KEEPING COLLEGE WITHIN REACH: IMPROVING HIGHER EDUCATION THROUGH INNOVATION

HEARING

BEFORE THE

COMMITTEE ON EDUCATION AND THE WORKFORCE

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Chairman KLINE. A quorum being present, the committee will come to order.

Good morning. Welcome. We have a truly excellent panel of witnesses here with us today, and I thank each of them for joining us.

When we consider how higher education is changing, most of us probably think about rising tuition. And that is a fair connection, after all. In-state tuition and fees at public 4-year universities have shot up 81 percent in the last decade, and similar trends can be seen in private institutions and 2-year degree programs.
But tuition increases aren’t the only changes affecting our nation’s higher education system. Student demographics are also evolving.

The number of so-called “traditional” students—young people who enroll in college full time upon graduating high school—is on the decline. According to the National Center for Education Statistics, “nontraditional” students—those who decide to earn a degree later in life, perhaps while working full time—are now the fastest-growing segment in postsecondary education.

Together, these two very different trends are sparking widespread demand for new and innovative modes of delivering a quality postsecondary education at a more affordable price, and states, institutions, and private entities are rising to the challenge.

Several states, including Kentucky and Wisconsin, are embracing competency-based models of education. These programs establish the skills a student needs to succeed in a given field of study, provide the student with all the necessary materials, and give him or her the opportunity to learn the materials with the help of tutors or instructional mentors at his or her own pace. Once the student is ready, he or she demonstrates competency in the subject through an exam.

Recognizing the amount of time a student spends in the classroom isn’t the only way to measure learning, a growing number of colleges and universities now offer prior learning assessments. These assessments determine whether the knowledge a student has obtained through previous education or work experience merits college credit, helping students avoid the redundancy of taking courses they simply don’t need.

Like competency-based models and prior learning assessments, online coursework provides another flexible alternative to the traditional college classroom setting—something that is particularly beneficial to nontraditional students who have family or career obligations. Instead of forcing students to deal with limited enrollment and high tuition, Massive Open Online Courses, or MOOCs, provide students the opportunity to take the courses they want, when they want, all from the comfort of home.

According to the Sloan Consortium’s annual survey of online learning, nearly 7 million students took at least one online course during the fall 2011 term, an increase of more than half a million students over the previous year. Building on the popularity of MOOCs and online coursework, private entities are also offering general education classes online at a nominal fee, helping students complete prerequisite coursework or finish earning a degree faster and more affordably.

As we continue to prepare for reauthorization of the Higher Education Act, we must ensure federal policies support these state and local efforts to challenge the status quo and pioneer new modes of education delivery. I remain concerned some federal regulations advanced as part of the Obama administration’s package of program integrity mandates could stand in the way of the higher education innovation students want and so desperately need.

The heavy-handed Gainful Employment, State Authorization, and Credit Hour regulations will almost certainly prevent states and institutions from continuing to find new ways to offer students
a quality education at a lower price. There is bipartisan agreement these regulations create unnecessary burdens for students and schools and should be repealed. Rest assured the committee will continue working toward this goal in the coming months.

Once again, I would like to thank our witnesses for participating today. I look forward to gaining their perspectives on ways states, institutions, and private entities are supporting innovation in our nation’s higher education system.

With that, I would like to yield to the senior Democratic member of the committee, George Miller, for his opening remarks.

[The statement of Chairman Kline follows:]

Prepared Statement of Hon. John Kline, Chairman, Committee on Education and the Workforce

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When we consider how higher education is changing, most of us probably think about rising tuition. And that’s a fair connection; after all, in-state tuition and fees at public four-year universities have shot up 81 percent in the last decade, and similar trends can be seen at private institutions and two-year degree programs.

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Mr. MILLER. Thank you very much, Mr. Chairman.

Good morning. We meet today to examine ways to improve higher education. We will look at innovations from around the country developed by states and schools alike to make college more accessible, more affordable, and to improve retention and completion rates. These discussions will hopefully inform our efforts to reauthorize the Higher Education Act so that the federal policy can promote and support innovations that benefit students.

But there is an elephant in this room we cannot ignore. While we like to start looking at the future, Congress has failed students miserably in the past and we need to fix that.

One week ago interest rates for more than 7.2 million students doubled from 3.4 percent to 6.8 percent. This should have never happened. With the job market still recovering, interest rates at a historic low, student loan debt at a record high $1.1 trillion, we should not be asking students with the greatest need to be burdened by the highest loan cost—by higher loan cost.

Because Congress has not acted, this rate will increase the cost borrowers of an additional $1,000 per student per loan on their next loans. These borrowers are students like 28-year-old Brandon Anderson.

Brandon had a difficult upbringing. He dropped out of high school and lived on his own because of family issues. He joined the Army and completed two tours of Iraq and next May he will graduate with a bachelor's degree from Georgetown University.

Unfortunately, even while getting help from the G.I. Bill and significant aid from his school, Brandon is set to graduate with nearly $25,000 in student loan debt. And thanks to this Congress' inaction, Brandon will pay double the interest on next year's student loans.

Brandon's loan debt has already caused him to forego his dream of owning his first home before age 30 and abandon even more immediate needs like helping out his younger sister. This Congress has not done right by Brandon and millions of other students who will graduate with mountains of debt. What the Congress has done is far from inexcusable.

The House passed a Republican bill that featured a bait and switch rates that actually made college even more expensive than letting the rates double. Democrats offered a proposal that would freeze interest rates at 3.4 percent for 2 years while Congress considers a long-term, comprehensive solution to address rising college costs and affordability during the reauthorization of the Higher Education Act, but our proposal was not allowed a vote on the House floor and neither was President Obama's plan. At every corner, and specifically in the Senate and the House Rules Committee,
Republicans have blocked consideration of any bill that would provide debt relief to students, insisting instead that students be taxed higher interest rates to pay for the deficit.

So if we want to improve access and affordability to higher education, our immediate job today as members of one institution with the power to do so should be to reverse the interest rate hike on 7.2 million college students. That is why 2 weeks ago, after efforts to stop the rate hike had clearly stalled, my colleagues and I introduced the Keep Student Loans Affordable Act of 2013. It is a 1-year stopgap measure to keep rates low while all parties work out their differences on a longer-term solution.

And longer-term comprehensive solutions to rising college costs are critically needed. Those solutions will take time and effort. Congress, states, and institutions must work together to examine cost structures and ensure that we do not price students out of a higher education.

The full reauthorization of HEA should promote affordability, retention, and completion. Through cost-saving measures like redesigning courses, recognizing prior learning, making better use of education technology, institutions can keep costs down to provide greater affordability for students.

For example, the University of Maryland's system integrated course redesign to increase class size but continue actively engaging students in their studies. Arizona University, Western Governors University, Southern New Hampshire University, among others, are beginning to look beyond seat time to provide competency-based degrees, potentially shortening students' time to achieve a degree. And many institutions are going online to reach a broader audience and provide low-cost, high-quality education to students.

These are positive steps and I look forward to hearing from our witnesses today about how they are utilizing technology and other innovations on campus to reduce college cost for students.

