SECOND REPORT TO CONGRESS
ON THE
DISTANCE EDUCATION DEMONSTRATION PROGRAM

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EXECUTIVE SUMMARY

This is the second report to Congress concerning the results of the Distance Education Demonstration Program. The demonstration program was authorized by Congress in the 1998 reauthorization of the Higher Education Act of 1965 (HEA) to: test the quality and viability of expanded distance education programs currently restricted under the HEA; provide for increased student access to higher education through distance education; and help determine the most effective means of delivering quality education via distance education, the specific statutory and regulatory requirements that should be altered to provide greater access to distance education, and the appropriate level of HEA Title IV student financial assistance for students enrolled in distance education programs.

The Department initiated the demonstration program on July 1, 1999 with 15 participants (one of which was removed from the program in the first year) and added nine additional participants in July 2002, as authorized by the statute. Current participants include 17 individual institutions, four systems, and two consortia, for a total of 107 institutions. Participants were selected through a competitive process using statutory criteria that included, among other things, the number and quality of applications received and diversity with respect to institutional size, mission, and geographic distribution. The distance education delivery methods used by participants include correspondence study, two-way interactive videoconferencing, videotapes, and the Internet. The use of online instruction is increasing at a rapid rate at all participating institutions to deliver certificate and full-degree programs as well as individual courses that are available both to students studying at a distance and on-campus. Almost all participants offer distance education degree programs in business and computer/information science. Other popular disciplines include liberal arts or general studies, health professions and social sciences at the bachelor’s degree level and education, engineering and psychology at the graduate level.

Sixteen participants received waivers of the three provisions that relate to the amount of correspondence education an institution eligible for the Title IV student financial assistance programs may provide (the “50% rules”). Seven are currently using these waivers to continue to participate in the Federal student aid programs. Fourteen participants received waivers for provisions relating to the required length of a program and definition of a week of instruction (the “12-hour rule”). Seven received waivers of the definition of a full-time student as it relates to correspondence study, and three received waivers of the requirements relating to satisfactory academic progress. Western Governors University received additional waivers, as provided in the authorizing statute, because of its unique structure.

Both the number of distance education programs provided by participants and enrollments in these programs increased during 2000-01. The number of students enrolled in distance education programs offered by the initial cohort of participants has

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1 The Department published final regulations on November 1, 2002 that replaced the 12-hour rule with the one day rule for non-standard and nonterm structures, coupled with the requirement that a calendar time element must be met before subsequent disbursement of Title IV funds can be made.
more than doubled since the 1998-99 academic year, from just under 13,000 to over 27,000. There has been considerable growth as well in the number of onsite students who are taking distance education courses. This total increased from 19,000 to over 42,000 in the same three-year period. Participants report significant progress in meeting individual goals related to increasing access to their programs and services by underserved populations.

Comparative data on persistence and completion for cohorts of students who are enrolled in distance education and onsite programs, and those taking a mix of distance education and onsite courses, indicate that the greatest success is experienced by the latter group at all degree levels. These early findings for distance education and onsite programs differ depending upon degree level. At the graduate degree level, there is a tendency for retention to be higher for distance education than onsite programs, while at the lower degree levels this tendency is reversed. However, the gap between the two narrows with time. The gap appears to be a function of the high percentage of part-time students who are enrolled in distance education programs. The mode of distance education delivery does not appear to be a salient factor in student outcomes for demonstration program participants.

The Department’s experience working with participants has provided insight into the ways that current laws and regulations governing Title IV student financial assistance programs may inhibit institutions from designing programs that afford maximum flexibility for students and accommodate innovative instructional approaches. In addition to the requirements relating to the amount of distance education an institution may provide, and the requirements relating to time, the lack of consistency across the student financial aid programs make it difficult for institutions to effectively manage the Federal student aid programs when they offer programs in other than standard terms or in a mix of term structures.

The Department has uncovered no evidence that waiving the 50% rules, or any of the other rules for which waivers were provided, has resulted in any problems or had negative consequences. Three years of experience working with the demonstration program participants indicates that the potential risk to Title IV student financial assistance programs has more to do with the financial viability and administrative capability of the institution than with the mode of delivery in which the education is offered.

Based upon the experience gained to date through the demonstration program, and the trends that are evident in the development of distance education generally, the Department recognizes the need to amend the laws and regulations governing Title IV student financial assistance in order to expand distance education opportunities. The demonstration program has been an excellent vehicle for developing and testing new approaches, and its participants have devised some very interesting models.

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2 There is insufficient data to report on comparative outcomes for students enrolled in certificate programs.
INTRODUCTION

The Distance Education Demonstration Program was authorized by Congress in the 1998 reauthorization of the Higher Education Act of 1965 (HEA) in section 486. The purpose of the demonstration program is to: (1) test the quality and viability of expanded distance education programs currently restricted under the HEA; (2) provide for increased student access to higher education through distance education; and (3) help determine the most effective means of delivering quality education via distance education, the specific statutory and regulatory requirements that should be altered to provide greater access to distance education and the appropriate level of Title IV student financial assistance for students enrolled in distance education programs.

The authorizing legislation stipulated that the Secretary should select 15 participants for the first year of the demonstration program, which began on July 1, 1999 and up to 35 additional participants in its third year, commencing July 1, 2001. Thirteen of the original participants continue in the program and nine participants joined the program as part of the second cohort. Current participants include:

- Five private, for-profit institutions – American InterContinental University, Capella University, Quest Education Corp/Kaplan College, University of Phoenix and Walden University.
- Seven private, non-profit institutions – Franklin University, Marlboro College, New York University, Regis University, Southern Christian University, the United States Sports Academy, and Western Governors University.
- Five public universities – Eastern Oregon University, Florida State University, Texas Tech University, University of Maryland University College, and Washington State University.
- One community college – Brevard Community College.
- Two private consortia – Latter Day Saints Church Education System and JesuitNET Consortium.
- Two public systems/consortia – North Dakota University System and a consortium of Washington State University and the community and technical colleges in Washington.
- One public/private consortium – Connecticut Distance Learning Consortium

Participants have received waivers of certain statutory and regulatory provisions governing the HEA Title IV student financial assistance programs to enable them to provide Title IV aid to distance education students more efficiently and, in some instances, to expand their distance education programs beyond otherwise applicable statutory limits. The waiver authority granted to the Secretary is limited to:

- the requirements of section 472(5) as the section relates to computer costs;  

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3 Masters Institute was removed from the program in the first year for improperly administering Title IV programs and the Community Colleges of Colorado voluntarily left the program in 2002.  
4 The 1998 Amendments to the HEA removed the restriction on including the cost to rent or purchase computer equipment for students receiving instruction by telecommunications. Effective October 1, 1998,
sections 481(a) and 481(b) as they relate to requirements for a minimum number of weeks of instruction;
sections 102(a)(3)(A) and 102(a)(3)(B) – the 50% institutional eligibility requirements;
section 484(l)(1) as it relates to the definition of a telecommunications student as a correspondence student;
one or more of the regulations prescribed under parts F and G of Title IV of the HEA that inhibit the operation of quality distance education programs; and
additional waivers for Western Governors University because of its unique structure.

