence education was not within its scope of recognition by the Secretary. After the Department notified the Commission that correspondence was no longer included under its scope of recognition, the Commission removed references to correspondence education from its

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<sup>1</sup> Control activities include the policies, procedures, and mechanisms that help ensure that the organization’s objectives are met.

accreditation handbook and other documents. Therefore, the Commission did not require peer reviewers, those who reviewed schools' proposed competency-based education programs, to determine whether proposed programs should be more appropriately considered correspondence education and outside the Commission's scope of recognition.

We concluded that the Commission's control activities over reviewing schools' proposed competency-based education programs should be sufficient to provide reasonable assurance that schools' measurements of student learning for proposed competency-based education programs are properly identified as clock hours, credit hours, or direct assessment. The Commission reviewed all proposed competency-based education programs the same, regardless of whether schools planned to offer the proposed programs as competency-based education clock- or credit-hour programs or direct assessment programs. We did not identify any proposed programs for which schools incorrectly reported the program's measurement of student learning (as clock hour, credit hour, or direct assessment). Although we did not identify any significant weaknesses in the Commission's processes for ensuring that proposed programs' measurements of student learning were properly identified as clock hours, credit hours, or direct assessment, we did identify a deficiency in the Commission's processes for evaluating the accuracy and reliability of schools' credit-hour assignments. We found that the Commission, during substantive change reviews, did not always ensure that the credit hours assigned to the programs from which schools derived competency-based education programs met the Federal definition of a credit hour. As a result, the Commission did not always have an adequate basis against which to evaluate direct assessment programs' credit-hour equivalencies. We also found that the Commission did not always follow its own policy relevant to the review of credit hours. As a result, the Commission approved one school's proposed programs without reviewing the school's credit-hour policy.

We provided the draft of this report to the Commission for review and comment on May 20, 2016. We received the Commission's comments on June 20, 2016. The Commission did not explicitly agree or disagree with either finding. However, the Commission stated that it has taken or plans to take action to correct the issues identified. We considered the Commission's comments and made changes to the report where appropriate. We summarized the Commission's written comments on the draft audit report at the end of each finding and included the comments in their entirety as [Attachment 3](#) of this report.

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## BACKGROUND

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Schools may deliver education programs that are eligible for participation in Title IV programs through various delivery methods: campus-based, distance education, and correspondence. Campus-based education delivers instruction to students in an on-campus setting where the instructor and students meet in person. Distance education uses technology to deliver instruction to students who are separated from the instructor but are supported by regular and substantive interaction between the instructor and student. Correspondence education delivers instructional materials by mail or electronic transmission to students who are separated from the instructor. Correspondence education is typically self-paced. Interaction between the instructor and student is limited, not regular and substantive, and primarily initiated by the student.

Similarly, schools may offer Title IV-eligible education that measures student learning in various ways: clock hours, credit hours, or direct assessment. Title 34 of the Code of Federal Regulations, Section (34 C.F.R. §) 600.2 defines clock hours and credit hours for Title IV purposes.<sup>2</sup> The regulation states that a clock hour is directly based on the amount of time in which the student is in a class, lecture, recitation, faculty-supervised laboratory, shop training, internship, or preparation in a correspondence course. The regulation does not mandate the classroom hours or “seat time” required of every program. Instead, the regulation defines a credit hour as

an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an *institutionally established equivalency that reasonably approximates* not less than . . . [o]ne hour of classroom or direct faculty instruction and a minimum of two hours of out of class student work each week for approximately fifteen weeks for one semester or trimester hour of credit, or ten to twelve weeks for one quarter hour of credit, or the *equivalent amount of work* over a different amount of time.” [Italics added for emphasis.]

According to 34 C.F.R. § 668.10, direct assessment measures academic progress through an evaluation of what a student knows and can do in terms of the body of knowledge making up the educational program rather than the amount of time a student spends on coursework. Direct assessment measures should provide evidence that a student has command of a specific subject, content area, or skill or that the student demonstrates a specific quality, such as creativity, analysis, or synthesis, associated with the subject matter of the program. Examples of direct assessment measures include projects, papers, examinations, presentations, performances, and portfolios. Like other programs, a competency-based education program—a program that organizes academic content according to competencies (what a student knows and can do)—may be offered as campus-based, distance education, or correspondence and may measure student learning either by clock hours, credit hours, or direct assessment.

Accrediting agencies play a critical role in the Department’s processes for determining the Title IV eligibility of competency-based education programs. According to 34 C.F.R. § 668.10, as part of its application to the Department for approval of a direct assessment program, a school must include documentation from its accrediting agency that indicates the agency evaluated the program and included the program in the school’s grant of accreditation. The school must also provide documentation showing that the accrediting agency agreed with the school’s claim of the program’s clock- or credit-hour equivalency.<sup>3</sup> More generally, 34 C.F.R. § 668.8(m) states that a program offered in whole or in part through telecommunications is Title IV eligible if the program is offered by a school that has been evaluated and is accredited for its effective delivery of distance education programs by a recognized accrediting agency that has accreditation of distance education within the scope of its recognition.

Proper classification of a program’s delivery method and measurement of student learning is important for Title IV purposes because certain Federal regulations are specific to the particular delivery method or measurement of student learning. For example, to be an eligible Title IV program, a direct assessment program must meet the requirements in 34 C.F.R. § 668.10.

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<sup>2</sup> All regulatory citations are to the July 1, 2015, version.

<sup>3</sup> In March 2013, the Department reiterated these requirements for accrediting agency approval through Dear Colleague Letter GEN-13-10.

Also, Title IV and Federal regulations treat correspondence programs differently than other educational programs. Section 472(5) of the Higher Education Act of 1965, as amended, generally limits cost of attendance to tuition and fees for students enrolled in correspondence programs. According to 34 C.F.R. § 668.38(a), students enrolled in correspondence courses are Title IV-eligible only if the courses are part of a program that leads to an associate, bachelor's, or graduate degree. Additionally, according to 34 C.F.R. §§ 690.66 and 600.7(a)(1), students enrolled solely in correspondence programs may receive only a half-time Federal Pell Grant award, and a school may not award Title IV funds to any students if, during the school's latest complete award year, more than 50 percent of the school's courses were correspondence courses or 50 percent or more of the school's regular students were enrolled in correspondence courses.

As of August 12, 2015, the Commission had accredited or preaccredited about 190 schools. As of November 13, 2015, five of the schools had submitted substantive changes proposing seven competency-based education programs.<sup>4</sup> Two schools sought approval for two programs each, and three schools sought approval for one program each. The Commission approved four of the programs but did not accept three.<sup>5</sup> The Commission told us that the schools had implemented three of the four approved programs.

### **The Commission's Process for Evaluating Competency-Based Education Programs**

Figure 1 on the next page illustrates the Commission's general procedures for reviewing substantive changes. See [Attachment 2](#) of this report for a narrative description of the Commission's procedures.