In the meantime, we can make a difference right now by acting to keep rates low for at least another year. I joined 28 other members of this committee on our side, formerly—excuse me—on June 28th—I am sorry—otherwise we have a majority, I think. Stopped your heart, didn’t it? [Laughter.]

I joined other members on June 28th to formally ask for a special meeting of the committee to mark up the Keep Student Loan Affordable Act but received no response. We can schedule that markup right now if a majority of this committee signs the special meeting notice.

On our side all of the members have signed this notice and we only need three members from the other side of the aisle to sign this document and we can move legislation to reverse that rate hike. The petition is over here on display.

Students need interest rate relief now. Congress needs to act today to reverse this increase. We cannot let the American dream become a dream permanently deferred for millions of college graduates drowning in debt.

We counted on people like Brandon Anderson in Iraq and now they are counting on us. Let's get this done.

I yield back my time.
[The statement of Mr. Miller follows:]

Prepared Statement of Hon. George Miller, Senior Democratic Member, Committee on Education and the Workforce

Good morning, Chairman Kline. We meet today to examine ways to improve higher education.

We will look at innovations from around the country, developed by states and schools alike, to make college more accessible and more affordable and to improve retention and completion rates. These discussions will hopefully inform our efforts to reauthorize the Higher Education Act—so that federal policy can promote and support innovations that benefit students.

But there's an elephant in this room that we cannot ignore. While we'd like to start looking to the future, Congress has failed students miserably in the present. We need to fix that.

One week ago, interest rates for more than 7.2 million students doubled from 3.4 percent to 6.8 percent. This should not have happened.

Because Congress has not acted, this rate increase will cost borrowers an additional $1,000 per student, per loan. These borrowers are students like 28-year-old Brandon Anderson.

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Democrats offered a proposal that would freeze interest rates at 3.4 percent for two years, while Congress considers long-term, comprehensive solutions to address rising college costs and affordability, during the reauthorization of the Higher Education Act.

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sity, among others, are beginning to look beyond seat time and provide competency-based degrees—potentially shortening students’ time to achieve a degree.

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We cannot let the American Dream become a dream permanently deferred for millions of college graduates drowning in debt. We counted on people like Brandon Anderson in Iraq. Now they are counting on us. Let’s get this done.

I yield back.

Chairman Kline. The gentleman yields back.

Pursuant to committee rule 7(c), all committee members will be permitted to submit written statements to be included in the permanent hearing record. Without objection, the hearing record will remain open for 14 days to allow statements, questions for the record, and other extraneous material referenced during the hearing to be submitted in the official hearing record.

It is now my pleasure to introduce our distinguished panel of witnesses.

Mr. Scott Jenkins currently serves as the director of external relations at Western Governors University where he collaborates with state and federal policy leaders to expand affordable higher education capacity through the WGU competency-based model.

Dr. Pamela Tate is the president of the Council for Adult and Experiential Learning, CAEL, a national non-profit educational organization committed to expanding lifelong opportunities for adults.

Mr. Burck Smith is the CEO and founder of StraighterLine, which provides online college course credit to students. Prior to launching StraighterLine he cofounded Smarthinking, the largest online tutoring provider for schools and colleges.

And Dr. Joann Boughman currently serves as the senior vice chancellor for academic affairs at the University System of Maryland.

Before I recognize each of you to provide your testimony I will remind you of our lighting system. It is not actually too complicated. It is green, yellow, and red.

When the yellow light comes on please look to winding up your testimony. When the red light comes on try to wrap up as expeditiously as you can.

I am loath to gavel down witnesses; we want to hear from you. But we need to hear from all of you and my colleagues would like the opportunity to engage in the discussion. As they all know, I am less reluctant to drop the gavel if they go beyond 5 minutes because everyone deserves a chance here today.

I would now like to recognize Mr. Scott Jenkins for 5 minutes.

You are recognized, sir.
Mr. Jenkins, Chairman Kline, Ranking Member Miller, members of the committee, thank you for the opportunity to testify before the committee today. I am Scott Jenkins from Western Governors University and I appreciate the committee’s interest in considering innovations in higher education.

As the members of the committee know, our nation is facing a crisis in higher education. The Georgetown Center on Education and the Workforce tells us that by 2018 66 percent of new jobs will require a college degree, and today only 40 percent of adults have completed college. This means that the U.S. needs to produce roughly 1 million more qualified graduates a year.

According to McKinsey and Company, to achieve this increase the U.S. would need to increase educational funding by $52 billion a year or increase productivity by 23 percent. We must rethink the way we look at higher education and make fundamental changes, including adopting new models like competency-based learning.

Western Governors University is a nonprofit, fully online university established in 1997 by a bipartisan group of 19 U.S. governors. From the start, WGU has demonstrated that higher education can be both affordable and high-quality. WGU offers accredited bachelor’s and master’s degree programs in the high demand areas of business, information technology, K-12 teacher education, and health professions.

Growing by over 20 percent annually, the university has over 39,000 students and 25,000 graduates in all 50 states. The university is self-sustaining on tuition alone of $6,000 for most programs and we have not raised tuition in over 5 years. The average age of a WGU student is 37 years old, 68 percent work full-time, and a majority have completed some college when they enroll at WGU.

The WGU approach to learning is unique in two important ways, resulting in increased productivity, a higher level of student support, and shorter times to graduation.

First, WGU uses a competency-based learning model which measures learning rather than time. WGU enables students to move quickly through material they already know so that they can focus on what they still need to learn. Students advance by successfully completing assessments that measure competencies.

This model dramatically shortens the time to degree. The average time to complete a bachelor’s degree is just under 3 years.

The second unique attribute of our model is the use of technology to facilitate learning. Even with the improvements in online learning platforms and resources, the majority of online education is simply classroom education delivered through the Internet, instructor-led, time-based, and relatively costly.

In contrast, WGU actually uses technology to provide interactive instruction that allows our students to learn at their own pace. Rather than delivering lectures, our faculty, all full-time, serve as mentors and are fully engaged in the learning process.

We believe that WGU has demonstrated that new models of higher education, using technology and competency-based learning, have the potential to reduce costs and improve quality simultaneously.
I recommend that Congress support legislation creating a demonstration project for competency-based education similar to the 1998 demonstration project for distance learning. This project would allow on a selected basis waivers of current financial aid statutes and rules that would allow innovative colleges and universities to explore ways of delivering education and dispersing financial aid based on learning rather than time.

We need a regulatory environment that supports innovation. Everyone supports the goals of innovation but new regulations take us in the opposite direction.

Two that have specifically had an adverse effect on WGU are those dealing with the credit hour and state authorization. State authorization alone has cost WGU more than $1 million over the past 18 months.

With regards to the credit hour, it locks in place the current lackluster productivity of higher education. If an institution like Carnegie Mellon can create a course that can educate students just as well in half the time as a traditional course they are only permitted to give half the credit for that course.

We need to remove barriers that judge institutions based on seat time, credit hours, and student-faculty ratios. The myth of the credit hour as a proxy to measure learning, allocate funding, or hold students and institutions accountable must end.

We have found ways to use technology to customize learning to individual needs, make college more relevant and meaningful for students, adapt to learning styles, increase productivity, and expand access, and most importantly, improve quality and affordability.