The chart in the appendix summarizes information about Distance Education Demonstration Program participants. A key to the waivers is provided. More detailed information about the participants is available on the demonstration program website http://www.ed.gov/programs/disted/awards.html.

the law specifies that there is no distinction made in the cost of attendance regarding the mode of instruction.
5 The HEA prohibits the U.S. Department of Education from regulating in this area.
INCREASING ACCESS

The authorizing statute states that a primary purpose of the Distance Education Demonstration Program is to provide increased student access to higher education through distance education programs. Access can be limited in a number of different ways, including geography, student resources, time constraints, academic programs structures, and institutional policies. The distance education delivery modes and program structures used by demonstration program participants address these constraints to greater and lesser degrees.

Distance Education Delivery Modes

Following is a brief discussion of each of the delivery modes used by program participants, followed by the names of the institutions employing each.

- Correspondence study – the institution mails lessons to students who work independently and periodically submit assignments and examinations for grading by an instructor. This mode poses the fewest barriers to student access since the delivery system (U.S. Mail) is ubiquitous and students can typically begin a course anytime, work at their own pace in a place of their choosing, and take six months to a year to complete it. However, some institutions require their federal financial aid recipients to complete the coursework within a set time frame for reasons that will be discussed in the section on student aid issues.
  
  *Texas Tech University, Brigham Young University, Eastern Oregon University, North Dakota University System institutions*

- Interactive videoconferencing – telecommunications networks link a faculty member with students located in classrooms around the state or region. This method brings the classroom closer to the students, but does not provide the flexibility of time. Students are required to be in a particular place at a particular time, and, since these “extended classrooms” usually piggyback on the traditional classroom, students must wait to begin a course until the start of the quarter or semester.
  
  *North Dakota University System institutions; Washington Community and Technical Colleges*

- Telecourses – instruction is delivered on videotape (or through cable distribution) to students studying at home. Often, the telecourses are professionally produced by another entity (such as Coastline Community College, Dallas Telelearning, Annenberg/CPB project) and licensed by schools whose faculty adapt them as appropriate. Course packages include student study guides, instructor guides, and video programs. In some cases, institutions videotape their own faculty teaching on-campus classes. The trend in recent years is to incorporate web components and online communication through email and discussion groups.
Asynchronous online instruction – students have access to electronic classrooms that contain instructional materials with links to other online resources, and tools to facilitate group discussion, small group activities, and one-to-one communication. Students can be located anywhere in the world where they have access to a computer, a phone line and an Internet service provider. They can participate in a class “asynchronously” – that is, they do not have to be online at a particular time, but can enter into an ongoing electronic discussion and complete course modules whenever it is convenient for them. Because online instruction does not require a physical classroom, it provides a means for institutions to schedule courses to begin every week or even every day of the year.

All demonstration program participants

Synchronous online instruction – students at home log onto computers that are linked through the Internet to faculty and students in a classroom. They can interact with others in the classroom using communication tools such as an online chat function. Students have the option of viewing the streaming video of the class at a time of their own choosing, but by doing so they lose the opportunity to interact.

Southern Christian University

Programs and Enrollments

The number of students enrolled in distance education programs offered by the initial cohort of participants has more than doubled since the 1998-99 academic year, from just under 13,000 to over 27,000. This growth is concentrated in degree programs, rather than certificate programs. Only a few of the participants report that they offer certificate programs by some form of distance education and all but one of these report very low enrollments. The exception is Capella University, which has more than doubled its offerings of online graduate certificate programs in three years. Data are reported in the aggregate rather than by individual certificate program, so all that can be said about enrollments is that the ratio of the number of programs to the number of students has increased from 1:2 to 1:6.

It is common for certificate programs to consist of a subset of courses from the institution’s degree programs. In many cases, students do not identify themselves as certificate-seeking at the outset. Rather, they request the certificate after they have completed the requisite number of courses and make the decision that they will not continue to earn a degree, or upon completion of the degree program. Many institutions consider it a good marketing strategy to offer short-term certificate programs to attract students who may have specific training or professional development needs.
There has been considerable growth as well in the number of onsite students who are taking distance education courses. This total increased from 19,000 to over 42,000 in the same three-year period, with almost every participant at least doubling the number of students taking a mix of distance education and onsite courses. It is evident that distance education provides flexibility for all types of students, not just those that are unable to come to campus to pursue their education. It is also becoming increasingly clear that it will not be possible to continue to make distinctions among students and academic programs based on mode of course delivery.

There were fluctuations, as well, in the number of students who take only onsite courses. The majority of participants reported increases in the number of these students, although the magnitude of the increases varied considerably. Two participants, the North Dakota University System and University of Maryland University College (UMUC), reported decreases in this population. The fact that the North Dakota University System reported increases in the number of students enrolled in distance education programs and in those taking a mix of distance education and onsite courses is an indication that the System’s use of distance education has truly enhanced access for students for whom on-campus study is not the best option. In the case of UMUC, which serves primarily adult students, the decrease in enrollments in its onsite programs is evidence of students shifting from onsite to distance education course options, either voluntarily, or because onsite courses are not available.

In addition to Western Governors University, which offers no courses, six participants in the original group and three in the new group exceed or are close to exceeding the 50% rules -- Southern Christian University, the United States Sports Academy, Charter Oak State College (part of the Connecticut Consortium), UMUC, Capella University, Eastern Oregon University, and Walden University. The first two institutions have very small onsite programs and are in niche markets. They serve widely dispersed populations that are most easily reached through distance education. Charter Oak State College is a virtual institution that offers degree completion programs and offers students a variety of ways of earning credits. Capella and Walden Universities have both offered independent study graduate programs for many years and are now shifting to online, cohort-based distance education programs. They are launching new programs, developing large numbers of online courses, and experiencing steady growth in enrollments in these programs. Eastern Oregon University has a large population of students enrolled in correspondence courses, and UMUC is experiencing very large increases in enrollments in online courses. During the course of the demonstration program it is possible that one or two other institutions may exceed the 50% rules.

