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DEPARTMENT OF EDUCATION

Notice Expanding an Experiment under the Experimental Sites Initiative; Federal Student Financial Assistance Programs under Title IV of the Higher Education Act of 1965, as Amended

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Notice.

SUMMARY: The Secretary is expanding the Competency-Based Education experiment, which was announced in a previous Federal Register notice, to provide additional flexibility in how institutions provide Federal student aid to students who are enrolled in competency-based education programs, including providing waivers and modifications to statutory and regulatory requirements designed to support competency-based education programs that charge a flat fee for a period of time rather than charging by course or by competency. The expansion of the Competency-Based Education experiment provides two additional sets of waivers that are available to both institutions currently approved for the experiment and institutions that may be approved based on their submission of a letter of interest.

These sets of waivers are described in this notice below, under "The Experiment."

In a Federal Register notice published on July 31, 2014, the Secretary invited postsecondary educational institutions (institutions) that participate in the student financial assistance programs authorized under title IV of the Higher Education Act of 1965, as amended (HEA), to apply to participate in institutionally-based experiments, including the Competency-Based Education experiment, under the Experimental Sites Initiative (ESI).

DATES: Institutions that have not already received approval to participate in the Competency-Based Education experiment must submit a letter of interest following the instructions included in this notice. Letters of interest must be received by the Department no later than [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] in order for an institution to receive priority to be considered for participation in the experiment. Letters received after [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER] may still, at the discretion of the Secretary, be considered for participation.

The Department will contact those institutions that have already received approval to participate in the

Competency-Based Education experiment to determine which of the three sets of waivers, discussed below in the "The Experiment" section of this notice, the institution wishes to apply to their competency-based education programs. Based upon each institution's response, the Department will amend the institution's Program Participation Agreement (PPA) to reflect the specific waivers and modifications to statutory or regulatory provisions included in the set of waivers chosen by the institution.

ADDRESSES: Letters of interest must be submitted by electronic mail to the following email address: *experimentalsites@ed.gov*. The subject line of the email should read "ESI 2015-Competency-Based Education." For formats and other required information, see "Instructions for Submitting Letters of Interest" under SUPPLEMENTARY INFORMATION.

FOR FURTHER INFORMATION CONTACT: Warren Farr, U.S. Department of Education, Federal Student Aid, 830 First Street, NE, Washington, DC 20002. Telephone: (202) 377-4380 or by email at: *Warren.Farr@ed.gov*.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION:

Instructions for Submitting Letters of Interest:

Letters of interest for the Competency-Based Education experiment should take the form of a PDF attachment to an email message as described in the ADDRESSES section of this notice. The letter of interest should be on institutional letterhead and be signed by at least two officials of the institution – one of these officials should be the institution's financial aid administrator, and the other should be an academic official of the institution who is familiar with the institution's competency-based educational programs. The letter of interest must include the institution's official name and Department of Education Office of Postsecondary Education Identification (OPEID), as well as a mailing address, email address, FAX number, and telephone number of a contact person at the institution. The letter should indicate which of the three sets of waivers, discussed below in the "The Experiment" section of this notice, the institution wishes to apply to their competency-based education programs.

Background:

The Secretary, under the Experimental Sites Initiative (ESI) authority of section 487A(b) of the HEA, published a Federal Register notice (79 FR 44429) dated July 31, 2014 (July 31, 2014, notice), inviting institutions to

participate in four experiments that would waive certain statutory and regulatory requirements related to the title IV, HEA programs. One of those experiments was the Competency-Based Education experiment.

Under the Competency-Based Education experiment, the Secretary provided limited waivers of certain statutory and regulatory requirements to remove some of the time-based restrictions to the disbursement of student assistance under title IV of the HEA (title IV aid) so that funds are available to a student to pay institutional charges as the student progresses through a program at the student's own pace. Specifically, the Secretary allowed for the disbursement of title IV aid for direct costs as soon as the student completed a required number of competencies, regardless of how many weeks of instructional time have elapsed, and for disbursement of title IV aid for indirect costs at regular calendar intervals, regardless of how many competencies the student had completed, all within award maximums. The Secretary also modified the requirements for monitoring satisfactory academic progress to permit institutions to evaluate a student's pace in a competency-based education program by calculating competencies completed over calendar time, rather than by dividing the hours the student completed by the hours the student

attempted. Detailed information regarding these requirements is provided in the Competency-Based Education Experiment Reference Guide, which is available at: <https://experimentalsites.ed.gov/exp/guidance.html>.

In the July 31, 2014, notice, the Secretary described the application, selection, reporting, and evaluation requirements for the Competency-Based Education experiment. All of those requirements remain in effect regardless of which set of waivers, as described in this notice, is chosen by an institution.