It is in that spirit that I call on Congress to write a new Higher Education Act rather than amending the 1965 HEA. It is clear that neither today’s education nor today’s students resemble those of 50 years ago. In 1965 higher education was more elite and students were generally full-time and between the ages of 18 and 24.

Only 25 percent of today’s postsecondary students fit that mold. Continuing to amend and tweak this 1965 law will do little to expand opportunity, restrain tuition growth, hold institutions and states accountable, or spur institutional innovation needed to education students for an economy that also bears little resemblance to 50 years ago.

Institutions like WGU and a host of emerging innovators are blazing a path forward using authentic learning of competencies as the building blocks of a postsecondary education. It is time to take these successful, innovative higher ed options out of the hot house of ad hoc agreements and waivers and plant them in a hospitable ecosystem where they can flourish for the next 50 years.

I appreciate the opportunity and we look forward to working with you to advance innovation in higher education. I look forward to answering any questions you have.

[The statement of Mr. Jenkins follows:]

Prepared Statement of Alan Scott Jenkins, Director of External Relations, Western Governors University

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from Western Governors University, and I appreciate the Committee’s interest in considering innovations in higher education.

As the members of the Committee know, our nation is facing a crisis in higher education. The Georgetown Center on Education and the Workforce tells us that by 2018, 66% of new jobs will require a college degree, and today, only 40% of adults have completed college. This means that the U.S. needs to produce roughly one million more graduates per year—40% more than we are producing today—to ensure that we have the skilled workers we need. According to a report published by McKinsey and Company in November 2010, to achieve this increase in degree production at the current cost, the U.S. would need to increase educational funding by $52 billion a year or increase higher education productivity by 23%.

We know that we cannot increase funding for higher education at that level, so we must find ways to make higher education more productive and affordable. Efforts to cut a few percentage points of cost by streamlining administrative processes, reducing facility costs, and other savings measures will not be enough. We must re-think the way we look at higher education and make fundamental changes, including adopting new models like competency-based learning.

In a report for the Center for American Progress, “Disrupting College, How Disruptive Innovation Can Deliver Quality and Affordability to Postsecondary Education,” Harvard Business School Professor Clayton Christensen and the Center’s Director of Postsecondary Education Louis Soares discuss disruptive innovation in higher education. The report applies the principles of disruptive innovation—using technology and changing the business model—as an approach to make higher education more affordable and accessible. WGU and WGU Indiana are cited as examples of disruptive innovators in higher education.

Western Governors University (WGU) is a nonprofit, fully online university established in 1997 by a bi-partisan group of 19 U.S. governors. The university’s mission from the start has been to demonstrate that higher education can be both affordable and high quality. WGU offers accredited bachelor’s and master’s degree programs in the four high-demand workforce areas of business, information technology, K-12 teacher education, and health professions, including nursing. Growing by over 20% annually, the university has over 39,000 students and 25,000 graduates in all 50 states and the District of Columbia.

WGU provides high-quality education that is very affordable. The university is self-sustaining on tuition of $6,000 per year for most of our programs, and, while other institutions are raising tuition annually, WGU has not raised tuition for five years.

Today, 37 million American adults have started, but not completed, a college degree. WGU was created to meet the needs of working adults and other individuals who do not have access to more traditional higher education. The average age of WGU students is 37 years old, most of our students have families, 68% work full time, and the majority have completed some college when they enroll at WGU. In addition, 76% are classified as underserved (ethnic minority, low income, rural, or first generation to complete college).

The WGU approach to learning is unique in two important ways, resulting in increased productivity, a higher level of student support, and shorter times to graduation. First, rather than simply delivering classroom instruction through the Internet, WGU uses a competency-based learning model, which measures learning rather than time. This approach allows students to earn their degrees by demonstrating their mastery of subject matter rather than spending time in class to accumulate credit hours.

We know two important things about adult learners: they come to college knowing different things, and they learn at different rates. Rather than requiring all students to complete the same classes, all lasting four months, WGU has created a model that allows students to move quickly through material they already know so they can focus on what they still need to learn. Students advance by successfully completing assessments that measure competencies, such as exams, papers, and performance tasks. To pass, they must earn the equivalent of a “B” grade or better. This model dramatically shortens the time to graduation—the average time to complete a bachelor’s degree is just under three years.

Required competencies for each degree program are defined in collaboration with external program councils that are composed of representatives from industry and higher education. By working with these councils, we ensure that our students graduate with the knowledge and skills employers need.

The second unique attribute of our model is the use of technology to facilitate learning. Technology has increased the productivity of nearly every industry except education, where it is most often an add-on cost and not used to change or improve teaching and learning. Even with the improvements in online learning platforms
and resources, the majority of online education is simply classroom education delivered through the Internet, instructor-led and time-based. As a result, most online higher education is no more affordable and no better than traditional education.

In contrast, WGU actually uses technology to provide interactive instruction that allows students to learn at their own pace. Rather than delivering lectures, our faculty, all full time, serve as mentors, and are fully engaged in the learning process, leading discussions, answering questions, and serving as role models for their students. WGU does not develop course content and curriculum; faculty members identify and qualify learning resources from the best third-party sources in the country.

The Northwest Commission on Colleges and Universities accredits WGU. The WGU Teachers College, which offers initial teacher licensure as well as nationally recognized math and science education programs, has earned accreditation from the National Council for the Accreditation of Teacher Education (NCATE) and is on the National Center for Teacher Quality (NCTQ) Honor Roll. Our nursing programs are accredited by the Commission for Collegiate Nursing Education (CCNE).

The debate used to be whether online learning was "as good as" classroom education. That is not the right question. The question is, can technology and competency-based learning allow us to have better education at lower cost. We need to improve both quality and affordability.

At WGU, we measure our success by the engagement and success of our students. Here are some key data:

- In the National Study of Student Engagement (NSSE), WGU consistently scores significantly above the average of all participating institutions in areas such as the level of academic challenge, relationships with faculty, and overall educational experience.
- The university's one-year retention rate is 79%, and 85% of our students are in good academic standing.
- On our most recent student satisfaction survey, 97% reported that they are satisfied with their experience and that they would recommend WGU.
- Approximately 65% of graduates surveyed said they had received a raise, promotion, or new job as result of their WGU degree, and 97% said they would recommend WGU.
- On our 2012 employer survey, 98% rated the preparation of WGU graduates as equal to or better than graduates of other universities; 55% rated it better.
- On the Collegiate Learning Assessment, which measures general education skills, WGU's value-added score was in the 93rd percentile of all universities participating.

We do not claim that we have achieved the perfect model for higher education at WGU. But we believe we have demonstrated that new models of higher education—using technology and competency-based learning—have the potential to reduce costs and improve quality simultaneously.

As the U.S. higher education community works to increase access and affordability, I encourage the Committee and Congress to support the institutions that are "disruptive innovators," providing quality education at a lower cost. Opponents of new models and innovative approaches to higher education can be vocal and sometimes convincing, but the best way to evaluate the quality and effectiveness of these institutions is on their educational results—that is, is it high quality, affordable and effective in meeting the needs of students and employers.