It has become evident that there is a great deal of confusion about how to interpret the 50% rules because of the interplay between institutional and student eligibility. The University of Phoenix, which enrolls large numbers of students in courses offered via telecommunications and has more degree programs than certificate programs, retains its eligibility as long as it has one more onsite course than distance education courses – even

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6 Information about WGU’s approach is contained in the discussion of competency-based models in the section on Student Aid Issues.
if more than 50% of its students are enrolled in telecommunications and correspondence courses. UMUC, on the other hand, loses its eligibility if more than 50% of its students are enrolled in telecommunications courses since UMUC has more certificate than degree programs.

There is considerable overlap in the curricular areas of distance education programs offered by participants. Almost all have degree programs in business and computer/information science at the level appropriate to the institution. Other popular disciplines include liberal arts or general studies, and health professions at the undergraduate level; social sciences/psychology at both undergraduate and graduate levels; and education and engineering at the graduate level. In this regard, the participants reflect a strategy that is common among postsecondary institutions engaged in distance education – to offer programs that address workforce needs and/or that are likely to attract large numbers of adult students.

**Student Characteristics**

Women predominate in all three of the groups on which demonstration program participants were asked to report: students enrolled in distance education programs, onsite students taking one or more distance education courses, and onsite students who did not take any distance education courses. (In the following discussion, these groups will be referred to as distance education, mixed and onsite students.) The gap between women and men is smallest in the onsite group, where 53% of the population is female. There is a slightly higher percentage of women in the mixed group (60%) than in the distance education group (58%) and the mixed group tends to be younger and to include more full-time students. These factors suggest that a portion of the mixed group is traditional students who, for a variety of reasons, are augmenting their on-campus education with distance learning courses. These reasons may include students’ desire for more flexibility, the lack of seats in a traditional class, and the attraction of the mode of study.

Over three-quarters of both men and women enrolled in distance education programs are studying part-time. For both men and women, as age increases, the percentage attending part-time increases. There is a huge jump for both sexes between students that are 24 years old and younger and the next reporting category (ages 25-34) in percentage attending part-time – from 56% to 80%. While it is not new information that older students are more likely to study part-time, it is revealing that over half of these distance education students under age 25 are also engaged in part-time study.

The distribution of male and female distance education students across age groups is very similar. Over one-third of both men and women are in the 25-34-age range and two-thirds are in the 25-44-age range. In the mixed group, which tends to be younger, the distribution of male and female students across age groups is also similar. Nearly half are the age of traditional college students and three quarters are 35 years or younger. Dissimilarities between men and women emerge in the population of onsite students that take no distance education courses. While this group is the youngest overall, the women tend to be older than the men.
The first *Report to Congress on the Distance Education Demonstration Program* (January 2001) notes that, with only a few exceptions, smaller percentages of minorities were enrolled in participating institutions’ distance education programs than in their onsite programs and this was true as well of students taking a mix of onsite and distance education courses. The data for 2000-01 show a similar pattern when examined institution by institution across the three categories. To understand what this may mean, two things need to be taken into consideration. One is the fact that there is a much higher percentage of “race/ethnicity unknown” in the data reported for students in distance education programs than for those in mixed and onsite programs. Another is implicit in the results of research done by UMUC, which looked at trends over time for the participation of minorities in their distance education programs and in their online courses and concluded that the minority participation is increasing at a rate similar to participation by majority students. A snapshot at a particular point in time cannot capture this kind of information. UMUC has more distance education students by far than any of the other initial participants, so this research is extremely significant.

Approximately 23% of distance education students in participating institutions received some form of Title IV student financial aid in 2000-01 as compared with 25% of onsite students. Loans, both subsidized and unsubsidized, were the more prevalent form of aid for distance education students. Nonetheless, over 40% of those distance education students receiving federal financial aid received Pell grants, which is noteworthy given the high percentage of distance education students who attend part-time and the inclusion in the sample of graduate students, who are not eligible for Pell grants.
STUDENT SUCCESS

Course Completion

Several participants in the initial cohort established goals related to course completion and academic persistence. Typically, course completion rates are highest for graduate courses and lowest for lower-division courses. Data related to demonstration program participants’ distance education courses follow this same pattern.

In 2000-01, one institution, which offers bachelor’s degree completion and master’s degree programs, exceeded its goal of maintaining a cumulative online course completion rate of 80%. The online course completion rate rose to 80.8% from 79.64% reported for the prior year. The institution’s analysis indicates that higher completion rates result from the utilization of active learning techniques, such as case study work, group research projects and group discussions or debates.

Another institution, which offers certificates, and associate and bachelor’s degree programs, set a quarterly course retention goal of 82%, which it exceeded during three of the four quarters of the 2000-01 academic year. The quarter in which the course retention rate fell short of the goal was one in which the institution experienced many problems with the technology that supports administrative processes and course delivery. This is a strong validation of the inclusion of technical systems in distance education quality assessments.

Another participant reports that in Spring 2001, 75% of its undergraduate online course enrollments and 84% of its graduate enrollments in online offerings resulted in successful course completions. Comparable figures for students enrolled in on-campus courses are 85% and 89%, respectively. These figures combine all academic disciplines. The participant is doing other studies comparing course withdrawal in specific academic disciplines in online and classroom-based courses to see whether the nature of the academic discipline is a salient factor. Total course withdrawal rates varied considerably across all the programs examined. At the graduate level, the proportion of successful completions in online offerings often exceeded the proportion associated with on-campus courses when viewed from a discipline perspective.

A community college system reports steady improvement in the online course completion rate (the ratio of courses attempted/courses completed) from 66% in 1998-99 to 71% in 2000-01. Over the same period, the number of students enrolled in online courses increased dramatically, from 6,000 to 22,000. For this three-year period, the colleges reported increases in the percentage of first-time students who are engaged in online learning. Such students now comprise just over a third of students taking online courses in financial aid eligible programs. Most students in these programs take a mix of on-campus and online courses.

The participant reporting the highest online course completion rates (88% in the 1999-2000 academic year and 93% in 2000-01 in upper level undergraduate courses)
credits its success to the use of course mentors who are assigned to small cohorts of students. The mentors support the lead faculty member and serve as the first point of contact for their student cohort, thereby reducing the burden on the lead faculty member and insuring timely and individualized communication. Mentors also grade assignments and examinations at the discretion of the lead faculty member.

