NASFAA TASK FORCE REPORT

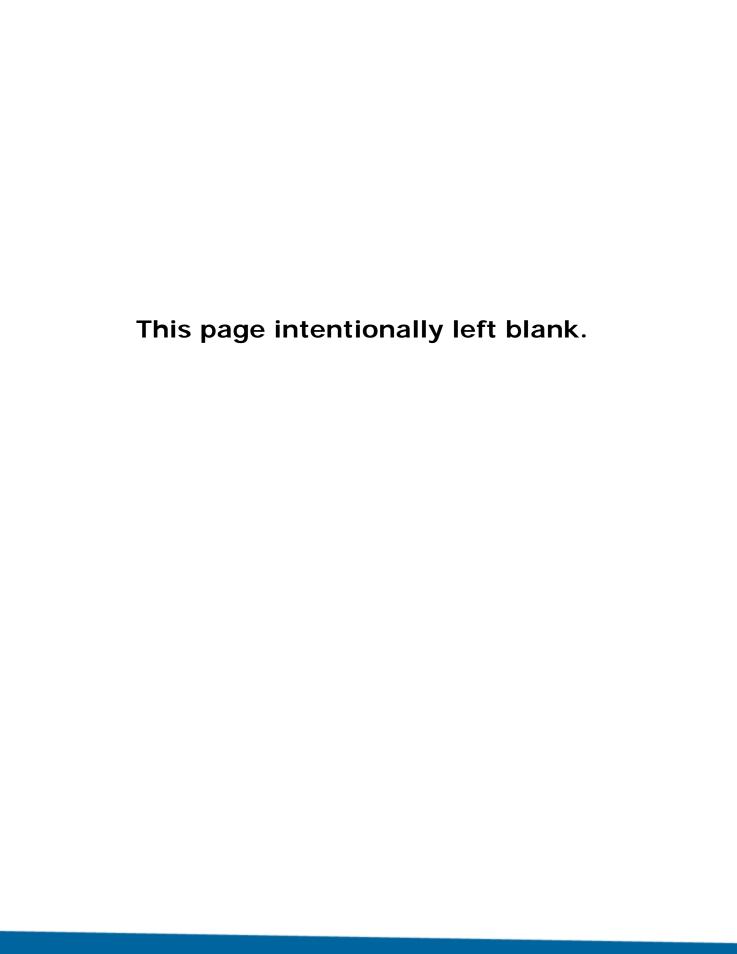# INNOVATIVE LEARNING MODELS

EXPANDING EDUCATIONAL OPPORTUNITIES FOR STUDENTS: INNOVATIVE LEARNING MODELS AND STUDENT FINANCIAL AID.

NASFAA RESOURCES

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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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Expanding Educational Opportunities for Students: Innovative Learning Models and Student Financial Aid

NASFAA – June 2015

Introduction

In response to rising costs and the large growth in the numbers of the nontraditional students, policymakers and educators have started to examine innovative learning models as a possible solution for higher education. Competency-based education, prior learning assessments, and massive open online coursework (MOOCs) are among the types of initiatives garnering attention in the hopes that these approaches can expand access, speed time to degree completion, and reduce reliance on student loan borrowing.

However, much of the federal financial aid system was designed years before many of these learning models were developed. Attempting to cultivate and implement innovative learning models within the confines of the existing federal student aid system has led to regulatory challenges, not to mention concerns over opportunities for fraud and abuse. The pending reauthorization of the Higher Education Act of 1965 (HEA), as amended, provides an opportunity to speak to these issues and take proactive steps to thoughtfully implement meaningful reforms.

To help address these challenges, the National Association of Student Financial Aid Administrators (NASFAA) convened a task force in November 2014. The task force was charged with the following:

- Meet with experts and pioneers in innovative learning models to better understand current and future trends;

- Consider the implications and challenges of administrating Title IV aid to these new types of programs under existing statutes and regulations;

- Formulate recommendations for how Title IV regulations might be changed to accommodate these types of programs while protecting the federal investment and providing for program integrity; and

- Identify potential future development or demonstration projects that would experiment with innovative learning models.