Specifically, I recommend that Congress support legislation creating a "Demonstration Project" for competency-based education, similar to the 1998 demonstration project for distance learning. This project would allow, on a selected basis, waivers of current financial aid statutes and rules that would allow innovative colleges and universities to explore ways of delivering education, measuring quality, and disbursing financial aid based on learning, rather than time. This project could also help determine the specific statutory and regulatory requirements which should be altered to encourage the development of high quality, competency-based degree programs.

We also need a regulatory environment that supports innovation. Everyone supports the goals of innovation, but we have seen over the past several years that rather than supporting innovation, new regulations have been enacted that take us in the opposite direction. Two of those regulations that have specifically had an adverse effect are those dealing with Credit Hour and State Authorization. Simply put, State Authorization has cost WGU more than $1,000,000 over the past 18-months. Those precious dollars could have been spent much more effectively on students.

With regards to the Credit Hour regulation, it perpetuates the myth of measuring time and distributing financial aid based on time. Specifically, it locks in place the current productivity of higher education. If an institution like Carnegie Mellon can create a course that can educate students just as well in half the time as a tradi-
tional course, they are only permitted to give half the credit for that course, even though the learning is equal or better than the traditional course. We need to remove barriers that judge institutions based on seat time, credit hours, and student-faculty ratios. The myth of the credit hour as a proxy to measure learning, allocate funding, or hold students and institutions accountable must end. It creates perverse incentives that hinder progress and innovation. We base almost every policy in higher education on a vague "credit hour" measure equaling 15 clock hours of actual time in the classroom and 30 hours of study time outside of the classroom. It's clear that we don't actually measure this time and if we did, it would vary widely between students. Colleges and universities should be held to a higher standard, an unambiguous standard of actual student learning. It is vital that Congress support new, more cost-effective models of higher education. America needs our legislators to highlight and promote new models that focus on outputs and ensure that future legislation and regulations support, rather than hinder, development of new models.

It is time for higher education to fully take advantage of technology to re-think higher education. We have found ways to use technology to customize learning to individual needs, make college more relevant and meaningful for students, adapt to student learning styles, increase productivity, expand access, and, most importantly, improve quality and affordability. It is in that spirit that I call on Congress to write a new Higher Education Act, rather than amending the 1965 HEA, written almost 50 years ago. It is clear that neither today's education nor today's students resemble those of 50 years ago. In 1965, higher education was more elite, and students were generally full-time and between the ages 18 and 24. Only 25% of today's postsecondary students fit that mold. The Internet and personal computers hadn't been invented yet. Continuing to amend and tweak this 1965 law will do little to expand opportunity, restrain tuition growth, hold institutions and states accountable, or spur the institutional innovation needed to educate students for an economy that also bears little resemblance to 50 years ago. Institutions like WGU, and a host of emerging innovators, are blazing a path forward using authentic learning of competencies as the building blocks of a postsecondary education. It is time to take these successful innovative higher education options out of the hot house of ad-hoc agreements and waivers, and plant them in a hospitable ecosystem where they can flourish for the next 50 years. I appreciate this opportunity and we look forward to working with you to advance innovation in higher education. I look forward to answering any questions that you may have.

Chairman Kline. Thank you.

Dr. Tate, you are recognized for 5 minutes.

STATEMENT OF DR. PAMELA TATE, PRESIDENT AND CEO, COUNCIL FOR ADULT AND EXPERIENTIAL LEARNING

Ms. Tate. I want to thank Chairman Kline and members of the committee for the opportunity to testify. I am Pamela Tate, president and CEO of CAEL, the Council for Adult and Experiential Learning. We are a national nonprofit organization focused on the adult and nontraditional learner.

The timing is right for rapid expansion of prior learning assessment—I will refer to it as PLA. It is a term that is used to describe a process for evaluating adults' college-level learning from life and work experience for college credit, and there are various methods of doing it: college credit by examination, credit recommendations based on non-college program evaluation, and individualized portfolio assessment.

It has been around for a long time, but with the growing focus on the value of postsecondary credentials and degrees and making education more affordable, it is more important than ever before. One in five people in the country right now—that is over 43 million—have some college credit but no degree. They are typically working adults. They stopped college for many reasons, but the biggest barriers were time and money.
At the same time, the opportunities for learning have exploded in number and variety. Adults are coming to postsecondary ed with learning that has taken place outside our formal institutions.

Think about all the learning that takes place in the military, through employer training, on the job, through self-study, volunteer work, online courses. Some of that learning is college level and you can measure the outcomes.

So PLA is a great solution because it measures learning, not time spent. It saves time and money for students and employers. It keeps students from sitting through classes in subjects they already know.

And yet, not one of our major financial aid programs explicitly covers the cost associated with PLA. Currently, Pell Grants and section 127, employer tuition assistance programs, either do not allow or are unclear about whether PLA is an allowable expense. The financial aid system is simply not structured for a learning outcomes-based—assessment-based approached.

CAEL conducted extensive research in 2010 and we found that adult students with PLA credits are 2 1/2 times more likely to persist to degree completion than adults without PLA credits. We also found that it reduced the time to degree and saved students money.

The public gets it. In a recent Lumina Gallup poll 87 percent of Americans said that students should be able to receive college credit for knowledge and skills acquired outside the classroom.

If this is offered according to accepted CAEL-type quality standards, PLA is a rigorous and demanding assessment of learning. Students have to demonstrate learning that is equivalent to what is gained in college.

And yet, it is still not available and accessible to most adults. We need to bring it to scale and we can no longer wait, given the urgent need to promote affordable degrees and completion of credentials.

Two things have to happen to put it within reach of adult learners: first, access to a large-scale, online PLA service; and second, supportive federal and state policies.

CAEL has been addressing the first issue by working with hundreds of individual institutions to develop PLA programs. We have also launched a national online PLA service called LearningCounts.

But we have also worked with state leaders on creating policies that support PLA statewide. We are already working in Chairman Kline’s home state of Minnesota, Colorado, Georgia, Indiana, Kentucky, Massachusetts, Montana, Ohio, Pennsylvania, Tennessee, Texas, and Wisconsin.

Here is a final example of how PLA can transform lives: Jason Wolfe, a Navy veteran in his 30s, was able to use his military and job training to earn college credit through portfolio assessment for eight courses toward a bachelor’s degree in industrial manufacturing engineering. This enabled him to avoid taking an entire year of courses in subjects he had already learned during service to our country.

For the millions of adult learners who could benefit from PLA, for the employers who need a skilled workforce, and for the taxpayers who should not be asked to pay for courses twice, I respectfully ask that you consider including all forms of PLA that adhere
to quality standards as allowable expenses for financial aid purposes. This change would have a real impact on our country’s ability to build a strong, educated workforce.

And in the meantime, Congress has already authorized the Experimental Sites Initiative under the Department of Education. This would provide a great opportunity to expand our understanding of how PLA can improve access and success for adult learners on a large scale.

Thank you.

[The statement of Ms. Tate follows:]

Prepared Statement of Dr. Pamela J. Tate, President and Chief Executive Officer, Council for Adult and Experiential Learning (CAEL)

I am Pamela Tate, President and CEO of the Council for Adult and Experiential Learning, also known as CAEL. CAEL is a national non-profit organization that is focused on the adult and nontraditional learner. We work with colleges and universities to design programs and services to adults; we connect employers, public agencies, and postsecondary institutions to advance the education of the workforce; we work with states, systems and consortia on solutions for postsecondary learning and credentials; and we educate the public and public officials on what is needed to remediate learning and adult degree completion.