**Program Retention and Completion**

All participants are asked to supply information on enrollment, persistence, and completion for students who enroll for the first time as of the start of each reporting year and to track each cohort for the duration of the demonstration program. Students who are enrolled part-time or full-time in programs leading to a certificate or degree are included in one of three categories: distance education program students; onsite program students; or as “mixed” students, i.e., those who are enrolled in programs offered both onsite and through distance education who take courses in both formats.

**Baccalaureate Degree Programs**

Data reported by the nine participants that offer baccalaureate degree programs (including degree-completion programs)\(^7\) showed higher median retention rates for students enrolled in onsite programs than for distance education program enrollees. However, the gap between the two narrowed from ten percentage points after two years (66% onsite vs. 56% distance education) to just two percentage points after three years (50% vs. 48%). This may be a function of the high percentage of part-time students who are enrolled in distance education programs. The time required to complete a baccalaureate degree for a part-time student is seven to ten years. As a result, a snapshot taken after a year or two may not allow sufficient time to draw conclusions. In addition, some students may decide after taking one or two courses that distance education is not their preferred mode of learning.

The spread in reported retention rates for bachelor’s degree programs is wider for the distance education programs than for the onsite programs. This may be a function of the degree to which individual institutions have been successful in helping students determine what mode of education is best for them and in providing them the support they need to be successful.

The mode of delivery does not appear to be a salient factor in student outcomes in these baccalaureate degree programs. The institutions offering full degrees through correspondence report retention rates well above the median. Those participants offering only online courses report retention rates that cluster around the median. The retention rates reported by participants offering programs through a mix of media (which may include courses offered by correspondence, interactive video, videotape, and online) show much greater variation across institutions.

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\(^7\) The relatively small numbers of participants precludes reporting data separately for full baccalaureate degree programs and degree-completion programs.
Graduate Degree Programs

The retention data reported by the eight participants offering graduate degree programs are higher than those reported for baccalaureate degree programs, which is not surprising given the prior successful academic experiences of the students and the generally shorter length of the programs. What is surprising is that the median retention rate after two years for students enrolled in distance education programs is higher than for those enrolled in onsite programs (63.5% vs. 55%). This persists into the third year, where median retention rates were 63% and 51%, respectively. The range in retention rates is somewhat broader for onsite than for distance education programs.

The two institutions that offer students the option of taking both onsite (or directed study) courses and distance education courses for some of their graduate programs reported much higher retention rates for these students than for students taking just distance education or onsite courses. One institution, which enrolls large numbers of students, reports retention rates hovering around 90% after two and three years for students mixing course delivery modes.

As with baccalaureate degree programs, delivery mode does not seem to be a significant factor affecting retention in these graduate degree programs. It should be noted, however, that the delivery modes for graduate programs are less diverse than for undergraduate programs. None of the participants offers graduate programs by correspondence, and all include programs delivered online.

Associate Degree Programs

Five participants offering associate degree programs through distance education reported retention data for some of the years by cohort. The reported retention rates for students enrolled in distance education programs improve or remain stable for four of the participants. The one participant that offers students the option of taking both online and onsite courses to meet degree requirements reported somewhat higher retention rates for these students as compared with those taking courses in only one format (i.e., onsite or online), which is in line with the information reported for graduate and bachelor’s degree program outcomes.

\[8\] The remaining participant was untimely in submitting its annual report for 2000-01. Two of these participants (Western Governors University and Charter Oak State College) offer no onsite programs. As a result of these factors, there is insufficient data to yield meaningful information.
STUDENT AID ISSUES

The first report to Congress on the Distance Education Demonstration Program, which was issued in January 2001, included a comprehensive discussion of the context out of which the demonstration program arose. It provided a history of the statutory changes affecting Title IV student financial assistance for distance education, and the forces that drove their development. It described the significant ways in which the landscape has changed with the emergence of new technology and a proliferation of new models for organizing postsecondary education. Finally, it offered an in-depth discussion of term structures, the 50% rules, rules relating to time, calculation of awards, disbursement of aid, and the ways that these may pose barriers to the growth of distance education and the development of new educational models. For reference, the report is available online at http://www.ed.gov/programs/disted/performance.html

The majority of participants in the demonstration program (as well as the majority of all postsecondary institutions offering distance education programs) structure their distance education programs in standard terms. Often this does not arise from academic program design considerations or student needs. Rather, it is driven by the capabilities of computer systems, which are designed to handle traditional academic structures. In addition, the Higher Education Act and Department regulations are based on traditional patterns of higher education. Still, there are several institutions in the program that, in spite of significant difficulties, are being innovative. Their experiences have helped us identify a number of challenges postsecondary educational institutions face with administering Title IV student financial assistance programs when they attempt to enhance student access and flexibility. Although the focus of the demonstration program is on distance education, many of the challenges pertain to non-traditional educational models for classroom-based instruction.

Barriers to Increasing Course Start Dates

Many institutions are trying to increase the number of times a year students can begin coursework. This added flexibility is important for non-traditional students. Distance education enables this increased flexibility since in most delivery modes classroom space and other physical resources are not needed. It is very common for institutions to embed mini terms within a standard semester or quarter. This poses no particular problems for financial aid administrators other than the need to adjust aid packages mid-term for students who add (or drop) credits for the second mini term. Difficulties emerge as soon as institutions move outside of the boundaries of the standard-term structure. This happens most commonly when an institution adds semester- or quarter-length terms that begin at the mid points of the fall and spring terms as illustrated below.
At this point, the institution has overlapping terms and technically the financial aid officer should not process aid for students enrolled in courses that are part of both the regular and the mid-semester terms according to standard term rules. However, it is likely that many aid officers do just that because they consider their school to be structured according to standard terms and do not recognize this as something other than standard terms. In this case, the overlap is only a matter of a couple weeks. While a student taking one 3-credit course in the fall term and one 3-credit course in the mid-fall term would be eligible for more loan funds if aid were administered according to standard term rules rather than nonstandard, the student would not get more loan aid than the student enrolled in two 3-credit courses in the regular fall term. In cases where there are greater periods of overlap, students could end up with more aid as a result of being paid living expenses twice for the period of overlap. As more terms are added, there is no option but to conclude that the institution is nonterm from a financial aid perspective.

There are some negative consequences for students when their aid is administered according to nonterm rules. Under the nonterm rules, the student would receive half of the scheduled full-year, full-time Pell Grant disbursement up front. However, the student would not receive the second disbursement until he or she has successfully completed half of the credits for a full-time student. By contrast, a student whose financial aid is administered under the standard term rules would only need to finish the term before receiving another disbursement.\(^9\)

Another approach to increasing the number of times a year students can begin coursework is the University of Phoenix model whereby students are enrolled in one course at a time sequentially all year round. This provides opportunities for adult students to begin an academic program many times during the year and to juggle more easily the multiple demands on their time. If all the academic programs are structured according to this model, then the institution can standardize processes to handle financial aid processing. If, however, only one or a few programs are structured in this way, then the difficulties are daunting.

