

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

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I appreciate the opportunity to offer testimony to the Committee on Health, Education, Labor, and Pensions (HELP) and to share the innovation work that Southern New Hampshire University (SNHU) is doing on behalf of students. SNHU is a private non-profit university of over 30,000 students with a traditional campus in Manchester, New Hampshire, a large online presence (now the third or fourth largest non-profit provider of online degrees in the country), 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);
- And now College for America (CfA), which provides fully self-paced competency-based Associates Degree for as little as \$1250.

For that work, SNHU was listed at #12 in *Fast Company* magazine’s “The World’s 50 Most Innovative Companies List” in 2012, the only university to be included. The university was recently awarded a \$1.8 foundation grant to convene 20 other institutions working on developing their own competency-based degree programs in an effort to move along the development of new CBE models and develop principles of best practice.

Why College for America (CfA)?

We began work on CfA two years ago as a response to a perfect storm in higher education: a crisis of cost and access; a crisis of confidence in the quality of today’s college graduates; and the need to educate many more Americans. Our observation was that traditional higher education was built around inputs that made everyone feel good, but that often drove up the cost of education with questionable

value added. So much of traditional higher education is based on prescription or inputs, items that have long been valued and presumed to be tied to quality. These include:

- How many books in the library;
- How many PhD's on the faculty;
- The average SAT scores and high school GPA's of the entering classes; and
- The pedigrees of the faculty and what they have published,
- The grandeur of its buildings, and more.

The assumption was that if all these items were well addressed, students necessarily received a good education. The actual outcomes of that education were often ill-defined outside of high stakes fields like Nursing, Engineering, and Accounting (where third party validation often shaped outcomes and then validated student mastery). Traditional higher education has generally been hazy on defining and assessing the learning outcomes of its degree programs, and for a very long time society trusted a degree to be a reliable signal of largely assumed outcomes: the ability to communicate, solve problems, to do quantitative reasoning, and to have a certain level of professional maturity. This is no longer the case.

A much discussed 2011 book, *Academically Adrift*, questioned how much actual value-added learning was taking place on American campuses and touched a national nerve. From inside the higher education industry, it echoed an increasing complaint from employers that new college graduates were arriving in the workplace with gaps in basic skills, whether the ability to communicate well or do basic math or work in teams. It expands on oft repeated worries about rampant grade inflation and the "cheapening" of the degree. Polls reveal findings like "less than 10 percent of employers thought colleges did an "excellent" job of preparing students for work." (<http://chronicle.com/article/Employers-Say-College/130013/>) and in a more recent poll only a third of employers gave higher education fair marks for preparing students with basic workplace skills (<http://chronicle.com/article/The-Employment-Mismatch/137625/#id=overview>). Critics worry that at the very same time we see skyrocketing costs and increased student debt, we may be getting less for our national and personal investments.

While outcomes-based education is in part a response to the need to provide better evidence of the claims we make for student learning, it has also provided a way of thinking about alternative paths to earning college credits and a degree. The Council of Adult and Experiential Learning (CAEL) has long championed Prior Learning Assessments, a portfolio approach allowing adult learners to earn credit for what they have learned outside the classroom. Excelsior University, Charter Oaks State University, and Western Governor's University have long allowed students accelerated options for demonstrating their completion of outcomes. And with our earlier mentioned approval for direct assessment, Southern New Hampshire University made history. For the first time, federal financial aid dollars now pay for completed competencies *instead* of three-credit courses. Put another way, education attainment can now be untethered to time and this has profound implications.