Thank you for inviting me here today. I have been asked to provide you with information about prior learning assessment, also known as PLA. Some definitions may be helpful:

- Prior learning is a term educators use to describe learning that a person acquires outside a traditional academic environment. This learning may have been acquired through work experience, employer training programs, military training or experience, independent study, non-credit courses, volunteer or community service, travel, or non-college courses or seminars, many of which are offered on-line. Some of this learning is equivalent to college-level learning.
- Prior learning assessment (PLA) is the process by which an individual's experiential and other extra-institutional learning is assessed and evaluated for the purposes of granting college credit, certification, or advanced standing toward further education or training.

PLA methods have been used in U.S. colleges and universities for more than forty years. So while PLA itself is not a new innovation, it is a tool that is growing in importance as other innovations in higher education have emerged.

The experiences of the students themselves tell the story. For example:

- A 40 year old married mother of two had never graduated from high school because she had to drop out and get a job in order to help take care of her younger siblings. She started working as a janitor at a transportation company as a teenager and worked her way up to the level of middle manager, a position in which she was responsible for managing servers and analyzing data. She got her GED in 1999, was laid off, and a few years later started taking college classes. She struggled through remedial coursework and progressed to taking regular coursework, studying on and off for 11 years while also working part time jobs. When she learned about PLA, she enrolled at a college that accepted PLA credits. Based on what she had learned from her work experience, she earned six credits from portfolio assessment for two business courses and six credits through a CLEP exam. This past spring, she graduated with a bachelor's degree in communication studies.

The timing is right for increasing student access to PLA given the strong national focus on making college more affordable, promoting degree completion and increasing educational attainment rates—to support our nation’s economic competitiveness. We know from the work just released by Georgetown University’s Center on Education and the Workforce that, at the current production rate in higher education, "we will fall 5 million short of the workers with postsecondary credentials we will need by 2020."
PLA is a proven strategy that should be considered as one important way to support students’ degree completion because it addresses two important issues: first, PLA addresses the biggest barriers to education for working adults, which are time and money; second, because PLA is a critical tool for helping mobile, working adult students who are taking advantage of the new world of higher education that is emerging.

- Addressing the barriers of time and money. One in five U.S. adults—over 43 million people—have some college credits but no degree. These are typically working adults who may have left college for a multitude of reasons but the biggest barriers are always time and money, with the money issue leading some students to incur high levels of debt. PLA saves students time and money because by demonstrating what they have learned, they can receive credit for courses in subjects they have already mastered. They do not need to spend their time in those courses, nor do they need to pay full tuition for those courses. They can advance to higher level courses sooner and accumulate the credit they need for a degree or certificate more quickly. This only makes sense: why should a student’s own money or an employer’s tuition program (or, by extension, the federal government through financial aid programs) pay full tuition for courses in subjects that the student already knows?

- Addressing the new world of higher education. PLA is also a tool that can help students who are taking advantage of the new and free open educational resources such as iTunesU; the new, massive open online courses, also known as MOOCs, offered through EdX, Coursera, Udacity and others; competency-based degree programs; and all of the other learning opportunities available to them in this new world of internet-based learning that is transforming higher education before our eyes. PLA helps by enabling students to validate that learning for college credit that can count towards a credential or degree—at a much lower cost.

As a supporter and promoter of PLA since 1974, CAEL has seen dramatic growth in the interest in PLA in recent years—from individual institutions, state systems, employers and federal leaders. We are also seeing evidence of public support for PLA. In a recent national poll conducted by Lumina Foundation for Education and Gallup, 87 percent of Americans responded that students should be able to receive college credit for knowledge and skills acquired outside the classroom; and 75 percent said that they would be more likely to enroll in postsecondary education if they could receive credit for what they already know.

Yet PLA is still not available and accessible to all students, even though it should be part of every program of study for any student who has college-level learning acquired outside of traditional academia. We need two changes: infrastructure to provide PLA at scale, and federal and state policies—particularly federal financial aid policies—that support PLA.

The infrastructure problem is that not every institution offers the full range of PLA options, if at all. My organization, CAEL, has been addressing that issue by working with individual colleges to develop PLA programs and practices over the past several decades; by working with state leaders on creating policies that support and encourage PLA statewide; and by offering a national online PLA service, LearningCounts.org, in order to bring PLA to the millions of adults with some college but no degree, expanding the capacity of postsecondary education.

The main policy issue is that, currently, federal financial aid programs like Pell grants and federal loans support only traditional time-based learning. The financial aid system under Title IV is not structured for an outcomes-based and assessment-based approach to postsecondary completion. It excludes assessment of prior learning fees, even though these fees significantly reduce the student’s overall student loan debt or the amount to be covered by Pell grants or other educational benefits.

In this testimony, I am providing some additional information about PLA history, current practices, quality standards, and, most importantly, evidence of its value to students in the completion of credentials and degrees. The committee will see that PLA is a proven and valid strategy for supporting mobile and nontraditional learners, and that it does not make sense that our current financial aid rules and regulations create disincentives for students to use PLA. The financial aid system needs to change so that it covers the assessment of learning for college credit or other measures of progress towards a degree—with appropriate safeguards for quality assurance. This change in policy would mean that our financial aid system would support learning, and credential and degree completion, as its goal and not time spent in a classroom.

A Brief History of PLA and the Adult/Nontraditional Learner

CAEL has been supporting and promoting the use of PLA in postsecondary education since the 1970s, a time when postsecondary education began to see a surge
of adult enrollment. It is probably not a coincidence that this surge began around the same time as the initial signing of the Higher Education Act (HEA) in 1965. The support from the HEA and other federal programs made community colleges and need-based financial aid available to more people than ever before, and many adults started taking advantage of that increased access.\textsuperscript{iv}

Some colleges and universities welcomed adults initially because the adult enrollments helped them meet their enrollment goals, so new programs for adults began to emerge. In addition, pressure from legislatures and the public on postsecondary education to become more accountable for performance led to new approaches that assessed what students learned rather than measuring what was taught, including standardized tests like the College Level Examination Program (CLEP) which the College Board had started administering in 1967, and the New York Board of Regents' Regents External Examination Program—now called UExcel—which had been launched in the 1970s.

With funding from the Carnegie Corporation and the Education Foundation of America, the Educational Testing Service and the College Board launched a three year project in 1974 to explore the following question: “Is it possible to assess, validly and reliably, learning acquired outside the classroom for the award of college credit?” At the conclusion of that project (which also effectively served as the launch of CAEL), the findings were that yes, it is possible to conduct valid and reliable assessment of learning gained from work or life experience, with the proviso that appropriate procedures and processes for evaluating that learning are in place.\textsuperscript{v}

Today's learner is, of course, very different from the learner of the 1960s and 1970s, and the educational landscape is very different as well.