The Innovative Learning Models Task Force members:

- Michael Bennett, Chair, St. Petersburg College

- Jodi Abad, Southern New Hampshire University

- Robert Collins, Western Governors University

- Heidi Granger, George Mason University

- Susan Howard, Antioch University

- Kevin Jensen, College of Western Idaho

- Jillian Klein, Capella University

- Sandra Neel, University of Louisville

- JoEllen Soucier, Houston Community College

- Noemi Targorda, University of Southern California

- Lee Ann Wolfenden, St. Petersburg College

- Susan Murphy, NASFAA Commission Director, University of San Francisco

- Jennifer Martin, NASFAA Liaison

- Megan McClean, NASFAA Liaison

- Jesse O'Connell, NASFAA Liaison

Executive Summary

Innovative learning models provide a means for individuals to learn independent of time or place in order to earn a higher education credential that is credible to both academic institutions and employers. The HEA and Title IV regulations (34 CFR 600.2), look at "seat time" – students completing a certain number of courses and hours within a defined academic period with certain requirements on instructional time. Reauthorization of the HEA, while keeping credit and clock hours, needs to create an alternative way of looking at higher education focused on evidence of student learning – what students actually know and can do – instead of time. Ultimately, the federal student aid system must be updated to allow for greater access to programs offered in innovative formats – that are not based on traditional credit hour or clock hour models.

A guiding principle of this task force is to **not stand in the way of students being successful** and do what is best to meet both the needs of individual learners and the institutions serving these students. The recommendations proposed by this task force focus on accelerating time to degree completion, improving access, lowering total educational cost, and keeping student loan indebtedness to a minimum.

The Appendix on pages 9 and 10 provide a summary of the recommendations of the task force.

Themes

In an attempt to create an explicit process to award financial aid based on actual learning and demonstrated competency rather than time spent in class, five themes emerge. The following themes set the platform for the statutory and regulatory recommendations.

1. Flexibility for students and institutions

Competency-based programs need flexibility in the current definition of attendance because students may not be required to regularly attend classes to gain the competencies needed to pass assessments. The nature of competency-based education allows students to gain knowledge using a variety of learning resources including e-textbooks and open-source materials, some of which cannot easily track "attendance" or engagement in the traditional sense. These modes of education delivery often function with a disaggregated faculty model, where the traditional roles of faculty are administered via more than one subject matter expert. One value inherent in a disaggregated faculty model is the potential to unbundle the traditional faculty role so that students are receiving guidance, instructional support and evaluation from various sources. Additionally, the emergence of modular or bundled educational offerings, not always wholly administered by the Title IV eligible institution, provides an opportunity for higher education access that should be fully leveraged to meet the needs of the contemporary student.

The Innovative Learning Models Task Force recommends the following:

1. Attendance

   The definition of "attendance" needs to be updated to better reflect current and future methods of learning. Attendance can continue to be measured by the number of students physically attending a class; however, it can also be measured by gauging "student engagement in an educational activity"

and maintaining regular and substantive faculty interaction. Furthermore, attendance implies a time component. With innovative learning models, the definition of attendance should be changed to reflect that not all education requires a time component.

2. Educational Content Providers

Educational content, such as courses, certifications or micro-credentials, created by non-institution providers, such as private companies or entities, should be eligible for federal financial aid, as long as these courses or modules are tied to a Title IV eligible institution through means of a contractual agreement.

2. Accountability

Time is not always an accurate or effective proxy for learning, varies for each individual student and subject, and is impossible to measure accurately, even within traditional models. Because students learn at a variable pace, effective learning resources are reusable and available anytime for learners to engage in educational activities until mastery of the learning objective occurs. Implemented properly, innovative learning models can help address several of the key challenges facing higher education by increasing efficiency and reducing costs, improving an institution's ability to measure learning outcomes, and accelerating time to degree completion. But with this innovation, it is imperative to ensure taxpayer funds are safeguarded and academic quality is upheld.