\(^9\) A student meets this standard by passing, failing, withdrawing, or receiving an incomplete for all the courses for which the student registered.
Defining a Program

Title IV laws and regulations draw distinctions on the basis of “programs.” Programs are considered either correspondence, telecommunications, or residential. A program is presumed to consist primarily of courses of a single type that are offered in standard terms, in non-standard terms, or nonterm. In actuality, many institutions offer programs that consist of courses of different types and different courses in different formats so that students earn the same credential in different ways.

As an example, one demonstration program participant delivers distance education courses and degrees through a variety of delivery methods: two-way interactive video, print-based correspondence, videotape, and online via the Internet. This institution currently offers associate, bachelor’s and master’s degrees via distance education. Each program utilizes two or more distance education delivery methods and all the associate and bachelor’s degree programs include courses offered by correspondence, usually supplemented by email between the student and the instructor. None of the degree programs is available entirely through correspondence study. How does the financial aid officer treat students who are enrolled in a mix of types of courses, a mix that changes from one term to the next? Since there are limitations on the amount of aid students in correspondence programs can get, the answer has very real consequences. Students enrolled in a correspondence program are considered half-time and they cannot include indirect costs in their cost of attendance. In addition, there are special disbursement rules for Pell Grant and Federal SEOG programs that result in students getting their disbursements later than students in other types of programs.

Another example is an institution that offers online and onsite courses in a standard term structure and correspondence courses in a nonterm structure (students can begin these courses at any time and they have until the end of the summer to complete them). Students can take these correspondence and online courses to meet the requirements for many of the institution’s undergraduate degree programs. How does the aid officer know if a student is enrolled in a nonterm or standard term program?

Year Round Enrollment

The traditional academic calendar has built-in vacation periods and breaks between terms with a summer term enrollment as an option. Vocational training programs, on the other hand, typically require students to be continuously enrolled in what are usually programs of relatively short duration. Higher education institutions that focus on adult students are blurring these distinctions by breaking out of the traditional academic calendar in order to allow these students to complete degree programs as efficiently as possible. Title IV rules and regulations do not address year round enrollment in academic programs. The concept of “continuous enrollment” has been
embedded in clock hour programs that are of short duration and not segmented into courses or modules.

Three demonstration program participants expect students to be continuously enrolled in their degree programs. Their academic calendars have no established vacation periods or other breaks between classes. One offers online courses beginning every week, which are five or six weeks in duration. The university considers this nonterm for financial aid purposes. In this model, students take only one course at a time and they can begin a program or a course any week of the year. The other two each have two models. Their course-based model is structured around standard terms that run continuously through the calendar year. Students can begin the course-based programs at the beginning of any term. Their independent study model is built around individualized learning plans that also presume continuous enrollment. Students may begin the independent study programs any day of the year.

While the academic models differ, all three institutions are challenged by finding ways to allow students to take breaks in accordance with Title IV laws and regulations, which do not address “continuous enrollment” for academic degree programs. The institutions have developed continuous enrollment and leave of absence policies that are awkward at best and that cannot easily be mapped against existing Title IV rules. The Department is working with the institutions to devise approaches that provide some flexibility. This requires careful consideration of issues related to enrollment status, satisfactory academic progress standards, withdrawal, payment of living expenses and other indirect costs, and return of Title IV aid.

**Consortial Arrangements**

Many four-year institutions have articulated their degrees with community colleges so that students can complete the first two years of a bachelor’s degree program at the community college and finish the degree at the four-year institution. Distance education facilitates this arrangement by providing a way for students to take the upper-level courses without leaving their local community. Through a consortium agreement, the student’s “home institution” processes all of the student’s financial aid.

Students often take courses from both institutions simultaneously. In many instances, the institutions have different academic calendars and often the community college is structured in quarter terms while the four-year institution operates in semester terms. Generally, the financial aid officer will package aid based on a student’s expected enrollment and will manually translate the quarter hour credits into their equivalent in semester hour credit to determine the student’s enrollment status. In order for these arrangements to work, there needs to be excellent and ongoing communication between the schools about the students’ actual behavior and academic performance. This creates an administrative burden on the financial aid office that poses a barrier to increasing these types of relationships.
Competency-based Models

Since competency-based approaches are not rooted in time, they come in conflict with the core concepts around which financial aid laws and regulations are constructed. The equation between time and credits is no longer valid; different students will take different amounts of time to achieve the competencies. Because of the inherent conflict between financial aid concepts and competency-based approaches, institutions that focus on competencies rather than seat time have difficulty answering a whole range of basic financial aid questions: How does an institution determine a student’s cost of attendance when it is not clear upfront how many courses a student might complete in a given period of time? If students can progress through course material at their own rate, and enroll in courses on-demand, how does an institution define enrollment status, program length and academic year? How is academic progress measured when there is no set expectation of how long it will take a student to complete the degree?

Program level competencies

Western Governors University (WGU) defines a set of competencies for each degree or certificate it offers and develops assessments whereby students demonstrate that they have acquired the competencies for the program in which they are enrolled. They may take courses to prepare themselves for the assessments, but are not required to do so, nor are they required to accumulate a certain number of credits. Students enrolled in the same degree program will take widely varying amounts of time to acquire and demonstrate the competencies.

The Department worked with WGU to develop a model for administering student financial aid based on nonterm structure. WGU participates in Pell Grant and Direct Loan Programs only and does not pay living expenses for its students. Although this simplifies things to a degree, it has been very challenging to transition from competencies and assessments to credit hours. An example is the monitoring of satisfactory academic progress (SAP). The institution does an evaluation of a student’s SAP every six months. The standard is established by dividing the total number of assessments in a given program evenly over the length of the students’ Academic Action Plan. A half-time student in a two-year program that consists of 8 assessments would be expected to complete two assessments each year of the four years it would take to complete the program. But the eight assessments do not represent the same magnitude of work. The assessment for one domain might be comprised of fifteen subdomains, while that of another is comprised of only five subdomains. While this does not directly affect the way aid is administered, it might contribute to more students failing to make SAP than would

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10 Time serves as a proxy for ensuring that institutions of higher education are providing an amount of instruction adequate to warrant the taxpayers’ investment in Title IV student aid. The statue and regulations define an academic year as a minimum of 30 weeks of instructional time; the academic year also serves as the baseline for calculating the amount of aid a student enrolled in less than a 30 week program is eligible to receive; time is also used to establish a framework for disbursement of aid; and there are annual limits placed on the amount of aid students can receive.
be the case in a credit-based environment. The students who are receiving Title IV student financial aid are not yet far enough along in their programs to test this conjecture.