• Today’s Learner. When most people think about college students, what comes to mind is the 18-22 year old who attends college right out of high school. Yet, that college student is, in fact, the minority of enrollments these days. Today, students age 25 and older now account for more than 40 percent of all undergraduate enrollment.\textsuperscript{vi} Yet age is not the only differentiator when we look at today’s nontraditional students. In 2002, the National Center for Education Statistics defined nontraditional students as those who:
  • Have delayed enrollment in postsecondary education beyond the first year after high school graduation
  • Attend part time
  • Are financially independent from their parents
  • Work full time
  • Have dependents other than a spouse
  • Are a single parent
  • Have no high school diploma or GED \textsuperscript{vii}

Analysis by the NCES found that more than half of all enrolled students were financially independent, 73 percent had at least one of the above characteristics, and 56 percent had two or more characteristics. In fact, because of these remarkable statistics, there is some discomfort among some postsecondary education leaders about even using the term “nontraditional” since that group is now essentially the norm.

• Student Mobility. Today’s learner is also more mobile than ever before.\textsuperscript{viii} It is now very common for students to earn college credits from two or more institutions. In 2006, analysis showed that almost 65 percent of all undergraduate students attended more than one institution, and 26 percent attended more than two.\textsuperscript{ix}

• Changing Educational Landscape. Student mobility is no longer just about attending more than one postsecondary education institution. Now, mobility of learning experiences extends far beyond the borders of what we know as traditional colleges and universities. There have, of course, always been opportunities for people to learn outside of the classroom. Public television has long offered educational programs, libraries have offered free books on a range of topics, and the workplace has given people countless ways of learning-while-doing. In recent years, however, we have seen the number and range of online learning opportunities explode. Colleges and universities offer online courses, but so do new low-cost providers like StraighterLine, no-cost providers like the Saylor Foundation, and the new entities named earlier that are offering massive open online courses, or MOOCs (many of the most well-known MOOCs are offered in partnership with the nation's elite institutions such as MIT, Harvard, and Stanford).

We are also seeing the rapid growth of other approaches to learning such as competency-based education, which shares with PLA this important concept: that what students know and can do is far more important than where or how they learned it. Competency-based degree programs work this way: the postsecondary education institution defines a degree not in terms of the number of credit hours in various topics, but rather in terms of the competencies that students are expected to dem-
onstrate for graduation. The institution then provides access to learning experiences, which can look like traditional courses or could be learning resources available for free online; finally, the institution assesses the student’s competencies. These assessments should go beyond examining whether a student has acquired knowledge by also requiring that students demonstrate how their learning can be applied.

Even more so than in the 1970s, PLA is an ideal tool for today’s learner in today’s educational landscape. Today’s learner has acquired learning through years of work and life experience and independent learning opportunities online that, if demonstrated to be at the college level, can and should count toward that learner’s education. Today’s learner is also facing dramatic changes in the kinds of learning opportunities available to them. PLA allows these learners to get credit for what they learn, without regard for how or where they learn it.

Current PLA Practices

PLA Methods

The amount of credit (or other recognition) students can earn for their prior learning can be determined through several different types of assessments. There are four generally accepted approaches to PLA:

1. Individualized assessments. In this method, students prepare a portfolio of their learning from a variety of experiences and non-credit learning such as online courses. Then, faculty with appropriate subject matter expertise evaluate the student’s portfolio to determine a credit award.

2. College faculty-developed exams, also called “challenge exams,” allow students to earn credit by taking final examinations faculty create for courses offered at a given institution.

3. Standardized exams such as:
   - Advanced Placement Examination Program (AP exams)
   - College Level Examination Program Exams (CLEP exams)
   - Excelsior College Exams (UExcel)
   - The DANTES Subject Standardized Tests, or DSST Exams

4. Evaluated non-college programs. The National College Credit Recommendation Service (NCCRS) and the American Council on Education (ACE) conduct evaluations, for a fee, of training that is offered by employers or the military. Many employers also work directly with local postsecondary institutions to evaluate their companies’ training. The result of these evaluations is credit recommendations for anyone successfully completing that training.

PLA and Current Practice in Postsecondary Education

Most colleges and universities have some policy in place for awarding credit for learning that takes place elsewhere, but the policies are rarely comprehensive and they vary widely; and few institutions publicize—much less track—the extent to which credit for prior learning is awarded. In addition, the National Center for Education Statistics (NCES) does not currently collect detailed information from institutions regarding their PLA policies and practices. We do know anecdotally and from past survey research that there is great variability in what institutions do offer, when they offer PLA at all. For example, from a survey CAEL conducted of PLA-providing institutions in 2005-2006, we know that most PLA-accepting institutions accept course credits from AP exams and CLEP exams. However, a different subset of institutions accepts ACE credit recommendations, and yet another subset accepts credit through portfolio assessment.

Some institutions—particularly those whose missions focus on the adult learner—offer a full range of PLA options and some institutions have made a concerted effort to fully integrate PLA into their comprehensive approaches to serve adult learners. Some states have established—or are working to establish—system-wide PLA policies and practices. Both the Florida and Pennsylvania state systems, for example, have policies that encourage PLA across all institutions, and Tennessee has developed statewide policy recommendations for PLA across all of its public institutions. Vermont State Colleges has taken a different approach by offering PLA in a coordinated way among a group of institutions. These system wide approaches to PLA are noteworthy in that they formally recognize PLA’s value and encourage its use within and across institutions. These states have chosen PLA as an important strategy for re-engaging adults in postsecondary education. Without this strategy, states recognize that given the changing demographics of the workforce, they will not have the credentialed workforce required for attracting new employers and fostering economic development.
As noted earlier in this testimony, the major impetus for promoting PLA is the fact that the nation’s economic future will depend upon an educated workforce. Georgetown University’s Center on Education and the Workforce has noted that by 2020, 65 percent of all jobs in the economy will require postsecondary training and education beyond high school, and that, at current rates of production, we will be falling short of this need by 5 million workers. For this reason, Congress must take this opportunity of the reauthorization of the HEA to encourage greater postsecondary attainment and degree completion.

Prior learning assessment obviously saves students time and money in that the students do not need to take courses in subjects they already know. In terms of time, CAEL research of adult learners at 48 colleges and universities found that the average number of credits earned through PLA is 17, which is equivalent to more than a semester, 4-6 months, for a full-time student. This time savings can be substantial for working learners who are attending school part time. We know that the longer an adult remains in college, the more likely it will be for life to “get in the way” and cause the student to drop out or otherwise stop their progress. In terms of money, CAEL research suggests that adult students who earn 15 credits through PLA can save from a low of around $1,605 at a large public university to a high of around $6,000 at other institutions.

In addition, PLA advocates and college administrators have long professed that PLA can motivate students to persist in their studies and earn their degrees. Perhaps it is motivating because the finish line is that much closer, but there may be another factor as well. Awarding PLA credit sends students a message that not only can they learn at the college level, but also that they already have learned at the college level. That can be a powerfully motivating message to hear.

There is strong evidence of a relationship between PLA credit-earning and degree completion. In 2010, CAEL conducted a study of more than 62,000 adult students at 48 postsecondary institutions, comparing the outcomes of students with PLA credit to the outcomes of students without such credit. Over a seven year period, PLA students were two and a half times more likely to have earned a degree than students without PLA credit (56 percent compared with 21 percent) (Figure 1).