Accrediting agencies must ensure the institutional process for mapping competencies to courses/learning objectives/assessments is explicit to desired outcomes. To safeguard academic integrity in competency-based education models, mastery of competency is demonstrated through independent performance and objective assessments that are secure, valid, and reliable.

The Innovative Learning Models Task Force recommends the following:

1. Role of the Triad (Accrediting Agency, ED, and States)

   The task force recommends that the role of all members of the triad in higher education are sustained and upheld. Specifically, accreditors should retain oversight ensuring academic quality, States should retain oversight for consumer protections, and ED should retain oversight of Title IV participating institutions financial responsibility and administrative capability. Moreover, the task force recommends that accreditors work closely with schools, States and the Department of Education to ensure that innovation is not stifled - while maintaining quality - as new models of learning continue to emerge.

2. Program Approval

   The task force recommends that the Department of Education (ED) work to streamline the current application for direct assessment programs to receive Title IV funding. ED's application should respect the structure of the triad; relying on accreditors to ensure academic quality and the Department to focus on Title IV requirements.

3. Fraud, Waste and Abuse

   In order to safeguard taxpayer dollars, quality controls need to be ensured within innovative learning models in order to prevent institutional abuse. Additionally, institutions need to closely monitor for student fraud and proper identity concerns. NASFAA will continue to work closely with ED and its Office of Inspector General to address these topics.

3. Cost of Education and Federal Financial Aid

Basing eligibility for federal student aid on "time" can sometimes serve to increase the time to program completion, and therefore the cost of the credential. Changes need to be made to the current financial aid structure to ensure today's contemporary student has access to Title IV funds within innovative learning models, and without placing unnecessary administrative burden on the school. A combination of ensuring sustainable funding for students, increasing institutional authority and reimagining the financial aid disbursement model can all help to lower the cost of education to students and ensure that regulations do not stand in the way of current and future innovative learning models.

The Innovative Learning Models Task Force recommends the following:

1. Prior Learning Assessments

   The task force is encouraged by the current Experimental Site Initiative that permits Title IV aid to cover some varieties of prior learning assessments and recommends that federal financial aid rules should change to allow Title IV aid to pay for costs associated with prior learning assessment preparation. Many prior learning assessments require the student to spend a considerable amount of time preparing materials for the assessment, which can create a financial burden without funding to cover the relative costs. Allowing the inclusion of prior learning assessments in a student's cost of attendance would result in more students choosing to apply their prior learning towards the completion of a program.

2. Federal Pell Grants

   Under current statutory provisions, an eligible student can only receive one Scheduled Award of Federal Pell Grant funds during an award year. This time-based limitation discourages needy students from accelerating completion of their programs. While there has been some discussion of reinstating provisions which would allow for more than one Scheduled Awards within one award year, it is unclear if the funding will be available for this option to be feasible.

   The task force recommends amending the regulations regarding Federal Pell Grant disbursements allow a student who will receive the remainder of a Scheduled Award during a payment period to access funds from his or her next Scheduled Award in order to receive the full calculated disbursement for the payment period. Under this approach, students may access funds without regard to the award year until they have reached their aggregate eligibility (assuming students continue to meet all relevant student eligibility criteria).

This modification would not impact the current Lifetime Eligibility Used (LEU), which limits Pell-eligible students to receiving the equivalent of six Scheduled Awards during their undergraduate enrollment. As proposed by NASFAA in *Reimagining Financial Aid to Improve Student Access and Outcomes*, the use of a "Pell Well" would allow students to access the Pell funds for which they are eligible based on their cumulative enrollment without the time-based restrictions of an award year.

3. Limiting Federal Student Loan Borrowing

   Mirroring the recommendation of NASFAA's 2013 *Report of the NASFAA Task Force on Student Loan Indebtedness*, this task force recommends that schools be given institutional authority to limit borrowing, beyond what is currently permitted through the use of professional judgment. We are encouraged by the exploratory work by ED through the current *Experimental Site Initiative #6: Limiting Unsubsidized Loan Eligibility* and recommend expanding the authority to limit borrowing across broad categories of students to all schools.