Since the publication of the July 31, 2014, notice, the Department has learned that there are challenges associated with the waivers discussed in that notice for institutions that charge students who are enrolled in competency-based programs a set amount for a defined period of time, as opposed to charging an amount for each competency. This is often referred to as a "subscription period model." Some institutions have suggested that financial aid for programs that charge using subscription periods rather than by competency can be administered more effectively by using term-based disbursements, with flexibilities to allow students to begin and complete their competencies outside of the start and end dates of terms,

rather than using a nonterm model as described in the July 31, 2014, notice.

Other institutions stated that they were primarily interested in the satisfactory academic progress waivers noted in the July 31, 2014, notice and did not need the full set of waivers included in that notice.

Selection:

For institutions that, in response to this notice, submit letters of interest for the Competency-Based Education experiment, the Secretary's process for selecting participating institutions will remain the same as was described in the July 31, 2014, notice.

The Experiment:

Background:

The Department's regulations at 34 CFR 668.4(a) and (b) describe requirements for payment periods for eligible programs that measure progress in credit hours and use standard or nonstandard terms. A term is a period during which all classes are scheduled to begin and end within a set timeframe.

The Department's regulations for satisfactory academic progress at 34 CFR 668.34 require institutions to measure a student's progress at least once annually, though an institution is permitted to check more often. Those

regulations also require an institution to determine a student's academic progress pace by dividing the cumulative number of hours the student has successfully completed by the cumulative number of hours the student has attempted.

Some institutions offering competency-based programs charge students using "subscription periods," in which the institution charges the student a single fee for all of the student's competency-based instruction during each subscription period. In some instances, students begin and complete a subscription period within the dates of the term. However, because competency-based programs are generally self-paced, the requirement under a term-based program that coursework must begin and end within the timeframe of the term is often a significant impediment to the students enrolled in such programs.

Description:

In response to the above, the Secretary is expanding the current Competency-Based Education experiment to provide two additional sets of statutory and regulatory waivers. Institutions must choose a single set of waivers from among the three sets available that will apply to all of the competency-based education programs that it includes under the experiment. The sets of waivers are as follows:

- 1) Split Disbursement: This set of waivers includes all of the disbursement, satisfactory academic progress, and Return of Title IV Funds waivers described in the July 31, 2014, notice and explained in the Competency-Based Education Experiment Reference Guide.
- 2) Satisfactory Academic Progress Only: A second set of waivers will include only the waivers to the satisfactory academic progress requirements described in the July 31, 2014, notice and explained in the Competency-Based Education Experiment Reference Guide.
- 3) Subscription Period Disbursement: The third set of waivers is intended for institutions offering competency-based programs using subscription periods and is described below.

Under the Subscription Period Disbursement set of waivers, the institution may include in its determination of a student's enrollment status competencies that begin prior to the start of the subscription period, as long as it does not include those competencies in enrollment status for two different payment periods. Institutions will disburse title IV aid based on the student's anticipated enrollment for a subscription period (which is equivalent to a payment period) rather than requiring completion of a specific number of competencies prior to making subsequent

disbursements of title IV aid. While an institution will determine a student's title IV aid amounts based on the student's anticipated enrollment status, the institution will be required to perform a satisfactory academic progress evaluation for the student at the end of each subscription period (payment period) to ensure that the student has completed the appropriate number of competencies in that payment period, given the student's enrollment status.

Program Eligibility: An institution participating in the Competency-Based Education experiment could choose to use the Subscription Period Disbursement set of waivers only if it charges students in a competency-based education program using subscription periods, as described above.

Payment Periods: Subscription periods under this set of waivers will be considered to be term-based payment periods, as payment periods are defined under 34 CFR 668.4(a) and (b). Institutions disbursing under this set of waivers will generally follow existing rules for standard and nonstandard terms, as appropriate, except that nonstandard terms that are not substantially equal will have the same payment periods for Direct Loans as they do for Pell Grants, with similar proration based on the length of the payment period.

Enrollment Status: For each payment period, students will be assigned by the institution an enrollment status (full-time, half-time, three-quarter time, less than half-time) based on the student's expected enrollment in and completion of competencies for the payment period. After consulting with the student, the institution will determine the student's enrollment status based on a realistic assessment by the institution of the number of competencies that the student will complete during the payment period. However, unlike under existing regulations for standard and nonstandard term programs, an institution will not be permitted to count a unique competency or course toward a student's enrollment status for more than one payment period.

In addition, under this set of waivers, a student's enrollment status may not be changed for title IV purposes once it has been established for the payment period, except that an institution must increase a student's enrollment status to reflect any competencies completed by the student during the payment period that were not originally assigned to that payment period or to a previous payment period. If the additional competencies that were completed in the payment period were expected to be completed in a subsequent payment period(s), an adjustment to the

student's enrollment status for that subsequent payment period(s) is required.

For Pell Grant purposes, students will still be required to begin working on at least the number of competencies used in the determination of the student's enrollment status for each payment period. Therefore, to use this set of waivers, an institution must have a mechanism for determining that a student has been participating in a competency during a payment period.