The Carnegie Unit, or three-credit-hour course, has been the Higgs-boson particle of higher education. While originally meant to provide a basis for awarding pensions to retired faculty members, it has come

to insinuate itself into every facet of higher education. It is how we unitize knowledge, at least as students come to know it and faculty come to share it. It is how we apportion workload. It is the building block of curricula and programs. It shapes resource and room allocation. And it is the basis for awarding tens of billions of dollars of federal financial aid, the monetary fuel that sustains the industry. The problem is that the Carnegie Unit has allowed us to be very good at reporting how long students sit at their desks, but not very good about demonstrating what they actually learned. The typical transcript is a black box and while seeing that Sally Smith had a “B” in Sociology is helpful for knowing that she outperformed someone with a “B-” or “C+,” it sheds no light on what Sally actually knows and can do from taking that class. CBE reverses the time/learning relationship and makes very clear what students know and can do and cares far less about the time it took to get them there. The very first graduate of SNHU’s College for America (CfA) program went from enrollment to an Associate’s Degree in just three months. The physics of education have changed.

We have targeted CfA at the lowest 10% of wage earners in large companies, adults who have zero to few college credits and who need a degree to improve their skills, retain a grip on their employment, seek better employment, and move up the job ladder within their organizations. We work with large scale employers like ConAgra Foods, McDonalds, Panera Bread, Partners Health, the City of Memphis, Anthem Blue Cross-Blue Shield, and others. Many of these employees are making minimum wage, often not making family sustaining wages. For many, the cost of college, even community college, is prohibitive at a time when approximately 70% of new jobs will require a two-year degree or its equivalent. From the employer side, our partners describe challenges in finding workers with basic foundational skills of communication and quantitative problem-solving, soft skills like the ability to work in teams, and job specific skills such as the use of basic office technologies. They routinely report hiring *four-year college graduates* who lack these skills.

We set out to create CfA with these goals in mind:

- Assure quality: be clear in the claims we make for our learning and stand behind them with rock-solid assessment;
- Remove cost as a barrier to education;
- Help the most marginalized learners get a degree.

By flipping the credit hour construct so that learning is well defined and fixed while time is flexible, we were able to fundamentally re-imagine the degree program. If someone works as a bookkeeper in a small company and has strong math skills, why not let him or her immediately demonstrate mastery of the math competencies and move on? No need to make that person sit through classes for 15 weeks. However, if someone really struggles with writing and needs 18 months to demonstrate mastery, why would we think 15 weeks of First Year Writing would get the job done? Or that giving that person a C- in writing is acceptable to employers?

Instead of courses or credit hours, our degree program has 120 competencies in nine families, 120 “can-do” statements that are demonstrable and measurable. Each competency is defined by a rubric that is

later used for assessing mastery – there is no mystery to student, faculty member, or employer. The skill areas are:

- Foundational Skills
 - Communication
 - Skills
 - Critical and Creative Thinking
 - Quantitative Skills
 - Digital Fluency and Information Literacy
- Personal and Social Skills
 - Personal Effectiveness
 - Ethics and Social Responsibility
 - Teamwork and Collaboration
- Content Knowledge
 - Elective
 - (Business Essentials)

We use cutting edge labor market tools and the best research we can find to construct the actual competencies. We work closely with our employee partners to map competencies and ensure that they are the right ones for the right jobs.

We designed the program to be online, self-paced, and offered in ways that work for students whose lives are consumed by family and work *and then* an education. We leverage the social capital in these students' lives, working to identify mentors and people who can help them learn, and use a powerful peer-to-peer platform to encourage them to help each other. We use open-education resources (OCR) to drive out costs wherever we can. When students graduate, they receive a competency transcript (and can request a traditional one as well) that precisely outlines the 120 competencies they have mastered. Evidence of that mastery resides in a web based portfolio that can be used by the student to share with employers.

In short, we took many of the “givens” in higher education delivery and reversed them:

- Time Fixed, Learning Undefined
- Faculty Centered
- Expert Teaching Model
- High Cost/Price
- Transcript Black Box
- “Big Chunk” Courses
- Learners come to Institution

- Time Variable, Learning Defined
- Student Centered
- Mentor Model
- Drive costs out of model
- Proof of Learning
- Granular Competencies
- Learning comes to Students

We think the movement to competency-based education has profound implications for improving higher education, though it will be painful for many institutions. CBE requires a level of clarity and definition in learning outcomes that many IHEs resist. It requires building learning around individual students and where their strengths and weaknesses lie, not making students conform to rigid institutional structures. It requires actual demonstrated mastery, so students can no longer slide by with mediocre grades and receive a degree at the end. The danger here is that CBE may also for a while decrease college completion rates as we no longer make compromises on the quality of degrees.