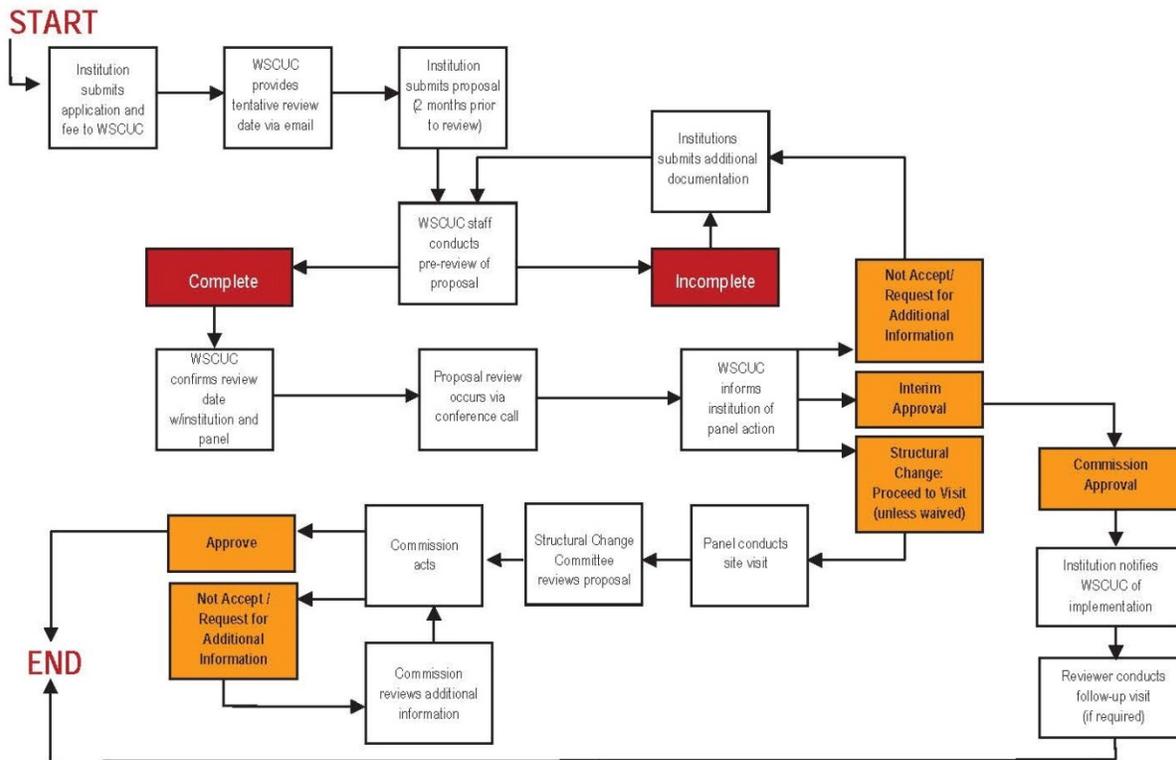
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<sup>4</sup> In response to the draft of this report, the Commission told us that, as of June 20, 2016, one additional school had submitted one program for approval but the Commission had not yet approved the program.

<sup>5</sup> One of the three schools whose proposed programs the Commission did not accept resubmitted its proposal. As of November 13, 2015, the Commission still had not accepted the school's proposed program.

**Figure 1. The Commission’s Substantive Change Review Process**

**Substantive Change Process Flow Diagram**



Source: Commission’s Substantive Change Manual

The Commission considered all proposed competency-based education programs to be substantive changes and considered a school’s first proposed competency-based education program to also be a structural change. The Commission’s process for reviewing substantive changes involving proposed competency-based education programs was the same process used for reviewing other types of substantive changes.

The Commission used a pool of about 1,500 peer reviewers to conduct its work, including the reviews of substantive changes. The Commission assigned about 40 peer reviewers to its substantive change committee, the committee tasked with reviewing substantive changes for proposed competency-based education programs. For proposed programs that were considered structural changes, the Commission required a preimplementation site visit at the school and a review of the programs by both the Commission’s substantive change committee and its structural change committee.

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## AUDIT RESULTS

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We concluded that the Commission's control activities over reviewing schools' proposed competency-based education programs did not provide reasonable assurance that schools properly classified the methods of delivery for competency-based education programs. As a result, the Commission's evaluations of the schools' classifications of the methods of delivery will not help the Department ensure that proposed competency-based education programs are properly classified for Title IV purposes. We found that the Commission did not evaluate whether proposed competency-based education programs were designed to ensure faculty-initiated, regular, and substantive interaction between faculty and students. According to Title IV regulations, programs that are not designed to ensure such interaction should be classified as programs delivered via correspondence, not distance education. The Commission did not implement procedures to provide reasonable assurance that schools properly classified competency-based education programs' methods of delivery because correspondence education was not within its scope of recognition by the Secretary. Therefore, the Commission did not require peer reviewers, those who reviewed schools' proposed competency-based education programs, to determine whether proposed programs should be more appropriately considered correspondence education.

We concluded that the Commission's control activities over reviewing schools' proposed competency-based education programs should be sufficient to provide reasonable assurance that schools' measurements of student learning for proposed competency-based education programs are properly identified as clock hours, credit hours, or direct assessment. The Commission reviewed all proposed competency-based education programs the same, regardless of whether schools planned to offer the proposed programs as competency-based education clock- or credit-hour programs or direct assessment programs. If a school indicated its intention to submit the proposed program to the Department for approval as a Title IV-eligible direct assessment program, the Commission reviewed the clock- or credit-hour equivalencies of the proposed program and documented whether it agreed with the assigned equivalencies. We did not identify any proposed programs for which schools incorrectly reported the program's measurement of student learning (as clock hour, credit hour, or direct assessment).

Although we did not identify any significant weaknesses in the Commission's control activities over ensuring that proposed programs' measurements of student learning were properly identified as clock hours, credit hours, or direct assessment, we did identify a deficiency in the Commission's processes for evaluating the accuracy and reliability of schools' credit-hour assignments. We found that the Commission, during substantive change reviews, did not always ensure that the credit hours assigned to the programs from which schools derived competency-based education programs met the Federal definition of a credit hour (effective July 1, 2011). The Commission's substantive change policies and procedures did not require either a thorough review of a school's assignment of credit hours to existing programs or a confirmation that such a review had taken place since July 1, 2011. We also found that the Commission did not always follow its own policy relevant to the review of credit hours. The Commission's policy required peer reviewers to review a school's credit-hour policy as part of the substantive change review process. However, the Commission approved one school's proposed programs without reviewing the school's credit-hour policy.

In comments on the draft of this report, the Commission acknowledged both of the findings but did not state whether it agreed or disagreed with either one. The Commission stated that it was not required to classify a program's method of delivery as discussed in Finding No. 1. Nevertheless, the Commission explained that it has updated the substantive change proposal template to emphasize the Federal expectations related to faculty-initiated, regular, and substantive interaction with students. In addition, the Commission stated that its peer reviewer guide will prompt peer reviewers to review proposals for such regular and substantive interaction. Finally, the Commission noted its responsibility to review credit hours and evaluate the credit-hour equivalencies of direct assessment programs and agreed to change the policies and procedures to address the issues presented in Finding No. 2.