4. Disbursements

   The task force recommends a "pay as you go" disbursement process within competency based education, similar to the current Competency Based Education Experimental Site Initiative, which disburses funds to cover direct costs as a student demonstrates competency mastery. With this model, higher education institutions should work with the student to "earn" the financial aid funding by providing periodic or incremental delivery at specific success points as the student works toward his or her educational goal.

5. Return of Title IV Funds (R2T4)

   In alignment with the Competency Based Education Experimental Site Initiative, this task force recommends that institutions implementing a model of smaller, more frequent disbursements (three months or less), be exempt from HEA section 484B and 34 CFR 668.22, Return of Title IV Funds, upon student withdrawal from school.

4. Complexity

Specific Title IV regulations have caused obstacles for some students who desire to accelerate completion of their programs. Some of these regulations are outdated and exceedingly complex to administer within innovative learning models at higher education institutions. Both the structure and landscape of higher education have changed to meet the needs of today's students. Unfortunately, the statute and regulations governing federal financial aid have not kept pace with innovative ways of teaching and educating students, leading to reduced flexibility for students and increased complexity for financial aid administrators.

The Innovative Learning Models Task Force recommends the following:

1. Hybrid/Mixed Modality

    The task force is encouraged by the current Experimental Site Initiative allowing mixed modality programs to receive federal financial aid funds, and recommends a change to both HEA section 481(b)(4) and 34 CFR 668.10(a)(1), which currently require a program utilizing direct assessment to use direct assessment for the entire program. This change would allow students to move more quickly through the areas in which they are knowledgeable and receive a more traditional educational experience in those areas which may be new or challenging.

2. Satisfactory Academic Progress (SAP)

    The law requires both a qualitative and quantitative component to measure student progress. The rules governing SAP offer flexibility to address qualitative measures in non-traditional programs. This task force recommends increased flexibility regarding measurement of the quantitative component to eliminate time-based constraints within innovative learning models.

5. Barriers

While it is difficult to precisely measure learning, measurements of learning can in certain contexts be more meaningful than measures of time. With innovative models, learning may take place in multiple ways through numerous sources, not all of which fit an institutional or degree-based model. Essentially, student information systems are designed to effectively administer financial aid and learning management systems are designed to deliver instruction and track learning. These systems of record seldom interface, if at all.

Additionally, in 1998, the HEA reauthorization established the Distance Education Demonstration Program (DEDP) allowing schools to explore alternative financial aid delivery models for distance learners. As the DEDP was winding down in 2005, the Higher Education Reconciliation Act of 2005 (HERA) introduced direct assessment, which is one approach to competency-based education delivery. Subsequently, the published HERA regulations do not allow federal student aid eligibility for students enrolled in remedial coursework or teachers preparation programs offered by direct assessment.

The Innovative Learning Models Task Force recommends the following:

1. Student Learning and Information Systems

    Most institutional automated student systems are not designed to effectively process students in different types of programs. These situations require aid administrators to manipulate the system and manually enter or update a student's record. Developing more flexibility and increased automated capabilities within an enterprise system requires significant resources and modifications. The task force recommends that ED and schools work collaboratively with vendors of student learning and information systems to ensure aid administrators are equipped with the tools needed to process Title IV funds for innovative learning models.

2. Direct Assessment

   Eliminate 34 CFR 668.10 (g) to allow Title IV aid to an otherwise eligible student enrolled in certain teacher preparation programs or remedial education coursework if an eligible institution offers such programs through direct assessment. There does not appear to be justification for restricting the use of direct assessment for the types of coursework described. Use of direct assessment for teacher preparation and remedial coursework could encourage more students to earn credentials.

Summary

Innovative learning models provide the opportunity for the contemporary student to reach his or her educational goals faster, and at a lower cost, than some traditional forms of education. Emerging forms of technology, competency-based education, prior learning, and remedial coursework can all help more students gain access to and complete a postsecondary education, and advancements in these areas have the potential to reinvent the higher education system. To do so, long overdue changes need to be made to the federal financial aid system in order to keep pace with emergent technologies and opportunities.

