Written Testimony to the Committee on Health, Education, Labor, and Pensions

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Chairman Alexander and Ranking Member Murray and Committee Members, I appreciate the opportunity to offer testimony to the Committee on Health, Education, Labor, and Pensions (HELP) and to share my perspective on innovation in higher education, both in terms of opportunity and barriers. We are in a period of extraordinary change and innovation in my industry, driven by a combination of necessity (as institutional business models are breaking down for a variety of reasons) and advances in learning science, technology, and emerging delivery models.

First, a note about myself. My family immigrated to this country when I was a child. My father worked as a stone mason and my mother worked in a factory until she was 76. They had 8th grade educations. I am a first generation college student, the first and only member of my family to attend. My college education changed everything. My daughters, both doctoral students, are living a life my parents could scarcely imagine because I was able to attend college, paying for it by working construction jobs every summer. I made a final payment on my student loans when I was in my late forties. Loans that were reasonable in amount. I have experienced the promise of the American Dream and my college education was the key – affordable, high quality, and meaningful. The mission of my university – and my personal calling – is to find innovative ways to make sure that a college degree continues to be within the reach of Americans with modest means, so they can improve their lives and the lives of their families and communities.

Now, a word about my university. SNHU is a private non-profit university of over 70,000 students with a traditional campus in Manchester, New Hampshire, a large online presence, and a new ground-breaking competency-based education (CBE) degree program. This last, dubbed College for America, was in April 2013 the first CBE degree program to be approved under the "direct assessment" provisions of the Higher Education Act, , allowing the disbursement of federal financial aid for actual learning outcomes rather than the accumulation of time-based credit hours.

SNHU is widely known for its innovative work in providing to students multiple degree pathways that improve quality and lower cost. These include:

- A competency-based three-year bachelors program created 15 years ago (with FIPSE support) that cuts the cost of a degree by 25%;
- The SNHU Advantage Program, with a flat $10,000 per year cost for the first two years program that saves 35% of the cost of our regular degree program;
- Our growing online programs (which offer a four-year degree for under $40,000);
- The aforementioned College for America (CfA), which provides fully self-paced competency-based Associates and Bachelors Degrees for as little as $1250;

- A recent $3.9m federal First in the World Grant to develop just-in-time approaches to remedial education.

CfA made headlines last month when Anthem Insurance announced that it would make the degree program free to all 55,000 of its employees, the first national corporation to embrace a CBE program as the college program of choice for its employees. Over 75 major corporations and other employers now use College for America, including Partners Health (the largest employer in Massachusetts) and the state of New Hampshire.

Never has higher education seen a period of innovation like one we find ourselves in today. Consider the range of advances:

- Ten and fifteen years ago we used to ask how to make an online course as good as one delivered traditionally. Today, that question is reversed and the best designed online courses are superior to much of what happens in traditional course settings (though that claim still startles some).
- Learning science is giving us new insights into how the brain works and students learn most effectively.
- Adaptive learning technologies, using Artificial Intelligence and learning science, are allowing for effective learning environments that wrap around individual student capabilities and struggles, creating highly individualized and effective learning pathways.
- MOOCs are proliferating as a form of very high quality, high brand value learning content and we are beginning to better understand how they can be useful in a larger teaching and learning context, such as flipped classrooms.
- Data analytics is providing new optics into every facet of educational delivery, with potentially far-reaching impacts on advising, assessment, and quality. Today, for example, we can use predictive analytics to yield very fine tuned and individualized assessments of at-risk students and then much better tailor for them their learning plan and support, greatly increasing their likelihood of success.
- Game inspired learning environments, engaging and using the kind of built intelligence that we see in adaptive learning, hold the promise of rich immersive learning worlds and simulations. Any of you who have watched teenagers lost in their game consoles recognize the power of well-developed programs to engage and challenge users and many of those same techniques and technologies can be used in designing learning environments.
- On the margins of higher education, we see a growing ed-tech sector developing a variety of support services, new tools, learning platforms, and more. Some of those are actual education providers with excellent results, though they are not institutions of higher education (IHEs) and thus not in the Title IV eco-system.
- And perhaps most profound, competency-based education (CBE) is taking hold with startling speed, with over 300 institutions working on CBE, from community colleges to flagship universities. Next generation CBE represents a paradigm shift in higher education, measuring what students actually know and can do rather than how long they sat (while the credit hour makes time fixed and learning variable and hazy), better aligning education with workforces needs, and promising that elusive combination of higher quality and lower cost.