How is it going? It is too early to tell as we only launched last January. We do know the following:

- The program does allow accelerated learning: our first graduate went from zero credits to an Associates Degree in under 100 days and we have another 20 who have completed in under 9 months.
- We can drive considerable cost out of the equation and make the program affordable. At \$2500 per year and with access to Pell Grants for our neediest of students and employer reimbursement for many, we have largely removed cost as a barrier to an education.
- Access to technology remains an issue for some. Not technology per se, but up-to-date adequate computing. We are piloting the use of Chromebooks, the \$200 computers, and those are working well.
- Psychologically, students love that the inverse of mastery is not “failure,” but “not yet.” Our model does not punish students with failure, just as it does not reward mediocrity.
- Employers love our focus on competencies.
- Not having traditional instructional faculty is not proving to be a problem. We use academics to construct the learning and to do the assessments, but not in any traditional instructional role. Students, working with the aid of a dedicated SNHU coach (or advisor), access rich learning content, their own resources, and each other, and it is proving very effective thus far.

While technology provides the foundation for what we do (including a rich CRM for advising purposes and data analytics, a new learning platform that we created, and basic online connectivity), the program has reaffirmed for us the core importance of human factors. The advisor relationship, critical for often unconfident adults who have long been out of the classroom, is critical, as is the peer-to-peer learning network we help them create. Employers can have a tremendous motivating role to play as well.

How can the government support more innovation?

A large number of institutions are working on their own CBE programs and will innovate in ways different than we have and that's an important first principle here: put the focus on outcomes and demand transparency and you can worry a lot less about how you get people there. In fact, you should encourage as many new pathways as possible. Let competencies replace credit hours, that outmoded artifact, and you will spur creativity and innovation in an industry that sorely needs it. But I would not yet dispense with the credit-hour. We still need to know a lot more about how CBE programs best work and we are only at the start of this new movement. We do not even yet have an agreed upon taxonomy of programs, a nomenclature, nor principles of best practice. This should be a time for experimentation and I would urge you to continue to create and support safe spaces for innovation (as you have done with the creation of direct assessment and the "experimental sites" authority).

The big problem facing CBE programs right now is that while direct assessment provides a doorway for bold new models, the supporting regulatory guidelines for financial aid disbursement were never changed to support direct assessment and are still very much tied to time-based notions. So we have a fundamental misalignment in which Congress made possible alternatives to time, but the Department of Education still has regulations that pull proposed models back into the time framework. Some examples:

- *Financial aid regulations require that an institution define that a program has met the regulatory minimum for both clock or credit hour and weeks of instructional time. A week of instructional time is based on a period of 7 consecutive days in which there is at least 1 day of instructional time. Competency based education is self-paced and not based on "seat time."*
- *Current guidelines do not allow us to try pay for performance models in which we only pay for competencies earned. Aid is now paid up front, though students have no idea of how fast they will proceed through the program. There is no incentive for students to stay in school because aid is disbursed upfront. There is also no incentive for students to move through the program at a faster pace because aid is only disbursed per term not based on completion of credits.*

Regulatory concepts like *satisfactory academic progress* and *learning activity* make little sense in CBE models that focus learning, not time.

Thankfully, Congress created the opportunity for innovative safe spaces that could be used to test out changes to direct assessment (and other) rules: experimental sites authority that allows for innovation around financial aid disbursement. The experimental sites initiative allows institutions to "test" certain regulatory and statutory changes and gather data before implementing a change to regulations or to HEA. Given the Committee's intent to reauthorize HEA, we were pleased to see the Department of

Education announce its intent to use experimental sites to help inform your policy process. We were also pleased to see the introduction of a competency-based demonstration project in the House. We need as many safe spaces as we can to test out these emerging approaches. We hope to see experimentation around financial aid in the CBE context.