Satisfactory Academic Progress: As in the Split Disbursement set of waivers, the Subscription Period Disbursement set of waivers will modify the statutory and regulatory requirements for monitoring satisfactory academic progress so that an institution will be required to evaluate a student's pace by using competencies completed over calendar time, rather than by dividing a student's completed credit hours by attempted credit hours. However, two additional requirements will be added for institutions using Subscription Period Disbursement.

First, the institution must evaluate a student's satisfactory academic progress after every subscription period (payment period), rather than at least once annually, even if the program is more than one academic year in length.

Second, the institution must evaluate a student's pace using two separate measures:

1) The student's progress for the payment period immediately prior to the evaluation, calculated using the number of credit hours or equivalents completed over the number of credit hours or equivalents included in the student's enrollment status for that payment period; and

2) The student's cumulative rate of progress, calculated by dividing the aggregate number of credit hours or equivalents completed as of the end of the payment period by the total number of credit hours or equivalents expected to be completed as of the end of that payment period in order for the student to complete the program within the maximum timeframe. The maximum timeframe is based on the published length of the program, expressed in calendar time (i.e., weeks, months, years).

To make satisfactory academic progress under the payment period measure, a student must complete the minimum number of credit hours or equivalents associated with the enrollment status that was assigned to the student for the payment period under review. For example, if an institution's definition of a "full-time academic workload" in a competency-based education program is 12 semester hours and a student enrolled in that program is assigned a

full-time enrollment status in a payment period, the student would need to complete competencies with an equivalent of at least 12 semester hours in that payment period to make satisfactory academic progress. Similarly, if a student in the same program is assigned a half-time enrollment status in a payment period, the student would need to complete at least 6 semester hours in that payment period in order to make satisfactory academic progress.

For its evaluation of a student's cumulative rate of progress, the institution could use different standards for students on different enrollment tracks - for example, there could be a different maximum timeframe for a student on a half-time enrollment track, for whom the normal time for completion of the program is longer than for a student on a full-time enrollment track.

If a student fails either of the two satisfactory academic progress evaluations, the student will have failed to make satisfactory academic progress and will, based on the institution's satisfactory academic progress policies, either be assigned to a financial aid warning period or immediately lose eligibility for title IV funds. Institutions will have the same flexibility to establish options for appeals, probation periods, and academic plans as they do under the current regulations.

Return of title IV Funds (R2T4): Under the Subscription Period Disbursement set of waivers, R2T4 calculations will be required, and will follow the normal requirements under 34 CFR 668.22 when a student withdraws.

Waivers:

For all of the competency-based education programs that it offers under the experiment, the institution must select one of the following sets of waivers.

1) Split Disbursement:

- This set of waivers was described in the July 31, 2014, notice and explained in the Competency-Based Education Experiment Reference Guide.

2) Satisfactory Academic Progress Only:

- This set of waivers includes only the waivers to the satisfactory academic progress requirements described in the July 31, 2014, notice and explained in the Competency-Based Education Experiment Reference Guide.

3) Subscription Period Disbursement:

- 34 CFR 668.4(a), to the extent that the regulation requires the coursework undertaken within a standard term or a nonstandard term to begin within the term start and end dates.

- 34 CFR 668.4(b), to the extent that the regulation requires the coursework undertaken within a nonstandard term to begin within the term start and end dates.
- HEA section 484(c) and 34 CFR 668.34(a)(3)(ii), (a)(5)(ii), and (b), related to the timeframe when the institution must determine whether a student is making satisfactory academic progress and the method by which an institution must calculate the pace of a student's academic progression.
- 34 CFR 685.303(d)(5), to the extent that the regulations provide that Direct Loan proceeds must be disbursed in substantially equal installments. The modification will require the institution to make disbursements of Direct Loan funds in accordance with the provisions of the Pell Grant program under the same rules used in the calculation of disbursement amounts in the Pell Grant program under 34 CFR 690.63.
- 34 CFR 690.80(b)(2)(i), which permits an institution to recalculate a student's enrollment status during a payment period after the student has begun all of the coursework for the payment period.

All other provisions and regulations of the title IV student assistance programs will remain in effect.

Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g. braille, large print, audiotape, or compact disc) on request to the contact person listed under FOR FURTHER INFORMATION CONTACT.

Electronic Access to This Document: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register and the Code of Federal Regulations is available via the Federal Digital System at:

www.gpo.gov/fdsys. At this site you can view this document, as well as all other documents of this Department published in the Federal Register, in text or Adobe Portable Document Format (PDF). To use PDF, you must have Adobe Acrobat Reader, which is available free at the site.

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Delegation of Authority: The Secretary of Education has delegated authority to Jamiene S. Studley, Deputy Under Secretary, to perform the functions and duties of the Assistant Secretary for Postsecondary Education.

Program Authority: HEA, section 487A(b); 20 U.S.C. 1094a (b)

Dated: November 13, 2015

Jamiene S. Studley,
Deputy Under Secretary.

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