**FINDING NO. 1 – The Commission Did Not Sufficiently Evaluate Whether Proposed Competency-Based Education Programs Included Faculty-Initiated, Regular, and Substantive Interaction**

We concluded that the Commission did not sufficiently evaluate whether schools designed proposed competency-based education programs to include faculty-initiated, regular, and substantive interaction between faculty and students.<sup>6</sup> As of November 13, 2015, the Commission had received seven substantive change proposals for competency-based education programs from five schools. Based on the descriptions of the programs in the schools' substantive change proposals, all seven proposed programs would be offered completely online and be self-paced. For five of the seven proposals, the Commission's records did not show that peer reviewers evaluated whether interaction between faculty and students would be faculty-initiated, regular, and substantive. The descriptions of three of these five proposed programs did not show whether the programs would include faculty-initiated, regular, and substantive interaction between faculty and students.<sup>7</sup> If a program is not designed to provide such interaction, the program should be classified as correspondence education, not distance education. However, the Commission did not even consider whether the three proposed programs should have been considered competency-based education programs delivered via correspondence and outside the Commission's scope of recognition.

According to 34 C.F.R. § 602.3, correspondence education is defined as typically self-paced, and the school provides by mail or electronic transmission instructional materials, including examinations, to students who are separated from the instructor. Interaction between the instructor and the student is limited, not regular and substantive, and primarily initiated by the student. On December 18, 2014, the Department issued Dear Colleague Letter GEN-14-23 "Competency-Based Education Programs—Questions and Answers." In Q&A #9, the Department stated—

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

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<sup>6</sup> Faculty are school employees who met the Commission's definition of faculty.

<sup>7</sup> We based our conclusion that the descriptions of the proposed programs did not show whether the programs would involve faculty-initiated, regular, and substantive interaction solely on the information available in the Commission's records. Determining whether the programs should have been classified as correspondence for Title IV purposes would require a thorough analysis of the schools' records showing how the programs were or would be implemented.

[competency-based education] 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.

Further, Q&A #15 of the Dear Colleague Letter stated that an accrediting agency should ensure that the instructors used in competency-based education programs meet the agency's standards. The Commission's 2013 Handbook of Accreditation defined faculty as "instructional staff of an institution responsible for the design, delivery, and assessment of academic programs," and stated that faculty "does not typically include administrators, counselors, or other campus educators" such as student service employees.

The Commission did not consider whether proposed competency-based education programs might be correspondence because the Commission did not have a process to determine whether the proposed programs were within its scope of recognition. When correspondence education was removed from the Commission's scope of recognition for Title IV purposes, the Commission removed the definition of correspondence education from its substantive change manual and removed references to correspondence education from other Commission documents. Therefore, the Commission's substantive change proposal template and peer reviewer guide did not require schools to explain whether the proposed program would include faculty-initiated, regular, and substantive interaction between faculty and students or require peer reviewers to determine whether the program included such interaction. The only information relevant to faculty interaction with students that schools were required to provide in the substantive change proposal template was the manner and frequency of mentoring engagement, faculty-to-student ratios, how faculty would monitor student progress, and faculty qualifications and training. The peer reviewer guide prompted peer reviewers to consider only the number, roles, and qualifications of faculty, not whether proposed programs might be more appropriately considered correspondence programs and outside the Commission's scope of recognition.

Without a sufficient evaluation by the Commission of a school's classification of proposed competency-based education programs' methods of delivery, the Department might not receive sufficient information about a school's proposed competency-based education programs to make fully informed decisions about the Title IV eligibility of the programs. Programs outside the Commission's scope of recognition would not be Title IV-eligible programs, so the Department needs sufficient information to take appropriate action with respect to programs that are not Title IV eligible.

## **Recommendations**

We recommend that the Assistant Secretary for Postsecondary Education require the Commission to—

- 1.1 Revise its policies and procedures for performing substantive change reviews to ensure that the Commission obtains sufficient information about the interaction between faculty and students in competency-based education programs to determine whether the interaction will be faculty-initiated, regular, and substantive. If substantive change reviews find that proposed programs are not designed to ensure faculty-initiated, regular, and substantive interaction, notify the schools that the Commission is not authorized to approve the programs for Title IV purposes because correspondence education is not within the Commission's scope of recognition.

- 1.2 Reevaluate the competency-based education programs that schools previously proposed to determine whether interaction between faculty and students was designed to be faculty-initiated, regular, and substantive.
- 1.3 For programs the Commission determines were not designed to provide faculty-initiated, regular, and substantive interaction between faculty and students, notify the schools offering the programs that the programs are not within the Commission's scope of recognition.
- 1.4 Provide the Department with the names of the schools that the Commission has determined are offering programs that are not within the Commission's scope of recognition and the date of the Commission's initial approval of those programs.

### **Commission Comments**

The Commission did not state whether it agreed or disagreed with the finding. The Commission did state that the regulations and guidance do not require the Commission to classify a program's delivery modality, report program or modality approvals to the Department, or track faculty-initiated contact with students. The Commission also stated that it is not authorized to make decisions regarding the classification of a program's delivery method. Such decisions are the school's and Department's responsibility. Nevertheless, the Commission stated that it has taken steps to update the substantive change proposal template to emphasize the Federal expectations related to faculty-initiated, regular, and substantive interaction with students. Additionally, the Commission stated that the peer reviewer guide will now prompt peer reviewers to review proposals for information relevant to regular and substantive interaction.

### **OIG Response**

While the Department has the final decision on the classification of programs for Title IV purposes, the Commission still needs to take steps to ensure it reviews only programs that it is recognized to approve. Because correspondence education is not included in the scope of the Commission's recognition by the Secretary, the Commission has a specific obligation to ensure that it is not unknowingly approving programs as distance education when the programs' methods of delivery do not include regular and substantive interaction between faculty and students and should be considered correspondence education. Schools must first be accredited by an accrediting agency recognized by the Secretary before students enrolled in the schools' programs may receive Title IV funds. Because correspondence education is not within the Commission's scope of recognition by the Secretary, the Commission must establish procedures to identify programs that it is not authorized to approve. If the Commission "has reason to believe [an institution] is failing to meet its title IV, HEA responsibilities," it is required to notify the Department (34 C.F.R. § 602.27(a)(6)). Without sufficient procedures for assessing faculty-student interaction, the Commission increases the risk that it will approve competency-based education programs that are outside the scope of its recognition and programs that would therefore not be Title IV eligible.

The Commission stated that it has taken steps to update the substantive change proposal template to emphasize the Federal expectations related to faculty-initiated, regular, and substantive interaction with students. Additionally, the Commission stated that it updated the peer reviewer guide to prompt peer reviewers to review proposals for information relevant to regular and substantive interaction. Although we did not receive or review the revised documents, the

Commission's actions are partially responsive to recommendation 1.1. We revised recommendation 1.1 to clearly explain what else the Commission's policies and procedures should cover.

**FINDING NO. 2 – The Commission Did Not Ensure That Credit Hours Assigned to Competency-Based Education Programs Met Federal Requirements**

During a comprehensive review, the Commission required peer reviewers to evaluate whether a school's credit-hour policy adhered to Federal regulations and to test the school's application of the credit-hour policy for a sample of its courses. For schools that had not undergone a comprehensive review since July 1, 2011, we concluded that the Commission's substantive change reviews did not effectively ensure that the schools' assignments of credit hours to proposed competency-based education programs were accurate and reliable. The substantive change reviews were not effective because the Commission did not ensure that the credit hours assigned to the programs from which schools derived the competency-based education programs complied with the Federal definition of a credit hour (effective July 1, 2011).