The application of some of the rules governing financial aid administration in nonterm environments has consequences that seem to disadvantage students. An example is the application of loan procedures in a nonterm environment with a borrower-based academic year. Nonterm programs must use the borrower-based academic year for loans. A borrower-based academic year is not a standard period of time; rather, the beginning and end dates depend on an individual student's enrollment and progress. The borrower-based academic year cannot end until a student has completed both the number of weeks and the number of hours (full-time equivalent) in the academic year. In contrast, a loan period can be no more than 12 months. A student regains eligibility for a new annual loan limit only after completing the hours and the weeks in the borrower-based academic year. The student’s enrollment status affects the frequency of loan eligibility, which has the effect of disadvantaging a student who is going less than full-time.

Course-level competencies

The JesuitNET Consortium’s approach involves competencies at the course level, as part of a full academic degree program. In designing the courses, the faculty identify what students should know, understand and be able to do, and the knowledge and skills students would need in order to display evidence of their learning. As students work their way through the courses, they are given the opportunity of “testing out” of the modules that cover concepts, facts and procedures that they may already have mastered. This results in different students taking different amounts of time to complete each course. It will require students different amounts of “seat time” to achieve the competencies that are associated with each course in the degree program, which nonetheless consist of a specified number of credit hours. In theory, students should be able accelerate the time to degree.

The JesuitNET Consortium is in the process of developing the courses for its master’s degree program. In the coming year, the Department will work with the Consortium to adapt elements of the nonterm model for student financial aid delivery as it implements its competency-based approach in phases over time. The first step will be the provision of courses with variable completion rates. Students will have the option of completing each course on a fast track (10 weeks), a regular track (15 weeks), or a slow track (20 weeks). If enrollments are large enough for reasonably-sized cohorts to be formed, additional sessions will be scheduled to start ten weeks after the first group of courses, resulting in overlapping terms. Beginning with the 2003-04 academic year, if enrollments justify, all the courses will be offered on-demand, with variable completion dates.

Even without actual student examples to learn from, it is evident that current financial aid laws provide a barrier to the achievement of one of the objectives of this approach – the acceleration of time to degree for students who are able to demonstrate
mastery of portions of course content. Annual limits on the amount of aid students can receive result in their getting less actual aid if they go through a program more quickly, even though their expenses for tuition, fees and books are the same as for students who take longer. This is because financial aid supports living expenses, which are based on time, as well as direct expenses.

**Student-based Administration of Aid in Credit Programs**

The Community Colleges of Colorado conceived of an entirely new approach to student financial assistance. It is based on student enrollment behavior, rather than term structures and would allow institutions to calculate all aid in the same way. However, it is primarily theoretical at this point since the Department is not able to grant all the waivers necessary to support this experiment.

The project replaces the concepts of “term” and “enrollment status” with “months elapsed in academic year” and “credits attempted in the academic year.” Students would be awarded Title IV student financial aid funds based on the number of credit hours attempted. This model is built around a nonterm academic structure. Students are initially awarded full-time financial aid for nine months, defined as 24 credit hours. As the student enrolls in courses, the award for direct expenses is continuously recalculated based on actual enrollment. For example, if a student initially enrolls for 7 credit hours, that student will be paid 7/24ths of his total full-time award. As the student adds credit hours, his award will be increased for each enrolled credit hour. The concept of enrollment status has been taken out of the equation and a student is paid for the actual credit hours for which he has enrolled. A student is paid up to a total of 24 credit hours for each academic year. Each disbursement is contingent upon the student's meeting satisfactory progress standards. The payment of living expenses is made on the basis of time – with four disbursements over the course of the academic year.

The Community Colleges of Colorado has not moved as quickly as they anticipated to offer courses in ways that would support this experiment. They currently offer standard term-based courses that all begin and end at the same time. The Community Colleges of Colorado sought Department permission to modify their approach for the initial implementation, in order to test paying on a per credit hour basis in a standard term environment. Understandably, they were not willing to put the students in the pilot program at a disadvantage by administering their aid in the nonterm structure, since students would be required to successfully complete their credit hours to become eligible for another disbursement. They proposed to begin implementing their model under standard term rules, with disbursements for direct and indirect expenses tied to credit hours. Students are initially awarded aid based on full-time enrollment (24 credits) for the nine months. The payment period is established as 12 credits. As the student enrolls, the award is continuously recalculated based on actual enrollment. Currently, the Department lacks the statutory authority to waive the standard term Pell Grant disbursement rules, which would be required in order for the experiment to move forward.
With waivers of some of the program disbursement rules (including the nonterm requirement for successful completion of all credits before another disbursement may be made), the Community Colleges of Colorado and other demonstration program participants interested in this student-based approach could fully implement the model, which would accommodate courses that start anytime and end anytime by providing a continuous stream of grant assistance to students. The colleges would consider students to be entitled to 12 credit hours (12/24) of their award continuously and a student would be allowed to draw up to 12 credit hours worth of their grant by enrolling for 12 credit hours. As soon as any credit hours are completed the student would be entitled to receive awards for additional credit hours until the student has received up to the maximum award. The student would be continuously eligible for 12 credit hours worth of aid (1/2 of the award) and could not receive more than that at any time. Since students might take more or less time to complete the same number of credits, living expenses would be paid on the basis of time elapsed.

The intent of the per-credit hour calculation is to simplify the process by calculating all grants in the same way. This approach also could create an incentive for students to continue to add credit hours and in that way move more quickly towards completion of their degree.

This is among the most far-reaching and innovative approaches in the demonstration program. However, the Department lacks authority to provide the waivers that would make it possible for the Community Colleges of Colorado to fully implement the model. Because of this, they reluctantly pulled out of the demonstration program in fall 2002.
CONCLUSIONS

Financial aid rules evolved in an environment that was very different from what exists today. The overwhelming majority of students pursuing academic degrees were between the ages of 18 and 22, were going to school full-time, and had few competing priorities. Most institutions did not strive to serve students who were unable to come to campus or unable to fit their schedules to the traditional academic calendar. Those institutions that were providing some flexibility to non-traditional students relied on printed materials, broadcast television and videotape to deliver instruction, and provided no opportunity for interaction with other students and very limited contact with instructors. Degree-granting institutions typically structured their programs in standard terms with courses running the length of the term. Nonterm structures were the province of vocational and technical programs that were measured in clock hours, were not segmented into courses or modules, and were generally of short duration. There were few for profit degree-granting institutions. Computers and the Internet did not exist.