Within innovative learning models, Title IV requirements need to be separated from the construct of time, which creates several opportunities to revise time-based rules like SAP, R2T4, attendance and the like. The rules, systems and processes that work for traditional, term based, brick and mortar programs do not always work to advance the innovation that currently exists within higher education, and the recommendations in this paper are the first step to help ensure barriers are eliminated that stifle this innovation. ED, accreditors, States, system vendors and schools need to work together to ensure high-quality education is delivered to students, while reducing administrative burden, encouraging innovation and safeguarding taxpayer dollars.

Appendix – Recommendations

1.1	**Attendance**	The definition of "attendance" needs to be updated to better reflect current and future methods of learning. Attendance can continue to be measured by the number of students physically attending a class; however, it can also be measured by gauging "student engagement in an educational activity" and maintaining regular and substantive faculty interaction. Furthermore, attendance implies a time component. With innovative learning models, the definition of attendance should be changed to reflect that not all education requires a time component.
1.2	**Educational Content Providers**	Educational content, such as courses, certifications or micro-credentials, created by non-institution providers, such as private companies or entities, should be eligible for federal financial aid, as long as these courses or modules are tied to a Title IV eligible institution through means of a contractual agreement.
2.1	**Program Approval**	The task force recommends that ED works to streamline the current application for direct assessment programs to receive Title IV funding. ED's application should respect the structure of the triad; relying on accreditors to ensure academic quality and the Department to focus on Title IV requirements.
2.2	**Role of the Triad**	The task force recommends that the role of all members of the triad in higher education are sustained and upheld. Specifically, accreditors should retain oversight ensuring academic quality, States should retain oversight for consumer protections, and ED should retain oversight of Title IV granting institutions financial responsibility and administrative capability. Moreover, the task force recommends that accreditors work closely with schools, States and ED to ensure that innovation is not stifled - while maintaining quality - as new models of learning continue to emerge.
2.3	**Fraud, Waste and Abuse**	In order to safeguard taxpayer dollars, quality controls need to be ensured within innovative learning models in order to prevent institutional abuse. Additionally, institutions need to closely monitor for student fraud and proper identity concerns. NASFAA will continue to work closely with ED and its Office of Inspector General to address these topics.
3.1	**Prior Learning Assessments**	The task force is encouraged by the current Experimental Site Initiative that permits Title IV aid to cover some varieties of prior learning assessments and recommends that federal financial aid rules should change to allow Title IV aid to pay for costs associated with prior learning assessment preparation. Many prior learning assessments require the student to spend a considerable amount of time preparing materials for the assessment, which can create a financial burden without funding to cover the relative costs. Allowing the inclusion of prior learning assessments in a student's cost of attendance would result in more students choosing to apply their prior learning towards the completion of a program.
3.2	**Federal Pell Grants**	The task force recommends amending the regulations regarding Federal Pell Grant disbursements allow a student who will receive the remainder of a Scheduled Award during a payment period to access funds from his or her next scheduled award in order to receive the full calculated disbursement for the payment period. Under this approach, students may access funds without regard to the award year until they have reached their aggregate eligibility (assuming students continue to meet all relevant student eligibility criteria). This modification would not impact the current LEU, which limits Pell-eligible students to receiving the equivalent of six scheduled awards during their undergraduate enrollment. As proposed by NASFAA in their *Reimagining Financial Aid to Improve Student Access and Outcomes* report, the use of a "Pell Well" would allow students to access the Pell funds for which they are eligible based on their cumulative enrollment without the time-based restrictions of an award year.