From July 1, 2011, through November 13, 2015, the Commission had not conducted comprehensive reviews at two of the five schools that submitted substantive change proposals for competency-based education programs. One of the two schools submitted one program to the Department for consideration as a Title IV-eligible direct assessment program.<sup>8</sup> In compliance with regulatory requirements, the Commission provided a letter to the school stating that the Commission agreed with the school's credit-hour equivalencies for the program. However, because the Commission did not evaluate whether the credit hours assigned to the program from which the school derived the direct assessment program complied with the Federal definition of a credit hour, the Commission did not have an adequate basis against which to evaluate the direct assessment program's credit-hour equivalencies.

The Commission also did not consistently apply its credit-hour policy to reviews of all proposed competency-based education programs. The Commission's policy required peer reviewers to review a school's credit-hour assignments (through review of the school's credit-hour policy) as part of the Commission's substantive change review process. However, the Commission approved one school's proposed programs without reviewing the school's credit-hour policy.

According to 34 C.F.R. § 602.24(f), an accrediting agency must include, as part of its review of a school for initial accreditation or preaccreditation or renewal of accreditation, an effective review and evaluation of the reliability and accuracy of the school's assignment of credit hours. Also, according to 34 C.F.R. § 602.3, for Title IV purposes, a school must obtain approval for a direct assessment program from the Department. As part of that approval, an accrediting agency must evaluate the program and include the program in the school's grant of accreditation or preaccreditation. An accrediting agency also must review and approve the school's claim of each program's equivalency in terms of clock or credit hours. Dear Colleague Letter GEN-14-23, Q&A #15, states that, when an accrediting agency reviews a school for initial accreditation, renewal of accreditation, or for a substantive change under 34 C.F.R. § 602.22,

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<sup>8</sup> The school informed the Commission that, as of September 16, 2015, a second proposed program had not been submitted to the Department for consideration as a Title IV-eligible program. The other school's substantive change proposal indicated that the school did not anticipate seeking Title IV eligibility for its proposed program.

“the agency must include in that review, the institution’s policy for determining credit hours for its [competency-based education] programs to ensure that those policies conform to commonly accepted practice in higher education.”

We concluded that the Commission did not evaluate schools’ assignments of credit hours to proposed competency-based education programs because the substantive change policies and procedures did not require peer reviewers to complete a thorough review of a school’s assignment of credit hours to existing programs or confirm that such a review had taken place since July 1, 2011. According to the Commission’s policy, peer reviewers evaluated whether a school’s assignment of credit hours for an existing program met the Federal definition of a credit hour during comprehensive reviews for reaffirmation of accreditation, which could occur as infrequently as once every 10 years. During a comprehensive review, the Commission’s policy required peer reviewers to evaluate whether the school’s credit-hour policy adhered to Federal regulations and test the school’s application of the credit-hour policy for a sample of courses. The peer reviewers would indicate the number, degree level, and discipline of courses for which they reviewed syllabi, and their determination whether the materials reviewed for online courses showed that students would be required to do the amount of work equivalent to the credit hours assigned to the course.<sup>9</sup>

The Commission’s policy further stated that credit-hour assignments would be included as part of substantive change reviews. However, the Commission’s records for substantive change reviews for competency-based education programs did not show that peer reviewers evaluated the assignment of credit hours, including whether the assigned credit hours met the Federal definition of a credit hour, to the extent that would be required during a comprehensive review. During a substantive change review for competency-based education programs, the policy required peer reviewers only to review a school’s credit-hour policy and indicate the extent to which the policy was applied or mapped to competency-based modules or courses. The Commission’s policy did not require peer reviewers to ensure that the school had undergone a comprehensive review since July 1, 2011, or conduct an in-depth evaluation of credit-hour assignments if the school had not undergone a comprehensive review since July 1, 2011.

Without an effective review by the Commission of the reliability and accuracy of a school’s assignment of credit hours, the Department might not receive sufficient information about a school’s proposed competency-based education programs to make fully-informed decisions about the Title IV eligibility of the programs. Additionally, if a school does not assign credit hours in accordance with the Federal definition of a credit hour, the school might award and disburse more Title IV aid to students than allowed.

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<sup>9</sup> We did not design our audit work to evaluate the Commission’s comprehensive review process or the credit-hour reviews completed during comprehensive reviews. Therefore, we cannot express an opinion on whether the work completed during comprehensive reviews would be sufficient for the peer reviewers to determine whether a school’s credit-hour assignments complied with the Federal definition of a credit hour.

## Recommendations

We recommend that the Assistant Secretary for Postsecondary Education require the Commission to—

- 2.1 Develop procedures that will ensure the Commission has reviewed, since July 1, 2011, a school's assignment of credit hours for compliance with the Federal definition before approving a substantive change for competency-based education programs.
- 2.2 Review the assignment of credit hours for compliance with the Federal definition of a credit hour for any school that submitted a substantive change proposal for a competency-based education program but has not had its assignment of credit hours reviewed since July 1, 2011.

## Commission Comments

The Commission did not state whether it agreed or disagreed with the finding. While acknowledging its responsibility to review schools' credit-hour policies and evaluate schools' assignment of credit-hour equivalencies to direct assessment competency-based education programs, the Commission stated that evaluating a proposed program using the credit hour as a proxy for learning in an outcomes-based program has been a challenge. Additionally, the Commission stated that schools and accrediting agencies face a challenge introducing and encouraging innovative programs when existing policy and requirements have not been appropriately adjusted.

While noting the above challenges, the Commission agreed to make changes based on the finding. The Commission stated that recommendation 2.1 has already been accomplished through the existing documents. The Commission explained that the substantive change proposal template requires a school to submit its credit-hour policy, which the Commission "will review and make a reasonable determination as to alignment with" the Commission's policy and Federal regulations. The Commission further explained that its policy requires peer reviewers to review this information. Finally, the Commission stated that the necessity to review the credit-hour policy and credit-hour equivalencies has been reinforced with those conducting the reviews and also would be addressed through training. For recommendation 2.2, the Commission stated that it will review the assignment of credit hours for compliance with the Federal definition for any school for which the Commission approved a substantive change for a competency-based education program but had not reviewed the assignment of credit hours since July 1, 2011.

## OIG Response

We do not agree that the Commission's existing documents, specifically the current peer reviewer guide, satisfactorily address recommendation 2.1. The current peer reviewer guide asks peer reviewers to indicate the extent to which the school's credit-hour policy is applied or mapped to competency-based modules or courses. The guide does not prompt peer reviewers to evaluate whether the school's assignment of credit hours complies with the Commission's policy or with the Federal definition of a credit hour. We revised the finding to clarify the information that the guide required.

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## OBJECTIVE, SCOPE, AND METHODOLOGY

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The objective of our audit was to determine whether the Commission established control activities that provided reasonable assurance that schools properly classified, for Title IV purposes, the methods of delivery and measurements of student learning for competency-based education programs. We evaluated the Commission's processes over reviewing schools' proposed competency-based education programs as of November 13, 2015.