In response to the changing postsecondary education environment, the laws and regulations governing Title IV student financial assistance programs have increased in complexity. There are different disbursement rules for each of the federal financial aid programs, as well as different rules for various term structures. Courses are designed to meet financial aid rules rather than the needs of students for whom on-campus term-based instruction is not an option.

The majority of degree-granting institutions that attempt to provide maximum flexibility for students and accommodate innovative instructional approaches have to contend with the formidable task of administering aid in a nonterm environment. The nonterm rules were designed with vocational programs in mind and don’t work well for academic programs. In some cases, students receive less aid in the nonterm environment as compared to the traditional term.

The demonstration program has been a useful vehicle for developing and testing new approaches, and its participants have devised some very interesting models. The Department's experience working with the demonstration program participants indicates that the potential risk to Title IV student financial assistance programs has more to do with an institution’s administrative capability and financial responsibility than with the way in which the education is offered. The integration of technology into all aspects of education makes it very difficult to distinguish between “on-campus” and “distance education”. Rather than focusing on delivery mode, it will be important to pay close attention to the environment in which educational institutions are operating -- an environment that is significantly affected by economic forces.
Policy Perspectives

Based upon the experience gained to date through the demonstration program, and the trends that are evident in the development of distance education generally, the Department recognizes the need to expand opportunities for distance education.

The first Report to Congress (January 2001) posed a number of policy questions that have guided Departmental discussions in the past several months. There is growing consensus on some of the policy questions, as follows:

- The current rules that define education delivered via telecommunications and videocassette or disc recordings as correspondence education if the total of such courses and correspondence meet or exceed 50% of the courses provided need to be revised or eliminated.

- The definition of correspondence education needs to be revisited.

- An acceptable alternative to the 12-hour rule that ensures that the amount of instruction is adequate for non-standard and nonterm structures is the “one day rule” when it is coupled with the requirement that a calendar time element must be met before subsequent disbursement of Title IV funds can be made.\(^\text{11}\)

- The quality of distance education programs should be assessed through the same accreditation process that governs on-campus programs.

Still to be resolved are the following broader policy issues:

- Should correspondence students be treated differently from other students in terms of Title IV aid?

- Should current rules that require students enrolled in nonterm programs to “successfully complete” the courses for which they have been paid before they can receive a subsequent disbursement be retained, modified or eliminated?

- Should term structures continue to be the foundation on which Title IV laws and regulations are built or is there an alternative that simplifies the existing process and accommodates current and as-yet-unanticipated ways of organizing instruction?

\(^{11}\) This change was made by the Department and published in final regulations on November 1, 2002.
Distance education is only one of many responses to the demands of an increasingly non-traditional student population. The upcoming reauthorization of the Higher Education Act will provide the Department and the Congress with the opportunity to address the policy questions that the Distance Demonstration Program has raised, as well as many other issues.
### APPENDIX – SUMMARY INFORMATION FOR CURRENT PARTICIPANTS IN DISTANCE EDUCATION PROGRAMS

