



Competency-Based Education and Direct Assessment

Primary statutory cites:	HEA Secs. 481(b)(4), 432, 481, 484, 484B, 487, 496
Primary regulatory cites:	34 CFR 668.10, Direct Assessment Programs
	34 CFR 668.2, General Definitions
	34 CFR 668.34, Satisfactory Academic Progress
	34 CFR 668.22, Treatment of Title IV Funds When a Student Withdraws
	34 CFR 668.164, Disbursing Funds
	34 CFR 602.3, What Definitions Apply to This Part?
	34 CFR 602.18, Ensuring Consistency in Decision-Making
	34 CFR 602.22, Substantive Changes and Other Reporting Requirements

Competency-based education (CBE) is designed to measure students' progress toward a credential in terms of learning attained, rather than time completed. Whereas students in traditional credit-hour programs may be able to pass a course or earn a degree without full proficiency in the coursework, rigorous competency-based programs instead seek to provide a structured set of learning opportunities and then authentically assess "mastery" of a coherent set of "competencies," assuring that the students who graduate the program have demonstrated expertise with the material. In traditional time-based programs, time is held constant and learning may be variable. In high-quality CBE programs, time can vary, but learning is held constant.

CBE Offerings

To date, there are at least [600](#) colleges running CBE programs or working to set them up -- an explosive amount of growth in the sector since a 2015 [report](#) found around 50 institutions doing so.¹ There is significant variation in the types, lengths, and models for those CBE programs. Some CBE programs are distance education, some at brick-and-mortar institutions, and some are hybrid programs. Many serve a largely adult-student population, though even some high schools are growing their use of CBE with their own students. Some schools are entirely CBE, while others may offer only one or a handful of programs through CBE.

There are a variety of ways in which schools offer CBE programs. Some are direct assessment programs, defined by the Education Department as one that--in lieu of credit or clock hours--measures student learning using direct assessment, and where the assessment is consistent with the accreditation of the institution or program. (Institutions must submit an application to the Department to have a direct assessment program approved for federal aid access.) Some schools charge students per-competency, while others charge students to enroll for a time period during which they may consume as much or as

¹ Kelchen, Robert. "The Landscape of Competency-Based Education." American Enterprise Institute. January 2015. <https://www.aei.org/publication/landscape-competency-based-education-enrollments-demographics-affordability/>.



little coursework as they can (like an all-you-can-learn buffet). CBE schools operate their programs either outside of the federal financial aid space or, more commonly, by converting competencies to credit hours for the purposes of accessing federal aid dollars and providing students with credit-based transcripts that allow them to transfer to other credit-hour programs.

CBE and the Higher Education Act

The Higher Education Act does not include mention or recognition of any competency-based education programs except for direct assessment programs (see box). However, there have been recent bipartisan efforts² to establish a demonstration program to assess the best ways to finance CBE programs through the federal financial aid system while ensuring that students are getting a high-quality education and not paying to learn on their own. These efforts would consider how best to calculate Return to Title IV, meet satisfactory academic progress requirements, and define costs of attendance for CBE programs, among other goals.

Direct Assessment Programs

The same 2005 law that permitted entirely-online institutions access to federal financial aid added a definition of direct assessment. It reads, “For purposes of this title, the term ‘eligible program’ includes an instructional program that, in lieu of credit hours or clock hours as the measure of student learning, utilizes direct assessment of student learning, or recognizes the direct assessment of student learning by others, if such assessment is consistent with the accreditation of the institution or program utilizing the results of the assessment. In the case of a program being determined eligible for the first time under this paragraph, such determination shall be made by the Secretary before such program is considered to be an eligible program.”

The Department’s regulations on that approval process require that institutions submit thorough applications including a description of the program, the assessment of learning, instructional models, a measure in credit or clock hours of the amount of student learning in the program, and documentation of approval from the accreditor, among other information. Direct assessment programs must still meet minimum program length and other requirements; but are exempt from the restriction that prevents institutions from outsourcing more than half of an institutional program in using learning resources from other institutions or companies. Direct assessment programs, like other programs at institutions, may not use federal financial aid for credits earned through prior learning assessment.

The provision was added to the law for Western Governors University (WGU), a private nonprofit institution that offers entirely online, entirely CBE coursework in business, IT, health/nursing, and teaching. (WGU was also a primary intended beneficiary of the distance-education changes in the 2005 law.) However, WGU has [declined](#) to apply to use the provision, instead developing a CBE program that converts competencies to credit hours to use the existing framework. To date, we believe about 80 programs offered by 8 institutions have been approved to offer CBE programs.

² Advancing Competency-Based Education Act of 2017, H.R. 2859.



CBE Experiments

Many CBE programs are self-paced, which can create some challenges for institutions in meeting the regular, often time-based requirements of the federal financial aid system. (See glossary for details). The Education Department in 2014 launched an experiment in which 30 institutions are participating, under the Experimental Sites Initiative. Through that experiment, the Department is offering institutions waivers for student aid disbursement requirements, payment periods, the timeline for accessing annual increases in student loan eligibility, certain return to Title IV (R2T4) calculations, and the timing for satisfactory academic progress (SAP) calculations. It is also running experiments in allowing institutions to use federal aid dollars for prior learning assessments, and in allowing institutions to run direct assessment programs in which some of the coursework is measured by credit or clock hours in lieu of direct assessments. The Department has not produced results for either of those experiments.

Accreditors and CBE

Accreditors have taken different approaches to evaluating CBE programs, developing their own definitions and processes for doing so. However, the Department's independent inspector general has conducted audits of several regional accrediting agencies and determined those agencies were not doing enough to adequately evaluate CBE programs and avoid waste, fraud, and abuse in the federal aid programs. The IG found in an [audit](#) of HLC that its reviews of direct assessment and other CBE programs were inconsistent, failed to require submission of enough information from the schools, and didn't adequately assess credit-hour equivalencies. Another [audit](#), this one of WASC Sr., found inadequate evaluation of compliance with regular and substantive interaction requirements in CBE programs. In 2015, C-RAC--an association of regional accrediting agencies--developed a [common framework](#) for the evaluation of CBE programs, which directed the accreditors to assess institutions on 10 separate elements.

New Regulatory Effort

Secretary DeVos' new plans to rewrite the regulations include creating a definition for subscription-based programs, which do not formally exist in law or regulations, and exempting those programs from certain requirements that protect taxpayer dollars; changing federal financial aid rules for direct assessment and subscription-based programs; and exempting direct assessment programs from requiring Department approval after an institution has approved a single such program for the school. Particularly given proposed changes in other parts of the rulemaking, these flexibilities must be accompanied with rigorous oversight to protect students and taxpayers.