What kinds of things?

- The ability to base aid on developing a Cost of Attendance (COA) that would allow the institution to use Professional Judgment for all components so that the institution could either limit aid to just the cost of tuition or could adjust if the student had a legitimate need.
- Allow institutions to pay aid after the term has ended and student has completed coursework. Perhaps in a shared risk model.
- Allow ambitious students to progress through the program at a faster pace and receive aid based on completion, not on registration. Allow institution to disburse aid based on the completion of competencies and not require students to pause and wait for the start of the next term to receive an additional disbursement. Their living expense would be paid based on their pace in the program.
- Open up the definitions of instructional activity to allow for activities that might not be tied to a class or an instructor. For example, working with adaptive learning software.
- Eliminate the notion of weeks of instructional time to pay aid. Students might have to show that they are doing “something” every seven days (and the competency based model as CFA envisioned is more fluid with stops and starts). The current regulations don’t allow for flexibility in instruction and the payment of aid.
- Allow FA Administrators to limit loans funds based on programs. Competency based education is low cost. Not only do we want to reduce the amount of student debt, there is also a cost to the institution to administer aid. Non-need based aid adds additional costs to both the student and the institution. Allowing us to limit aid could potentially lower default rates. We know this is controversial, but we might at least play with models.
- Base payment of aid on a flat rate tuition charge rather than a competency or credit hour standard. We do set a flat tuition rate, but aid is paid based on how many competencies are taken, not on the tuition. We would want to directly tie the payment of aid to tuition and skip the competency requirement.
- Add additional resources to financial literacy training. Just as students currently have to “participate” in Constitution Day in order to be able to get aid, students should have to participate in financial literacy programs during their course of study in order to be able to borrow loan funds and accumulate debt.
- Develop programs that allow K-12 students to take competency based programs so that they earn a degree or portion of a degree while in high school. The President raised the

possibility of Pell Grants for high school dual enrollment and we think there is no reason that motivated high school students can't use CBE programs to graduate high school with one, and even two, years of college.

- Worry less about what kinds of learning count (Prior Learning Assessments, for example) and more about the actual outputs: what students know. The federal government spends billions of dollars every year on failure. It's time to pay for success, however students cross that finish line.

While we worked closely with Department of Education officials in the approval of CfA and sensed a positive and collaborative spirit, the current regulations meant that we were forced to shoehorn our program into guidelines that remain time-based, even though our program is about actual learning, not time.

The added advantage of experimental sites is that they provide a controlled environment in which we can learn. For example, we still lack agreement on what counts as a competency and how to unitize them. By analogy, if competencies are replacing the credit hour as currency, we still do not have a system of exchange rates. The last thing we want to do in CBE is replicate the wasteful and inefficient system of transfer credits that costs billions of dollars of tuition money every year. Just as we need a taxonomy and nomenclature for the CBE movement, we need national standards on the definition of competencies established by the academic community. We also need to think through how we want competencies to cohere into programs. In short, there are a lot of questions and experimental sites can help answer them.

One of the things that can help is the creation of robust accreditation pathways, either as an alternative within the regionals or through a newly created accreditation body focused on CBE. Current accreditation standards, like current financial aid regulations, were built for credit-hour based institutions. We need to rethink what defines quality in CBE programs, what questions we should ask of any proposed program, and demand more transparency and data than we currently do with traditional programs.

For all the excitement about MOOCs and technology, the real game changer in higher education may be the advent of this new generation of competency-based education programs. There is now the opportunity to reinvent our business models and make dramatic improvements around cost and access and quality. These programs will start with marginalized learners like the ones we serve with CfA - -all disruptive innovation gets traction with those who have few other choices - but CBE will come to offer powerful new alternatives for every student market and will allow us to rethink education for the next century. In addition, by bringing more focus to outcomes, CBE programs also stand to greatly improve the performance of the traditional credit-hour based programs that will make up much of higher education for some time to come.