It is an enormously exciting time in higher education. And hard to keep up with. It is also important to point out that with the exception of online learning, the advances just listed have yet to make a substantial impact on higher education, especially for those students who most need help. Not because they are not exciting and offer great promise, but because they are still largely in their infancy and we are still in the development and learning phase. That is why today's topic is so important.

With over $150b of federal financial aid at stake and vulnerable students who need protection, higher education is a highly regulated industry and innovation tends to be more difficult in that context. That is simply an objective observation and not an argument for more or less regulation. Existing regulatory bodies have never really been asked to support innovation. It's not the problem for which they are designed, so we have seen accreditors and the Department of Education, and state commissions of higher education all struggle to accommodate and support innovation. Higher education's own culture tends to the conservative and that gets reflected in accreditation standards and a just desire to protect students. Unfortunately, there are also providers who are unscrupulous or of poor quality or both. On the other end of the spectrum, the more elite and wealthy the institution or sector, the more resistant to innovation and change. When online learning started to take off in the mid-90s, non-profits looked down their noses at that innovation and for-profit providers rushed into the space, eventually taking 12% of overall market of college students (and 25% of all Pell Grant dollars) and we saw great new providers, as well as unscrupulous ones offering poor quality programs. We are still cleaning up those messes. In sum, it is a complex environment in which to consider innovation, one that needs a balance of regulatory breathing room to invite trying new things *with* a watchful eye to ensure quality and protect students.

All of that said, the federal government has had notable successes in seeding innovation, including:

- FIPSE and more recently First In The World grants, which helped scale and/or improve Western Governors University and our College for America programs ;
- By creating regulatory space in which to allow innovation, as it did in the 90s with the 50% demonstration project that led to amazing innovation in online learning (and in not establishing parallel quality assurance, admittedly allowed abuse as well);
- By providing room within legislation, such as experimental site authority and the "direct assessment provision" of Title IV that we and others are now using to develop new CBE programs.

Indeed, unlike the experience of the 90s, higher education seems more ready and embracing of innovation. For example, CBE programs are being rapidly developed and announced. Even elite institutions are finding ways to innovate, with the first MOOC providers coming out of Stanford, Harvard, and MIT (albeit as spin-offs and not within). Pressured to find new delivery models, institutions are more willing to look to new technologies. The ed-tech sector is finding a ready audience for their innovations, a willingness to try new things. It is a very good time for innovation in higher education.

It useful to distinguish between *sustaining* and *disruptive* innovation, as Harvard professor Clay Christensen uses the terms (full disclosure: he is Trustee Emeritus at SNHU). Sustaining innovation is an improvement in what one is already doing. It is playing the game by the same rules, but playing it

better, and higher education has a superb record of sustaining innovation. Disruptive innovation means changing the rules of the game to lower cost, improving what one does, and reaching more people. The Committee has asked how higher education innovation can result in more affordable programs of higher quality serving more students. The incumbent models cannot do that without massive infusions of capital and some dramatic rethinking of what they do and how. So the Committee is essentially asking for *disruptive innovation*: how can we change the rules of the game to get our desired results?

Therein lies the problem with a regulated industry. The rules are many, detailed, often complex, and really built to keep all institutions within pretty rigid guard rails. Title I, for example, requires that students have "regular and substantive interaction" with faculty members, a rule originally written to distinguish correspondence programs from traditional college programs. It was written before advances in the online world, adaptive learning, data analytics, and more and it is rigorously applied by the Office of the Inspector General, with a chilling effect on programs that might more dramatically reimagine the role/use of faculty. We know now that teaching and learning is so much more than subject-matter expertise when it comes to designing high quality learning environments and assessment. In defense of the OIG, they are simply doing their job. But the rule constrains innovative program design and experimental sites authority in ED does not extend to Title I.