CAEL also examined the student academic outcomes by different demographic groups and found similar patterns of degree completion regardless of the student’s age, gender, race/ethnicity, income level, GPA, size of institution, and several other characteristics. These positive findings suggest that awarding college credit for sig-
significant extra-institutional learning is an effective way to accelerate degree completion for nontraditional students.

**Quality Standards for PLA**

Leading institutions offering PLA recognize that there is a need to ensure that quality standards are in place for the assessment of a student’s learning that leads to the award of college credit. Many adhere to the Ten Standards for Quality Assurance in Assessing Learning for PLA policies and practices (some colleges know these as the “CAEL PLA Standards”). These standards were derived by Urban Whitaker from principles developed in the 1970s and published by CAEL in Assessing Learning: Standards, Principles, and Procedures in 1989; the standards were most recently revised in 2006 for a second edition of CAEL’s Assessing Learning by Morry Fiddler and Catherine Marienau.

The ten standards include five academic standards and five administrative standards:

1. Credit or its equivalent should be awarded only for learning, and not for experience.
2. Assessment should be based on standards and criteria for the level of acceptable learning that are both agreed upon and made public.
3. Assessment should be treated as an integral part of learning, not separate from it, and should be based on an understanding of learning processes.
4. The determination of credit awards and competence levels must be made by appropriate subject matter and academic or credentialing experts.
5. Credit or other credentialing should be appropriate to the context in which it is awarded and accepted.
6. If awards are for credit, transcript entries should clearly describe what learning is being recognized and should be monitored to avoid giving credit twice for the same learning.
7. Policies, procedures, and criteria applied to assessment, including provision for appeal, should be fully disclosed and prominently available to all parties involved in the assessment process.
8. Fees charged for assessment should be based on the services performed in the process and not determined by the amount of credit awarded.
9. All personnel involved in the assessment of learning should pursue and receive adequate training and continuing professional development for the functions they perform.
10. Assessment programs should be regularly monitored, reviewed, evaluated, and revised as needed to reflect changes in the needs being served, the purposes being met, and the state of the assessment arts.

These standards for quality assurance in PLA policy and practice are followed by many institutions voluntarily in order to assure their students and accreditors that credit is being awarded based on a rigorous process of assessing a student’s college level learning. Many postsecondary institutions attest to following these specific standards on their websites, while others customize the standards to their specific institutional considerations. As noted by the Assessing Learning authors, “A conscious decision to adopt the standards—or reject them but replace them with a different set—is the most practical starting point for bringing the standards to life. Not surprisingly, this conscious decision, and the discussions or debates that come with it, provide a foundation for aligning good policies with good practices.”

Several of the six regional accreditors also reference the CAEL quality standards in their own policies regarding PLA.

**Why Policy Needs to Change to Support PLA**

CAEL has spent much of the last 40 years promoting PLA within postsecondary education institutions across the country. In the process, we have come to realize that working with individual institutions, one at a time, will not bring PLA to scale, and the country can no longer wait given the urgent need to promote affordable degree and credential completion. Two things need to happen to put PLA within reach of adult learners: the availability of an on-line, large scale PLA infrastructure, and supportive federal and state PLA policy.

**Building Large Scale Infrastructure for PLA**

As noted at the beginning of my testimony, the infrastructure problem is that only rarely do institutions offer the full range of PLA options. One way that we have been addressing that issue is by working with individual colleges to develop PLA programs and practices, train their leadership and staff to better understand PLA, and train their faculty on best practices in portfolio assessment according to our quality standards.
We are also working to build awareness among students and employers, since many do not know about PLA or of its potential benefits.

For institutions that have not developed their own PLA programs, or who do not have the capacity to assess learning in all areas, CAEL launched and now offers LearningCounts.org, an online PLA service. LearningCounts provides initial advising to adult learners to determine whether they are good candidates for PLA and what PLA methods are appropriate. The service also offers online courses on how to develop a portfolio, and uses faculty assessors from throughout the U.S., trained by CAEL, to assess students’ portfolios for college credit. LearningCounts is not intended to compete with existing PLA services at postsecondary institutions, but rather to increase capacity where it is needed. Some postsecondary education systems are, in fact, turning to LearningCounts as a way to offer consistent PLA services across multiple colleges and universities rather than building each college’s system from scratch. Examples include the Pennsylvania State System of Higher Education and the Alamo Colleges (a community college system in San Antonio).

Supportive Federal and State PLA Policy

Large scale PLA can be implemented more quickly by a state system approach. Therefore, we have also been working with state leaders on creating policies that support and encourage PLA across multiple institutions, most notably Chairman Kline’s state of Minnesota, as well as Colorado, Georgia, Indiana, Kentucky, Massachusetts, Minnesota, Montana, Ohio, Pennsylvania, Tennessee, Texas, and Wisconsin. A few states have already passed legislation or established state-wide policies for PLA, and most of this activity has been in the last two years or so.

One of the biggest policy barriers, however, is federal financial aid. Some methods of PLA do not cost anything for the student, but many important ones do have reasonable fees to cover the cost of expert faculty assessment. Currently, federal financial aid programs like Pell grants support only traditional time-based learning. The financial aid system is not structured for an outcomes-based and assessment-based approach to postsecondary completion, even if those approaches have the potential to help the student make real progress toward a degree or credential at a lower cost. The financial aid system does not consider as eligible educational expenses any assessment fees. Without a fresh approach to financial aid in its treatment of PLA, adults will not have the same incentive to have their college level learning count when it matters the most.

Right now is the ideal time to examine what kind of changes need to be made to the HEA in order to support PLA as an allowable expense for federal financial aid while ensuring adherence to quality standards. A few years ago, Congress gave the U.S. Department of Education the authority to examine just these kinds of questions through the “experimental sites” initiative. Testing various models for using federal financial aid for PLA, through experimental sites, would help to inform the changes to be considered in the future reauthorization of the HEA.

Such a change in the HEA for Pell grants could be a model for other federal educational benefit programs for explicitly covering PLA-related expenses. For example, the GI Bill education benefits are unclear as to whether veterans can take advantage of PLA through the portfolio method. Similar clarity is also needed for workforce training programs under the Workforce Investment Act, many of which involve postsecondary level instruction and credentials. Further, some employers believe there needs to be clarity on PLA as an allowable expense for employer educational benefits in Section 127 of the tax code. Employers are supportive of PLA and know that it can save their employees time and money, but some are concerned about whether PLA is allowed under Section 127.

I respectfully ask that this committee recommend to the Department of Education the establishment of an experimental site for PLA, in order that we might learn how best to structure financial aid coverage of PLA. Seeing financial aid coverage for PLA in the reauthorization of HEA would have powerful impact on our country’s ability to build a strong, educated and credentialed workforce. Thank you. I look forward to answering any questions you may have.

ENDNOTES


2 American Community Survey, Educational Attainment, Table S1501, 2011.

Chairman KLINE. Thank you.

Dr. Boughman, recognized.

STATEMENT OF DR. JOANN A. BOUGHMAN, SENIOR VICE CHANCELLOR FOR ACADEMIC AFFAIRS, UNIVERSITY SYSTEM OF MARYLAND

Ms. Boughman. Mr. Chairman and members of the committee, I am Dr. Joann Boughman, senior vice chancellor for academic affairs at the University System of Maryland. I thank you for the op-
portunity to share some information about how the USM and its 12 institutions are keeping college within reach for all of our citizens.