3.3	**Limiting Student Loan Borrowing**	Mirroring the recommendation of NASFAA's 2013 Report of the NASFAA Task Force on Student Loan Indebtedness, this task force recommends that schools be given institutional authority to limit borrowing, beyond what is currently permitted through the use of professional judgment. We are encouraged by the exploratory work by ED through the current *Experimental Site Initiative #6: Limiting Unsubsidized Loan Eligibility* and recommend expanding the authority to limit borrowing across broad categories of students to all schools.
3.4	**Disbursements**	The task force recommends a "pay as you go" disbursement process within competency based education, similar to the current Competency Based Education Experimental Site Initiative, which disburses funds to cover direct costs as a student demonstrates competency mastery. With this model, higher education institutions should work with the student to "earn" the financial aid funding by providing periodic or incremental delivery at specific success points as the student works toward their educational goal.
3.5	**Return of Title IV Funds (R2T4)**	In alignment with the Competency Based Education Experimental Site Initiative, this task force recommends that institutions implementing a model of smaller, more frequent disbursements (three months or less), be exempt from HEA section 484B and 34 CFR 668.22, Return of Title IV funds upon student withdrawal from school.
4.1	**Hybrid/Mixed Modality**	The task force is encouraged by the current Experimental Site Initiative allowing mixed modality programs to receive federal financial aid funds, and recommends a change to both HEA section 481(b)(4) and 34 CFR 668.10(a)(1), which currently require a program utilizing direct assessment to use direct assessment for the entire program. This change would allow students to move more quickly through the areas in which they are knowledgeable and receive a more traditional educational experience in those areas which may be new or challenging.
4.2	**Satisfactory Academic Progress (SAP)**	The law requires both a qualitative and quantitative component to measure student progress. The rules governing SAP offer flexibility to address qualitative measures in non-traditional programs. This task force recommends increased flexibility regarding measurement of the quantitative component to eliminate time-based constraints within innovative learning models.
5.1	**Student Learning and Information Systems**	Most institutional automated student systems are not designed to effectively process students in different types of programs. These situations require aid administrators to manipulate the system and manually enter or update a student's record. Developing more flexibility and increased automated capabilities within an enterprise system requires significant resources and modifications. The task force recommends that ED and schools work collaboratively with vendors of student learning and information systems to ensure aid administrators are equipped with the tools needed to process Title IV funds for innovative learning models.
5.2	**Direct Assessment**	Eliminate 34 CFR 668.10 (g) to allow Title IV aid to an otherwise eligible student enrolled in certain teacher preparation programs or remedial education coursework if an eligible institution offers such programs through direct assessment. There does not appear to be justification for restricting the use of direct assessment for the types of coursework described. Use of direct assessment for teacher preparation and remedial coursework could encourage more students to earn credentials.

Resources for Innovative Learning Models

American Enterprise Institute. Website: www.aei.org

Competency-Based Education Information Network Website: www.CBEinfo.org

Competency-Based Education Network. Website: http://www.cbenetwork.org/

Council of Regional Accrediting Commissions. (2015) *Regional Accreditors Announce Common Framework for Defining and Approving Competency-Based Education Programs.* Retrieved June 19, 2015, from https://www.insidehighered.com/sites/default/server_files/files/C-RAC%20CBE%20Statement%20Press%20Release%206_2.pdf

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Glossary

Below is a general list of definitions that this task force utilized while creating this document.

Competency-based education: Educational programs designed to ensure that students attain pre-specified levels of competence in a given field or training activity. Emphasis is on achievement or specified objectives.

Cost of attendance (COA): Costs the student is expected to incur during the period of enrollment, including but not limited to tuition, fees, room, board, books, supplies, transportation, and miscellaneous personal expenses. The COA usually is calculated for a full academic year.

Direct assessment program: A program that, in lieu of earned credit or clock hour as the measure of the student's learning, uses a direct assessment of a student's learning, or recognizes the direct assessment of the student's learning by others.

Eligible institution: An institution that qualifies as:

- An institution of higher education, as defined in 34 CFR 600.4;
- A proprietary institution of higher education, as defined in Section 600.5; or
- A postsecondary vocational institution, as defined in Section 600.6; and
- Meets all the other applicable provisions of Section 600.

Eligible program: An educational program which meets the requirements in 34 CFR 668.8.

Massive open online coursework (MOOC): An online course aimed at unlimited participation and open access via the web.