Another example. Title IV allows for the "direct assessment of student learning" as an alternative to the credit hour. This provision, clumsily named since all CBE should directly assess student learning, should really be called "non-credit hour CBE. In all events, while the legislative language allows for an alternative to the credit hour, virtually all the Title IV rules for disbursement of aid are tied to the credit hour. So innovative new CBE programs, trying to have learning trump time (a very good thing in terms of the quality goal) still have to grapple with technical rules around satisfactory academic progress (SAP), term structures, definitions of full-time, and other time-based rules that constrain program design and make no sense for what people are trying to do.

Similarly, most accreditation is more focused on inputs – governance models, faculty roles, library resources, and so on – than outputs. So CBE programs, with their focus on outcomes (What can students do with what they know?) and assessment (How do you know they have that mastery?), invite a very different kind of quality assurance process. Little in existing accreditation dives deep into competencies and the myriad questions that need to be asked:

- Why those competencies?
- Who values them?
- Do they have labor market value?
- Relevancy? And more.

Nor does most accreditation look hard at assessment. Indeed, many would argue that the state of assessment in higher education is very poor, and when it comes to performance-based assessment, necessary when looking at what students *can do*, it is even worse. So a regulated industry with rules really built for one kind of educational program or delivery (credit hour based, informed by traditional residential learning) will obviously struggle with the kind of disruptive innovation you call for now, innovation that wants to – actually, *needs to* – break the existing rules. From the institutional side, nothing scares and thus constrains like the specter of a full blown financial aid audit or the OIG coming down on an institution, never mind the kids of sanctions available to state regulatory bodies and

accreditors. Regulators and accreditors, whether federal or state or accreditors, are not ill-intended or bad actors. They are mostly doing the job they have been asked to do and innovation of the kind now being demanded has never been part of the charge

On the other hand, I am most emphatically not arguing that we eliminate those rules for higher education in general. We do not know enough yet. For example, if competency based education offers a new currency of learning (actual things students can do with what they know instead of how long they sat), it still does not have an established "exchange" rate. We have as of yet little idea of how to create a transfer system for CBE, and while our credit hour-based system of transfer is inefficient and problematic, we have nothing upon which to base a transfer system for CBE. Also, if the credit hour is a measure of time, it *also* reflects a unit of learning, and without a new system of "exchange," there is really no way for the federal government to know what it is paying for – a potential disaster. While the "regular and substantive interaction" rule may not allow for some of the more innovative delivery models we see being developed, no one wants to go back to the abuses of the old correspondence programs of the 80s.

I find this discussion and the interest in better supporting innovation timely and incredibly encouraging, but I also worry about some of the policy discussions now underway. For two reasons:

- One, we do not know enough about the new programs and innovations to yet make good comprehensive policy. The danger is we write policy for Innovation V.2015 when some of what we are now doing will prove to be ineffective and we have not yet discovered breakthroughs that will improve what we do today. I am not a policy maker and don't pretend to understand it really, but it seems that policy-making wants to be informed by the best knowledge and thinking possible. We are still learning.
- Two, if in the interest of allowing more innovation we make policy too lax, we risk seeing bad actors emerge and students ill-served. We saw it with online learning and we see some evidence of it today with CBE. For example, in proposals that would allow 65% mastery of competencies to count as passing (Do you want your nurse to be good at only 65% of the things he/she needs to know?). Or providers who care little for rigorous assessment (one of the two pillars of high quality, trustworthy CBE). Consumer protection advocates are right to be wary of innovation without important safeguards and quality assurance. Those need to be simultaneous activities.

So the question is then "what *can* we do?" to stimulate innovation and take better advantage of the energy and openness to change earlier described? What does good innovation policy look like?

I would urge you to think in terms of creating "safe innovation spaces." In other words, find ways to allow institutions to try things outside of their regular regulatory space. You can do this in the following ways:

- Create a Demonstration Project that removes time-based constraints on programs.
- Create a Demonstration Project that allows non-IHEs into the Title IV eco-system, creating market pressures on the incumbent institutions and providing support for poor students so they can access the high quality providers.