To accomplish our objective, we first gained an understanding of selected provisions of the Higher Education Act of 1965, as amended; the Higher Education Reconciliation Act of 2005; regulations in 34 C.F.R. Part 600, 34 C.F.R. Part 602, and 34 C.F.R. § 668.10; and Dear Colleague Letters GEN-11-06, GEN-13-10, and GEN-14-23. We then gained an understanding of the Commission's system of internal control, including information systems control, over evaluating schools' substantive change proposals for competency-based education programs. We determined that the control activities standard of internal control was significant to answering our audit objective. Accordingly, we gained an understanding and assessed the adequacy of the control activities that the Commission designed to evaluate schools' proposed competency-based education programs. To do so, we interviewed the following Commission employees:

- president of the Commission;
- director of substantive change, who was the primary manager of the substantive change process and helped develop the Commission's policies and procedures related to competency-based education programs;
- two associates, who acted as the Commission's liaisons to schools for all substantive changes, and who reviewed, along with peer reviewers, schools' substantive change proposals for competency-based education programs;
- accreditation resource coordinator, who coordinated the review of substantive change proposals for competency-based education programs and managed the flow of records between schools, the Commission, and peer reviewers;
- four of the Commission's five vice presidents, who acted as the Commission's liaisons to the schools for all matters other than substantive changes; and
- chief information officer, who provided an overview of the information systems that the Commission used for its substantive change review process.

From the interviews, we gained an understanding of the Commission's policies and procedures for evaluating competency-based education programs, clock- or credit-hour equivalencies of competency-based education programs, and credit hours that schools assigned to the courses and programs from which competency-based education programs were derived. We also reviewed

the Commission's accreditation handbook, substantive change manual, credit-hour policy, and correspondence related to the policies and procedures.

We also reviewed the Commission's records for all five schools that had submitted substantive change proposals for competency-based education programs as of November 13, 2015. The records included the following:

- substantive change proposals for competency-based education programs, including resubmissions of proposals;
- evaluation forms and worksheets completed by peer reviewers for their reviews of proposals and resubmissions of proposals for competency-based education programs;
- action letters sent by the Commission to schools notifying the schools of the Commission's decisions;
- site-visit reports for the preimplementation and postimplementation site visits the Commission required for a school's first competency-based education program;
- final minutes from Commission meetings that involved approval of substantive changes for competency-based education programs; and
- notes taken by Commission associates during peer reviewers' discussions of substantive change proposals for competency-based education programs.

We reviewed the records to (1) determine whether the Commission implemented its control activities over evaluating schools' substantive change proposals for competency-based education programs, (2) determine whether the Commission followed its own procedures for the evaluation of competency-based education programs, and (3) learn how the Commission determined that schools' proposed programs were competency-based education programs and whether the records clearly showed how the Commission made its determinations.

To determine whether schools' proposed competency-based education programs should have been classified as distance education or correspondence education, we reviewed the schools' substantive change proposals. We reviewed the proposals to determine (1) how schools defined faculty; (2) how schools planned to measure student learning (clock hour, credit hour, or direct assessment); (3) whether schools clearly described whether their proposed programs would include faculty-initiated, regular, and substantive interaction between faculty and students; (4) whether schools clearly described the planned programs' delivery methods (campus-based, distance education, or correspondence); and (5) how schools established the clock- or credit-hour equivalencies of the proposed direct assessment programs.

Next, we determined whether the Commission's records would provide the Commission with enough information to determine the types of programs being proposed. For substantive change proposals for competency-based education programs that the Commission reviewed before December 18, 2014, we compared the information in the Commission's records with the definitions of correspondence, direct assessment, and distance education in 34 C.F.R. § 602.3 and the definition of a clock hour and credit hour in 34 C.F.R. § 600.2. For substantive change

proposals for competency-based education programs that the Commission reviewed after December 18, 2014, we compared the information in the Commission's records with the applicable definitions in 34 C.F.R. § 602.3 and 34 C.F.R. § 600.2 and the guidance that the Department provided in Dear Colleague Letter GEN-14-23. To determine whether the proposed programs would involve faculty-initiated, regular, and substantive interaction between faculty and students, we compared the schools' descriptions of faculty positions and descriptions of the planned level of interaction between faculty and students with the Commission's definition of faculty.

To determine whether the Commission reviewed each of the five school's assignment of credit hours since July 1, 2011 (the effective date of the Federal definition of a credit hour), we obtained from Commission employees and the Commission's Web site the date of the Commission's most recent comprehensive review for each school. For each comprehensive review conducted since July 1, 2011, we reviewed the Commission's reports and the worksheets used to document the peer reviewers' evaluations of the school's credit-hour assignments. We reviewed the worksheets to determine whether the Commission, as required by 34 C.F.R. § 602.24(f), reviewed schools' (1) policies and procedures for assigning credit hours, as defined in 34 C.F.R. § 600.2, to their courses and programs and (2) application of the policies and procedures to their courses and programs. Because the comprehensive review process was not within the scope of our audit, we did not review records supporting the Commission's comprehensive review reports. We also did not evaluate whether the information reviewed by peer reviewers during the comprehensive reviews was sufficient for the Commission to determine whether the schools' credit-hour assignments complied with the Federal definition of a credit hour.

Although we reviewed the Commission's records for all five (100 percent) of the schools that, as of November 13, 2015, had submitted a substantive change proposal for competency-based education programs, the results of our audit cannot be projected to the Commission's review of any other programs at the schools or any programs at other schools that the Commission accredits.

### **Internal Control**

To achieve our objective, we gained an understanding of the Commission's system of internal control over evaluating schools' proposed competency-based education programs. We then determined that the control activities standard was the only standard of internal control significant to our audit objective. Accordingly, we gained an understanding and assessed the adequacy of the processes that the Commission designed to evaluate schools' proposed competency-based education programs, including the proposed programs' methods of delivery and measurements of student learning. We also gained an understanding and assessed the adequacy of the Commission's processes designed to evaluate the clock- or credit-hour equivalencies of competency-based education programs and the credit hours assigned to the courses and programs from which competency-based education programs were derived. We identified weaknesses in the Commission's control activities over evaluating proposed programs' methods of delivery and credit hours assigned to the courses and programs from which proposed competency-based education programs were derived (see [Finding No. 1](#) and [Finding No. 2](#)).

### **Data Reliability**

To achieve our objective, we relied, in part, on accreditation records that the Commission maintained in electronic format. To assess the reliability of these accreditation records, we first learned what accreditation records were maintained in electronic format and the relevant computer systems controls. We interviewed the chief information officer and director of substantive change for the Commission. From our interviews, we learned that the Commission used a third-party, cloud-based Web site to maintain the official records for the accredited schools. The chief information officer controlled access to the system's files by assigning appropriate permissions to the people, such as school officials, peer reviewers, commissioners, and Commission employees, involved in the Commission's substantive change review process.

After gaining an understanding of the accreditation records maintained in electronic format and the relevant computer systems controls, we applied logic tests on the records for two proposed competency-based education programs. We looked for (1) missing data, (2) the relationship of one data element to another, and (3) dates outside of the expected range or following an illogical progression. Based on our interviews and logic tests, we determined that the accreditation records that the Commission maintained in electronic format were sufficiently reliable for the purposes of our audit.