Micro credentialing: A validated indicator of accomplishment, skill, quality or interest that can be earned in various learning environments. Also known as badges.

Open-source materials: Materials available through a free license or without copyright restrictions.
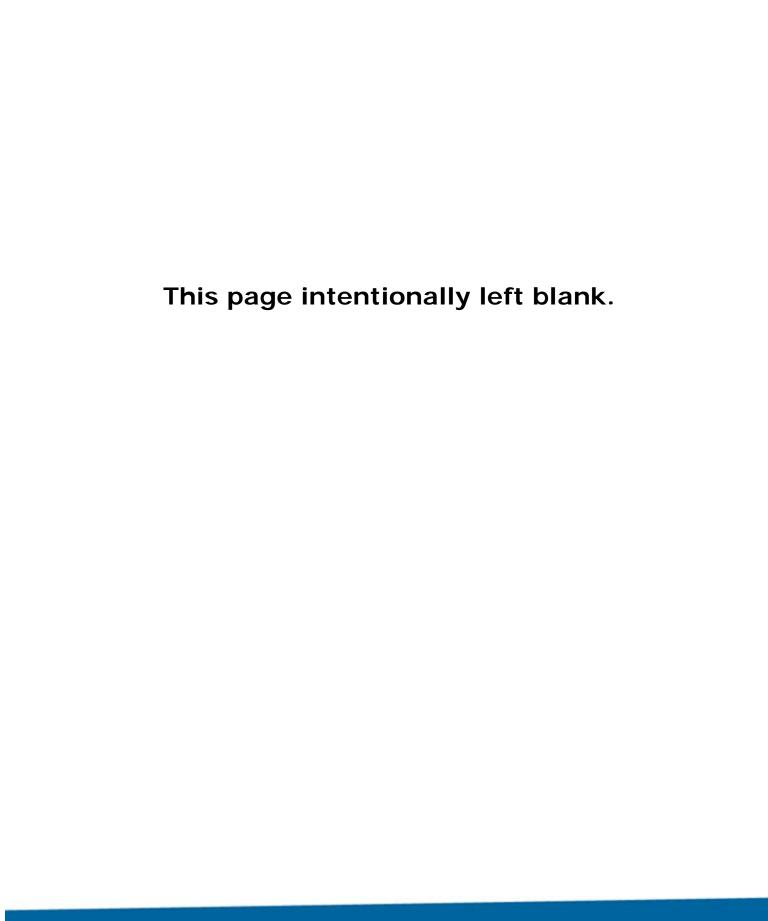
Payment period: A school-determined length of time for which financial aid funds are paid to a student. For programs using academic terms (semesters, trimesters, or quarters), a payment period is equal to the term. For programs not using academic terms, schools must designate at least two payment periods within an academic year that meets all applicable regulations.

Prior learning assessment: A process used by regulatory bodies, adult learning centers, career development practitioners, military organizations, human resource professionals, employers, training institutions, colleges and universities around the world to evaluate skills and knowledge (learning) acquired outside the classroom for the purpose of recognizing competence against a given set of standards, competencies, or learning outcomes.

Remedial coursework: A course of study designed to increase the ability of a student to pursue a course of study leading to a certificate or degree.

Return of Title IV Funds (R2T4): The calculation required when a recipient of Title IV aid withdraws from an institution during a payment period/period of enrollment in which the recipient began attendance. The calculation compares the amount of Title IV aid the recipient earned to the amount disbursed and determines whether funds must be returned, or the student is eligible for a post-withdrawal disbursement.

Satisfactory Academic Progress (SAP): The progress required of a financial aid recipient in acceptable studies or other activities to fulfill a specified educational objective. SAP contains a grade or its equivalent (qualitative), and pace (quantitative) measure. It also must be the same as or stricter than academic standards used for students not receiving Title IV aid.

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The National Association of Student
Financial Aid Administrators (NASFAA)
provides professional development
for financial aid administrators;
advocates for public policies
that increase student access and
success; serves as a forum on
student financial aid issues,
and is committed to diversity
throughout all activities.