<table>
<thead>
<tr>
<th>PARTICIPANT</th>
<th>LOCATION</th>
<th>TYPE</th>
<th>PROGRAM ENROLLMENTS</th>
<th>WAIVERS GRANTED</th>
<th>PROGRAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>American InterContinental University</td>
<td>Georgia</td>
<td>For profit</td>
<td>Fewer than 100</td>
<td>None at this time</td>
<td>An associate degree, a bachelor's degree completion program, and two master's degrees all online.</td>
</tr>
<tr>
<td>Brevard Community College</td>
<td>Florida</td>
<td>Public</td>
<td>1,000-3,000</td>
<td>Academic year; week of instruction; satisfactory academic progress</td>
<td>Four online associate degrees and several certificate programs.</td>
</tr>
<tr>
<td>Capella University</td>
<td>Minnesota</td>
<td>For profit</td>
<td>1,000-3,000</td>
<td>50% rules; telecomm student defined as correspondence (1)(2)(3)</td>
<td>Doctoral, master’s, bachelor’s degrees and certificate programs in five fields. Two educational formats – independent study and online</td>
</tr>
<tr>
<td>Connecticut Distance Learning Consortium --25 institutions</td>
<td>Connecticut</td>
<td>Public and private</td>
<td>500-1,000</td>
<td>50% rules; telecomm student defined as correspondence (3); length of academic year; week of instruction granted to three institutions</td>
<td>Six associate degree programs, eight bachelor's degree programs and four master's degree programs through telecommunications technologies, including the Internet.</td>
</tr>
<tr>
<td>Eastern Oregon University</td>
<td>Oregon</td>
<td>Public</td>
<td>1,000-3,000</td>
<td>50% rules; telecomm student defined as correspondence (1)(2)(3); academic year; week of instruction; def of full time student</td>
<td>Two associate degrees, six bachelor's degrees and a master's degree through a combination of correspondence and telecommunications, including the Internet.</td>
</tr>
<tr>
<td>PARTICIPANT</td>
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<tr>
<td>Florida State University</td>
<td>Florida</td>
<td>Public</td>
<td>500-1,000</td>
<td>50% rules; telecomm student defined as correspondence (3)</td>
<td>Online bachelor’s degree completion programs in five areas of concentration and three masters degrees.</td>
</tr>
<tr>
<td>Franklin University</td>
<td>Ohio</td>
<td>Private</td>
<td>500-1,000</td>
<td>50% rules; telecomm student defined as correspondence (3)</td>
<td>Online bachelor’s degree completion programs in three areas through alliances with 120 community colleges nationwide.</td>
</tr>
<tr>
<td>JesuitNet Consortium 3 institutions</td>
<td>District of Columbia, Illinois, Nebraska</td>
<td>Private</td>
<td>Program under development</td>
<td>None at this time</td>
<td>Online master's degree using a competency-based model</td>
</tr>
<tr>
<td>LDS Church Education System--4 institutions</td>
<td>Utah, Idaho, Hawaii</td>
<td>Private</td>
<td>500-1,000</td>
<td>50% rules; telecomm student defined as correspondence (3); academic year; week of instruction; def of full-time student; def of correspondence course</td>
<td>Bachelor’s degree through self-paced online and correspondence study courses</td>
</tr>
<tr>
<td>Marlboro College</td>
<td>Vermont</td>
<td>Private</td>
<td>fewer than 100</td>
<td>Academic year; week of instruction</td>
<td>Two online graduate certificate programs</td>
</tr>
<tr>
<td>New York University</td>
<td>New York</td>
<td>Private</td>
<td>100-500</td>
<td>50% rules; telecomm student defined as correspondence (1)(2)(3); academic year; week of instruction</td>
<td>Two executive master's degree programs, an advanced certificate program, and a master of science degree all offered online.</td>
</tr>
<tr>
<td>PARTICIPANT</td>
<td>LOCATION</td>
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<tr>
<td>North Dakota University System-- 11 institutions</td>
<td>North Dakota</td>
<td>Public</td>
<td>3,000-5,000</td>
<td>50% rules; telecomm student defined as correspondence(3); academic year; week of instruction; def of full-time student</td>
<td>Ten associate degrees, four bachelor's degrees, a master's degree and several certificates through various modes of distance education including telecommunications, web-based and correspondence courses.</td>
</tr>
<tr>
<td>Quest Education Corp/Kaplan College</td>
<td>Iowa</td>
<td>For profit</td>
<td>100-500</td>
<td>50% rules; telecomm student defined as correspondence (1)(2)(3); academic year; week of instruction</td>
<td>Three associate degrees, two bachelor's degrees and five certificates all online.</td>
</tr>
<tr>
<td>Regis University</td>
<td>Colorado</td>
<td>Private</td>
<td>1,000-3,000</td>
<td>Satisfactory academic progress</td>
<td>Four bachelor's degree completion programs and four master's degree programs all online.</td>
</tr>
<tr>
<td>Southern Christian University</td>
<td>Alabama</td>
<td>Private</td>
<td>100-500</td>
<td>50% rules; telecomm student defined as correspondence(3)</td>
<td>Two bachelor's degrees and four graduate degree programs delivered via the Internet in synchronous and asynchronous formats.</td>
</tr>
<tr>
<td>Texas Tech University</td>
<td>Texas</td>
<td>Public</td>
<td>100-500</td>
<td>50% rules; telecomm student defined as correspondence(3); academic year; week of instruction; def of full-time student; def correspondence course</td>
<td>Bachelor's degree through self-paced correspondence and online courses; six masters degrees and a doctorate through telecommunications, including Internet.</td>
</tr>
<tr>
<td>PARTICIPANT</td>
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<tr>
<td>United States Sports Academy</td>
<td>Alabama</td>
<td>Private</td>
<td>100-500</td>
<td>50% rules; telecomm student defined as correspondence (3); academic year; week of instruction</td>
<td>Five self-paced master's degrees and a self-paced doctoral degree online</td>
</tr>
<tr>
<td>University of Maryland University College</td>
<td>Maryland</td>
<td>Public</td>
<td>over 10,000</td>
<td>50% rules; telecomm. student defined as correspondence (1)(2)(3); academic year; week of instruction; def of full-time student</td>
<td>Bachelor's degrees in 15 areas, 19 graduate degree programs, and several undergraduate certificates all online.</td>
</tr>
<tr>
<td>University of Phoenix</td>
<td>Arizona</td>
<td>Private</td>
<td>over 10,000</td>
<td>None at this time</td>
<td>An associate degree, bachelor's degrees in 9 areas, master's degrees in 15 areas, and a doctorate all online.</td>
</tr>
<tr>
<td>Walden University</td>
<td>Minnesota</td>
<td>For profit</td>
<td>500-1,000</td>
<td>50% rules; telecomm student defined as correspondence (1)(2)(3)</td>
<td>Four master's degrees and a doctorate all online.</td>
</tr>
<tr>
<td>Washington State University</td>
<td>Washington</td>
<td>Public</td>
<td>1,000-3,000</td>
<td>50% rules; telecomm student defined as correspondence (3); def of full-time student</td>
<td>Bachelor's degree completion programs in six fields through correspondence and telecommunications, including Internet.</td>
</tr>
<tr>
<td>Washington Community and Technical College System -- 32 institutions</td>
<td>Washington</td>
<td>Public</td>
<td>1,000-3,000</td>
<td>50% rules; telecomm student defined as correspondence (3); academic year; week of instruction; def of full-time student</td>
<td>Online associate degrees in four areas</td>
</tr>
<tr>
<td>PARTICIPANT</td>
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<tr>
<td>Western Governors University</td>
<td>Utah, Colorado</td>
<td>Private</td>
<td>100-500</td>
<td>Several special waivers were extended to WGU as specified in the Program legislation; 50% rules; telecomm student defined as correspondence (1)(2)(3); academic year; week of instruction</td>
<td>Professional certificates, five associate degrees, two bachelor's degrees and one master's degree. WGU does not offer courses; degrees and credentials are competency-based.</td>
</tr>
</tbody>
</table>

**Key to waivers**

50% rules:
Section 102(a)(3)(A) of the HEA and the regulatory provision in 34 CFR 600.7(a)(1)(i). These statutory and regulatory provisions make an otherwise eligible “institution of higher education” under the HEA ineligible if the institution enrolls 50 percent or more of its students in correspondence courses.

Section 102(a)(3)(B) of the HEA and the regulatory provisions implementing that provision in 34 CFR 600.7(a)(1)(ii). These statutory and regulatory provisions make an otherwise eligible “institution of higher education” under the HEA ineligible if the institution enrolls 50 percent or more of its students in correspondence courses.

Telecommunications student defined as correspondence: Section 484(l)(1) of the HEA and the regulatory provisions implementing that section in 34 CFR 668.38. This provision defines a telecommunications student as a correspondence student if (1) the student is enrolled in certificate programs of less than one year; (2) the institution provides more certificate than degree programs; or (3) 50 percent or more of the institution's courses are offered by correspondence and telecommunications.

Academic year: Sections 481(a) and 481(b) of the HEA and the regulatory provisions implementing those in section 34 CFR 668.2, to the extent that they require a minimum number of weeks of instruction for an academic year and eligible program.

Week of instruction: 34 CFR 668.8(b)(2). This provision defines a “week of instruction.”

Full-time student: The definition of “full-time student” in 34 CFR 668.2 to the extent that it precludes a correspondence student from being considered a full-time student.

Satisfactory academic progress: 34 CFR 668.1(e)(3) to the extent that they require consistent application of satisfactory progress standards to all students within categories of students.

Def. correspondence course: Section 600.2 for courses that require students to submit multiple assignments or portfolios of work for evaluation by an instructor in addition to, or in place of, examinations. Courses with these characteristics will be considered “extended study.”