We conducted our audit at the Commission's offices in Alameda, California, and our offices from September 2015 through February 2016. We discussed the results of our audit with Commission officials on April 25, 2016, and provided them with a copy of the draft of this report on May 20, 2016. The Commission provided us with comments on the draft of this report on June 20, 2016. We reviewed the Commission's comments and made minor revisions to the report as necessary.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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## **ADMINISTRATIVE MATTERS**

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Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report, represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department officials.

This report incorporates the comments you provided in response to the draft audit report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Department official, who will consider them before taking final Departmental action on this audit:

Lynn B. Mahaffie  
Deputy Assistant Secretary for Policy, Planning and Innovation, Delegated  
the Duties of the Assistant Secretary for Postsecondary Education  
U.S. Department of Education  
Office of Postsecondary Education  
LBJ Building, 400 Maryland Avenue, S.W.  
Washington, D.C. 20202

The Department's policy is to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 calendar days would be appreciated.

In accordance with the Freedom of Information Act (5 U.S.C. § 552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation and assistance extended by your employees during our audit. If you have any questions or require additional information, please do not hesitate to contact me at 312-730-1620 or Lisa F. Robinson, Assistant Regional Inspector General for Audit, at 816-268-0519.

Sincerely,

/s/

Gary D. Whitman  
Regional Inspector General for Audit

Attachments

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**ATTACHMENT 1**

**Acronyms, Abbreviations, and Short Forms Used in This Report**

34 C.F.R. §	Title 34 of the Code of Federal Regulations, Section
Commission	Western Association of Schools and Colleges Senior College and University Commission
Department	U.S. Department of Education
Title IV	Title IV of the Higher Education Act of 1965, as amended

**ATTACHMENT 2**

**The Commission's Process for Evaluating Competency-Based Education Programs  
(as of November 13, 2015)**

When a school wanted approval to offer a competency-based education program, the Commission required the submission of a one-page application. On the application, the Commission asked for the name of the proposed program, type of substantive change represented, date the school wanted to first offer the program, and date the school wanted the substantive change proposal to be reviewed. Upon receipt of the school's application, the Commission's [accreditation resources coordinator](#) would send an email to the school. The email confirmed receipt of the application, included a template for the specific substantive change proposal, and included instructions for completing the template and submitting the proposal. The email also included the date by which the school was to submit the proposal and the tentative date of the substantive change committee's review.

After a school submitted a substantive change proposal to the Commission, the [director of substantive change](#) assigned an [associate](#) to review the proposal. (One associate reviewed all seven substantive change proposals for competency-based education programs that the Commission received as of November 13, 2015.) The associate's initial review focused on whether all sections of the substantive change proposal were completed and fully developed. After the associate's initial review of the substantive change proposal, the proposal moved to the substantive change committee.

Next, the director of substantive change selected two or three peer reviewers from the substantive change committee to review the substantive change proposal. For a substantive change proposal for competency-based education programs, the peer reviewers typically were selected from a group of five or six members of the substantive change committee who had experience in adult education and distance education or worked for a school that had submitted a substantive change proposal for competency-based education programs.

The peer reviewers had about 4 weeks to review the proposal and complete evaluation forms. Each peer reviewer individually completed an evaluation form. The accreditation resource coordinator then compiled the individually completed forms into one document and provided one consolidated form to the peer reviewers to guide their discussion about the substantive change proposal.

The peer reviewers and the assigned associate participated in a conference call to discuss the substantive change proposal. The associate took notes during the call. During the first portion of the call, the peer reviewers discussed the questions they wanted to ask representatives of the school regarding the proposal. Representatives from the school joined the discussion about 30 minutes into the call to answer any questions from the peer reviewers. After answering the peer reviewers' questions, the school's representatives left the call and the peer reviewers reached a decision on the substantive change proposal. For competency-based education programs, the peer reviewers would reach one of four decisions: (1) defer action, (2) not accept the proposal, (3) recommend interim approval, or (4) proceed to a site visit (for a school's first competency-based education program).

*Defer Action*

If the peer reviewers decided that the substantive change proposal was missing information but the school could provide the missing information within 1 or 2 weeks, the peer reviewers would defer action.

*Not Accept*

If the peer reviewers decided that the school's substantive change proposal was not sufficiently developed or needed significant revisions, then they would not accept the proposal.

The assigned associate would draft a letter on behalf of the peer reviewers. The letter indicated the areas in which the school needed to revise the substantive change proposal and the steps the school needed to take to resubmit the substantive change proposal. The associate would provide the letter to the Commission's accreditation resource coordinator, who would forward the letter to the director of substantive change for review. Once the director of substantive change approved the letter, the accreditation resource coordinator would send the letter to the school.

If a school chose to resubmit a substantive change proposal that was not initially accepted, the Commission's accreditation resource coordinator received the resubmission and then forwarded it to the assigned associate and peer reviewers who reviewed the original submission. Each peer reviewer would independently review the resubmitted substantive change proposal to determine whether the school adequately addressed the issues identified in the letter the school received. Each peer reviewer would then document his or her determination on a worksheet. If the peer reviewers determined the school adequately addressed the issues, then they would either recommend interim approval or, if the proposed program was the school's first competency-based education program, the Commission would schedule a preimplementation site visit at the school.

If the peer reviewers thought that the school did not adequately address the issues in the substantive change proposal, they would not accept the proposal and the school would be invited to resubmit again.

*Interim Approval*

For a proposed program that was not a school's first competency-based education program, if the peer reviewers decided that a substantive change proposal was adequate and well-developed, they would give interim approval. The assigned associate would provide the accreditation resource coordinator with the details of the interim approval. The accreditation resource coordinator then would prepare an action report on behalf of the peer reviewers, citing the reviewers' commendations and recommendations, and send the action report to the school.

After a substantive change proposal received interim approval from the peer reviewers, the proposal would be added to the agenda for a meeting of the Commission's executive committee or the full Commission for final approval.<sup>10</sup> The Commission would then notify the school by email when the program was approved or denied.

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<sup>10</sup> If a program was up for approval in 1 of the 3 months that the full group of commissioners met, the full group of commissioners would approve the program. Otherwise, the executive committee would approve the program on behalf of the full group of commissioners.

*Proceed to Site Visit (for a School's First Competency-Based Education Program)*

For a school's first proposed competency-based education program, if the peer reviewers decided that the substantive change proposal was adequate, the Commission would schedule a preimplementation site visit to assess how the school would implement the proposed program and the overall impact of the program on the school. The Commission's accreditation resource coordinator would send the school an action letter on behalf of the peer reviewers. The letter outlined the expectations for the visit. The visit would typically last 1 day and be conducted by one or two of the peer reviewers who reviewed the substantive change proposal. Based on the site visit, the peer reviewers would recommend either forwarding the proposal to the Commission's structural change committee or not accepting the proposal.

If the peer reviewers recommended forwarding the proposal to the structural change committee, the director of substantive change would select two members of the structural change committee to review the proposed substantive change. The accreditation resource coordinator would set up a teleconference with the assigned associate, at least one of the peer reviewers who reviewed the proposal, and the two selected members of the structural change committee. The accreditation resource coordinator would provide the participating individuals with the necessary materials, including the substantive change proposal, preimplementation site visit report, and the school's response to the site visit report, if applicable. If recommended for approval by the structural change committee, the proposed program would be included on the agenda for a meeting of the Commission's executive committee or the full Commission. If the program was approved by the executive committee or full Commission, the accreditation resource coordinator would then send an action letter to the school, informing the school of the program's approval.