- Expand the Department of Education's experimental site authority. ED's experimental site authority was originally intended to allow for more modest tweaks in disbursement rules and is now being used in somewhat more ambitious ways. That effort should be supported and authority expanded to explicitly acknowledge the goals of the Committee, to include Title I as well as Title IV, and should give more "air cover" to institutions when they get things wrong (and if they are *truly* innovating, they will indeed get some things wrong).

For all of these "safe spaces," allow separate reporting and auditing of the programs, so they do not have an adverse effect on the institution's key reporting metrics. On the other hand, participation in such projects should demand more evidence, more evaluation, and not simply be a waiver to try new things with little means for understanding what works and what doesn't. I am arguing for good experimentation and that requires good methodologies and I fear that past attempts have been lax in this regard. Moreover, with better evidence-based experimentation, we can better protect student interests.

In similar fashion, you might give accreditors "safe space" to try very different approaches to quality assurance and similar "air cover" for when they get it wrong. If an accreditor believes they will be hauled before this committee and harangued if an innovative program falls short or their new quality assurance approach is found wanting, there is little incentive for them to try something new or work closely with innovative providers. On the other hand, if you allow for more flexibility, insist that new innovation accreditors shift their focus to outcomes and transparency of data. Doing so will tell us much more quickly what is and isn't working, will cull out the poor players. Make room for new accreditors using very different outcomes-based approaches or for existing accreditors to create outcomes-based alternative pathways to approval. Whatever criticisms might be leveled at accreditors and regulators, there remains very little incentive for them to take chances. Only bad things happen to them as they get little to no credit for successes and take on a lot of risk with failure. If you want them to act differently, create the space for them to do so and some protection for the mistakes that come with innovation – and often, it is the mistakes that lead to breakthroughs, by the way.

In terms of protecting students, as suggested above, there is much that can be done to make participation in safe space innovation incumbent on transparency of data, access to programs for reviewers (and online technology makes optics into program performance so much more powerful), and success in lowering costs, and limiting the number of enrollments. You might also consider some risk-sharing elements and varying levels of latitude depending on provider track record and other factors. In a more open, more experimental innovation space, access to aid and lending might be differently structured and tiered depending on the provider, the program, and other factors. I believe, Mr. Chairman, that you have explored these ideas.

Finally, we need any policy supporting innovation to focus on assessment, evidence, and genuine outcomes (what individual students can do and what they know) and outputs (program results like job placement, increase in earnings, level of debt, and more). For the former, we need to improve our practice, especially in performance based assessment. When our lives matter, as in medicine, we do not rely solely on board scores, we insist on clinicals under the watchful eye of expert practitioners. Pilots can take exams, but we put them in flight simulators for hours, under the gaze of expert pilots, before they ever get behind the controls of a plane full of people. And even then, they work their way up. There is a general crisis of faith in the labor market: too many college graduates that can't write, read a

balance sheet, calculate percentages, stand up and present to a room full of people. We need to work hard on assessment and know that when we say a graduate can X or Y, that the assessment we used gives us confidence to stand behind that claim.

If we can shift our focus to outcomes and clear claims for learning and rigorous assessment, we can far better serve the interests of students, of quality, of the workforce. We may have to come to grips with *lower* completion rates for a while – there are too many college graduates being passed along today – until we learn how to deploy the full array of advances described earlier, many of which allow us to use human support in more impactful ways. We can rethink our definitions of quality and how we know, allowing us to then rethink accreditation. Today we have an alignment of need, of desire, of willingness, and of new advances that can result in a new higher education system that holds onto the best of what we have today, while creating new and effective delivery models.

In closing, I urge you as policy makers to find a balance appropriate to where we are as an industry. It is a balance between creating safe spaces for innovation (for both institutions, new providers, and quality assurance entities), giving the Department of Education a mandate and the tools to be more expansive and expeditious in supporting innovation, and demanding better evidence, more data, and greater transparency than traditional higher education generally provides today. There is much to learn in the next two to three years and with that learning in hand, you can write policy for a new American higher education that provides the advances in affordability, quality, and access you seek, and more importantly, keeping the American Dream alive for the millions of Americans who feels it increasingly out of reach today.