If the proposal was not accepted by the structural change committee, the Commission would send the school an action letter specifying the reasons for the decision and explaining how to resubmit the substantive change proposal if the school chose to do so.

**ATTACHMENT 3**

**AUDITEE COMMENTS ON  
THE DRAFT AUDIT REPORT**



June 20, 2016

Mr. Gary D. Whitman  
Regional Inspector General for Audit  
Office of the Inspector General, Chicago/Kansas City Audit Region  
United States Department of Education

Dear Mr. Whitman:

Thank you for the opportunity to respond to the draft audit report, “The Western Association of Schools and Colleges Senior College and University Commission Could Improve Its Evaluation of Competency –Based Education programs to Help the Department Ensure Programs Are Properly Classified for Title IV Purposes.” On behalf of the Commission staff, I want to thank you and your staff for the professional and understanding manner in which the audit was conducted. Mr. Bernert and Ms. White were clear in their expectations and communications and we appreciated their approach to the audit. Any disagreements or observations I share with you in this letter are not meant in any way as a negative reflection on the audit process.

I would also note that the Commission staff and peer reviewers have always made good faith efforts to comply with the expectations of the Department regarding competency-based education programs. This response is in furtherance of those efforts.

Our understanding of the Department’s expectations is driven by our interpretations of the plain language of the Department’s regulations governing the Secretary’s Recognition of Accrediting Agencies set forth in *34 CFR 602 et seq.* (“Regulations”).

The Regulations and available guidance (i.e. GEN-14-23, Q.15) reveal that the Commission is not required to classify a program by delivery modality and is not required to report program or modality approvals to the Department upon approval by the Commission. Further, the Commission is not authorized to make decisions on behalf of the Department regarding the classification of modalities based on the Department’s definitions of distance education, correspondence education, or otherwise. Nor is the Commission required to track faculty-initiated contact with students. While the Commission does review the faculty’s role in new programs that it approves, it does not assess faculty involvement with an eye toward classifying the program as distance or correspondence education. To the extent that obligations exist to classify a program by modality under the Department’s standards and to assess the level of faculty-initiated contact for the purpose of such classification, they are obligations of the institution and the Department.

The Commission’s peer reviewers are uniquely positioned to and capable of collecting data that would assist the Department in determining the appropriate classification of a competency-based education program. However, given the Commission’s desire to offer a full and fair opportunity to innovative educational pedagogies and modalities, a program’s ultimate classification by the Department will ultimately have no bearing on whether the same program is included within the scope of an institution’s accreditation by the Commission.

The above position of the Commission is in no way meant to be construed as an attempted avoidance of its obligations in section 602.27(a)(6). The Commission will inform the Department of any member institution or institutional program that is participating in federal student aid that the Commission believes may not meet the requirements for participation. However, at the time an institution seeks approval of a program through the Commission, there are not students enrolled in the program and no federal student aid is being distributed, so there would be no basis to inform the Department if, in the opinion of the Commission, a program could be a correspondence program and therefore beyond the Commission's scope of recognition.

Such classifications, if offered by the Commission, could not be more than mere opinions of the Commission made in its professional judgment given the subjective and ambiguous nature of the definitions of distance and correspondence education provided in 34 CFR 602.3. The Commission does not recommend that the Department rely solely on any such opinions of classification: it cannot stand in place of the institution as the appropriate reporting entity or the Department as the entity charged with making the ultimate classification determinations.

All of the above notwithstanding: as a Commission, we want to ensure that our work is done in such a way as to give the public confidence in our authority as a quality assurance agency. We are fortunate to have a strong group of reviewers who take their work seriously and dedicate many hours, outside of their campus positions, to the work of the Commission. It is our intention to make any adjustments necessary to provide these evaluators with the information and training they need in order to complete the reviews of competency-based programs in a way that will fulfill our role as part of the Triad – quality assurance.

The swiftly changing landscape of higher education presents many challenges to accreditors, especially in areas where regulations have not kept pace with that change. The desire to support innovation among our member institutions is sometimes in conflict with current regulations and Departmental guidance related to them. The external pressure to support, or at least not impede, innovation is strong from many sectors. During a conference call related to the experimental sites, US Department of Education Undersecretary Ted Mitchell stated that competency-based education is at the heart of its innovation agenda. Despite this, clear and timely guidance related to determining what is expected and, more importantly, regulations to define what is required have not been forthcoming, which presents challenges to accreditors who review these programs. Indeed, the guidance regarding competency-based (particularly direct assessment) education programs, and therefore reviews, has trickled out. Based on the understanding of current regulation as described above, it is our intent to use the guidance that is provided in order to inform our quality assurance process, as we do with information from other sources.

The report refers to the number of reviews of competency-based education programs conducted by WSCUC and identifies issues with some of them. It is important to understand the full context of these reviews. At the time of the audit, seven proposals from five institutions had been reviewed. All of the proposals were for direct assessment programs offered through distance education. Four of those proposals, from two institutions, had been approved through the review process. Since then, one additional program from a sixth institution has been submitted and is proceeding through the approval process. Of the four programs approved by the Commission, three have been implemented.

Timeline of CBE Program Reviews and Guidance Received					
	Statement of Intent to Submit Proposal Received	Committee Review (Proposal Submitted 6 – 8 Weeks Before)	Commission Review	Result	Current Status
Institution A BSBA	3/29/2012	11/19/2013	12/9/2013	Approved	Not Implemented
Institution A MBA	3/29/2012	9/13/2012	N/A	Not Accept	
Institution A MBA resubmission	12/4/2012	1/16/2013	6/20/2013	Approved	Implemented
Institution B BBA	12/21/2012	7/24/2013	N/A	Not Accept	
Institution B BBA resubmission		9/25/2013	12/9/2013	Approved	Implemented
Institution B BS Information Technology	5/30/2014	7/20/2015	8/10/2015	Approved	Implemented
Institution C BA Management	9/25/2014	4/29/2015	N/A	Not Accept	
Institution D MA Executive Leadership	6/12/2015	8/19/2015	N/A	Not Accept	
Institution E MS Instructional Design and Technology	9/7/2015	6/13/2016	Pending	Pending	
Institution F BA Leadership	10/12/2015	11/3/2015	N/A	Not Accept	
Dear Colleague Letter GEN-13-10	Issued 3/19/2013	Addresses direct assessment and credit hour equivalencies			
Federal Register Notification of Experimental Site Initiative	7/31/2014				
Dear Colleague Letter GEN-14-23	Issued 12/19/2014	Addresses faculty-student interaction and further guidance on credit hours			
OIG Exception Report	Issued 2/4/2016	Changes made to proposal template in response to exception report			

**Findings and Recommendations**

Generally, given the current state of regulations, WSCUC acknowledges the two findings by the auditors and has taken, and will take, steps to make any adjustments to our policies and processes that we believe will improve the reviews to meet our obligation as described above. There is limited value in responding point by point to the identified issues as the overall goal of WSCUC is to use the information provided to us to improve our quality review process. However, we do think it important to respond to the following specific findings and recommendations.

Finding No. 1

Finding No. 1 – The Commission Did Not Sufficiently Evaluate Whether Proposed Competency-Based Education Programs Included Faculty-Initiated, Regular, and Substantive Interaction.

The report notes that “for five of the seven proposals, the Commission’s records did not show that peer reviewers evaluated whether interaction between students and faculty would be faculty-initiated, regular and substantive.” The auditors found that “three of these five proposed programs would not include faculty-initiated, regular and substantive interaction between students and faculty.” Further, it was noted that a program not showing this type of interaction should properly be classified as a correspondence program, which is outside of the Commission’s current scope. It is ultimately the Department’s responsibility to classify programs.

The report cites the December 18, 2014 Dear Colleague Letter as providing guidance related to “regular and substantive interaction.” As shown in the chart provided above, the reviews of competency-based programs by WSCUC occurred both before and after this letter was published. It is an example of the challenge we, and I presume other accreditors, have had in taking information that is presented after institutions have been encouraged to move forward with competency-based education programs and making adjustments to our processes to assure quality. A great deal of time and energy is invested by institutions in developing these programs and proposals. Similarly, the development of review processes and the training of evaluators is a process that happens over time. When the guidance related to these reviews comes piecemeal, it is unreasonable to expect everything to align perfectly.

All of the above notwithstanding, we have taken steps to address the guidance given in order to make more robust the reviews of faculty-student interaction. Steps taken, or to be taken, to improve our quality assurance processes are outlined below.

Upon receipt of the initial exception report outlining these potential findings, WSCUC staff took immediate steps to update our proposal template for competency-based education to emphasize to institutions and reviewers the federal expectations related to regular and substantive faculty-initiated interaction with students. The template cites the appropriate Dear Colleague letters (GEN-13-10 issued March 19, 2013 and GEN-14-23 issued December 19, 2014) as well as the Commission’s definition of “faculty.” The rubric used by reviewers as they evaluate proposals similarly calls for specific review of this element of the proposal. This effort is one that supports our institutions as they prepare their programs for our review and the subsequent review by the Department for the purposes of classification.

Finding No. 2

Finding No. 2 – The Commission Did Not Ensure That Credit Hours Assigned to Competency-Based Education Programs Met Federal Requirements.

The auditors noted that the reviews “did not effectively *ensure* that the schools’ assignment of credit hours to proposed competency-based education programs were *accurate and reliable*.” It is our understanding that it is our obligation to review an institution’s policies and procedures in relation to 602.2 and its application of the same and make a “reasonable determination” as to whether the assignment “conforms to commonly accepted practice in higher education.” To make a reasonable determination is to provide an opinion on a matter for which no commonly

accepted practice has been developed in higher education. In light of our responsibility and the expressed concerns of your office we have tried to address them, noting the challenge of using the credit hour as a proxy for learning when evaluating an outcomes-based learning program.

This is an excellent example of the challenges faced by institutions and accreditors asked to introduce and encourage (or at least not discourage) innovative educational programs to meet the many different educational needs in our country. The problem here lies not with those examining our practices in light of this policy but with the failure to adjust policy in recognition of the modern educational context. Regardless, we, as accreditors, will continue to do our best to reconcile this expectation with the proposals that we review. We recognize our responsibility to review the credit hour policies of our institutions as part of the initial accreditation, reaccreditation, and substantive change processes, as applicable; we further recognize that we are expected to examine institutions' descriptions of how they assign credit hour equivalencies to direct assessment competency-based education programs, despite the challenges presented by this expectation.

We agree to make adjustments based on this finding and to address any perceived deficiencies in prior processes or documentation as outlined below.

#### Recommendation 2.1

This recommendation has already been accomplished. The templates for all types of substantive change proposals require submission of the institution's credit-hour policy, which WSCUC will review and make a reasonable determination as to alignment with WSCUC's credit-hour policy and the federal regulations. The reported failure to examine this policy in at least one case is unfortunate, but upon receiving the exception report, the template for competency-based education programs was reviewed and found to request sufficient information to make a determination about the institution's compliance. The rubric for reviewers similarly asks that this information be reviewed. The necessity to review the credit hour policy and equivalencies has been reinforced with those conducting the reviews and will be addressed in the training of our reviewers and staff.

#### Recommendation 2.2

We will review the assignment of credit hours to make a reasonable determination of compliance with the federal definition of a credit hour for any school that had a substantive change proposal for a competency-based education program approved but has not had its assignment of credit hours reviewed since July 1, 2011. If necessary, the institution will be asked to provide information to make this determination. We will work with the institution to bring it into compliance if it is determined it is not. The review of the institution's records and subsequent contact with the institution, if required, will occur within the next 60 days.

#### Conclusion

The audit of the WASC Senior College and University Commission's process for the review of competency-based education programs has presented the opportunity to review and adjust our processes as we review new programs of all types, but specifically for competency-based direct assessment programs offered through distance education. As we have experienced turnover in key roles related to substantive change during the period of the audit, it has also provided guidance for the new staff. There are adjustments that have been made to the process that will, we believe, only improve our quality assurance processes. There are steps we will take to ensure

we are meeting our regulatory obligations with respect to institutions currently offering programs approved through our substantive change process. In addition, we will put forth reasonable efforts to incorporate Departmental expectations into our process as indicated throughout this response, while also recognizing the challenges inherent in such expectations. The report also provides us with other feedback that, while not at the level of a Finding or Recommendation, will enable us to further improve our processes as we move forward.

While we acknowledge that there are improvements that can be made to our review process, it should also be recognized that the Department has, by issuing incomplete guidance in a piecemeal manner, made it exceedingly difficult for institutions and accreditors to meet expectations. The announcement of Experimental Sites and encouragement for institutions to find creative means to meet the needs of today's learners came well before guidance to institutions was provided. Further, regulations have yet to catch up with this new pedagogy.

As educators, we celebrate the efforts by our institutions to find new and innovative ways to serve learners in new and more accessible ways. As accreditors, we want to support this innovation while ensuring that quality is maintained in order to avoid harming the institution and, more importantly, students. As stated previously, the insistence on using a credit-hour policy that not only does not fit the direct assessment model of competency-based education but is, in fact, in direct opposition to it does not correspond to the encouragement of institutions to innovate. We recognize that accreditors such as WSCUC play a role in the Department's determination of program eligibility for Title IV aid. The staff and peer evaluators of WSCUC take very seriously their responsibility in this regard. However, it is ultimately the Department's decision and responsibility to determine Title IV eligibility. Pushing it down to the accreditors further clouds our role and takes us away from the important work of quality assurance and institutional improvement.

Thank you again for the professionalism with which this audit was conducted. Despite our significant concerns about policy and guidance from the Department on key issues, we acknowledge the information that has been presented with the intention to use it to improve our processes and to do our best to fulfill our obligation to our institutions. We take seriously the responsibilities that we have to the Department but, again, stress that we should only be responsible for those items clearly outlined in the Regulations. Ultimately, it is the desire to facilitate high-quality education for students, in whatever form it may take, that motivates all of us. We believe that adhering to our traditional role and responsibilities as one member of the Triad, while depending on the other members to do the same, is the best way to achieve this purpose.

Sincerely,

/s/

Mary Ellen Petrisko  
President