Our public system includes research one institutions, comprehensives, HBCUs, and one totally online university, putting us in an enviable position to design and test many kinds of academic innovations. With the leadership of a very active board of regents and our vibrant Chancellor William “Brit” Kirwan, USM has become a leader in many areas of academic transformation that will enable our very diverse student body of more than 55,000 to attain college degrees.

Recent advances in technology impacting both online and classroom learning have demonstrated that active and interactive strategies improve the ability of students to succeed. Advances in cognitive sciences lead to better teaching as we understand how people learn. We must adapt an academy built on tradition to better teach and provide flexibility to today’s population.

The path to a secure personal economic future rests with educational attainment. Too many of our economically disadvantaged students are not obtaining higher education credentials.

A child born in the low—highest quartile of income has a more than 85 percent chance of obtaining a child—college degree, while a child born in the lowest quartile has less than an 8 percent chance of earning a degree. The probability that that disadvantaged child will climb the educational ladder is lower in the United States than most other developed countries. This cannot continue if we are to succeed in a highly competitive global market.

USM has been recognized by the Lumina Foundation for creating new models of lower-cost, high-quality approaches, substituted for traditional academic delivery. Our system is redesigning bottleneck courses and two-and 4-year institutions across the state. Redesign can shorten lecture time, incorporate individualized learning approaches, and provide students with ongoing feedback. Our experience has shown that such efforts help address problems such as inconsistent preparation amongst students that are coming to college.

Thus far, we have supported the redesign of about 70 courses with more than 20,000 students having taken those courses. The early results in our comparisons are promising, showing a cost savings of nearly 30 percent per course and an increase in student success. We have now launched a major longitudinal study to more broadly assess the impact and value of these courses.

The USM is also investigating ways to incorporate MOOCs into our existing courses in degree pathways. While standalone MOOCs are increasingly prevalent, their audience is the global market and general public, and the manner in which credit might be given within a degree program is still unsure. Our challenge is determining whether or not MOOCs or portions of these MOOCs can be used to enhance the learning from a credit-bearing course in a degree pathway.

We have also created a Center for Innovation and Excellence in Learning and Teaching, creating a culture of higher education innovation in Maryland. This work performed by the USM has led the state to providing $13 million in enhancements funds, most of those going to academic innovation processes on our campuses.
Efficiency in higher education is a priority for our board of regents. Our time to degree has decreased from 4.8 years to a record low of 4.3 years across all 12 institutions.

The systematic reengineering of our administrative and academic functions to reduce costs while enhancing quality has received significant international and national attention. Administratively, we have removed more than $350 million in direct costs and millions more in cost avoidance. These efforts are a part of our ability to keep costs lower for our students.

Since 2008 our tuition has risen only 2 percent for full-time, in-state students, compared to a national average of 27 percent. Academically, U.S. enrollment, community college transfers, and degrees awarded are all at record highs while time to degree is decreasing.

USM is also focused on the way we distribute financial aid. A commission found that we were disproportionately using our aid for merit. The board responded with a policy stipulating that low-income students should incur debt at a rate at least 25 percent less than the average student debt. We reached that goal in 2012 and are pleased that we continue to focus on providing access and affordability as well as quality.

In the higher education sector we take our responsibility of keeping college within reach very seriously and we continue to pursue a variety of innovations that will enhance student success while remaining firm in our conviction of access, inclusion, and quality.

Those of us in leadership positions in higher ed must show both courage and adaptability to attain these goals while we work to keep the U.S. higher education system the best in the world.

Thank you very much.

[The statement of Ms. Boughman follows:]

Prepared Statement of Dr. Joann Boughman, Senior Vice Chancellor for Academic Affairs, University System of Maryland

I am Joann Boughman, Senior Vice Chancellor for Academic Affairs at the University System of Maryland (USM). I am pleased to join you to share some information about the manner in which the USM and its 12 institutions are meeting the challenges of keeping college within reach for all of our citizens. Our university system includes research institutions, comprehensives, historically black universities, one totally on-line university, and a specialized research institute. As such, we are a microcosm of public higher education and in an enviable position to design and test many types of academic transformations and determine if focused policies can have an impact of controlling costs and improving college completion rates for multiple types of student populations.

With the leadership of an active Board of Regents and our vibrant Chancellor William “Brit” Kirwan, USM has become a leader in many areas of academic transformation and creating flexibilities that will enhance the ability of our very diverse student population of more than 155,000 attain degrees and enhance Maryland’s and the country’s ability to compete globally.

There is a confluence of developments surrounding the higher education enterprise that make this point in our history a time when the country must step forward and invest to maintain a leadership position in global competitiveness.

First, there has been a major focus on completion, with emphasis in the areas of science, technology, engineering and mathematics (STEM). President Obama, Maryland Governor Martin O’Malley, the National Governor’s Association, the Gates Foundation, the Lumina Foundation and other leaders have clearly articulated the need for America to produce more well educated citizens, especially in areas of science and technology, if our country does not want to lose its leadership in the world economy.

In addition, recent advances in technology—impacting both online learning and classroom instruction—have demonstrated that active and interactive learning im-
proves the ability of students to learn and understand material in ways that will make integration of information much more effective.

And advances in cognitive science are enlightening educators on better ways to teach even as we understand more about how people learn. We must adapt an academy built on tradition to better teach today’s diverse population, and we must gain flexibility to include the “non-traditional” student that is now the most common in our institutions. Our institutions must also be aware of—and open to—changes required to accommodate the needs of our workforce as well as better understanding what and how students expect to learn.

As we navigate this new landscape, higher education is facing two quite sobering facts. First, the path to a secure economic future is based on attaining a higher education credential.

Second, too many of our economically disadvantaged citizens are not attaining those credentials. A child born in the highest quartile of income has about an 85% chance of earning a college degree, while a child born into the lowest quartile of income has less than an 8% chance of earning a degree. To provide the opportunity needed to succeed, we must focus effort to change this trend for children from the lowest income brackets. The probability that such a child will climb the educational ladder is less than 1 in the United States than in almost every other developed country. This cannot continue if we are to succeed in the highly competitive global market.

USM was one of the original grantees in Lumina Foundation’s “Making Opportunity Affordable” initiative. USM built a partnership with the entire Maryland higher education community, including the Maryland Higher Education Commission (MHEC), the Maryland Association of Community Colleges (MACC), and the Maryland Independent College and University Association (MICUA) to think strategically about reducing the costs of higher education across the board while maintaining quality and increasing access. USM was recognized for developing best practices by the Lumina Foundation in the key area of creating new models: “lower-cost, high-quality approaches substituted for traditional academic delivery wherever possible to increase capacity for serving students.”

With support from both the Lumina Foundation and Complete College America, USM is providing leadership to the state in redesigning “bottleneck” undergraduate courses (e.g., general education and developmental courses in which a large majority of students fail to earn a C or better) at two-year and four-year institutions across the state to improve student learning and to reduce the average cost per course. We can then reinvest cost savings to support additional redesign projects and other student completion-related priorities.

Since so-called “gatekeeper” courses (general education courses, developmental courses, and entry level courses—i.e., mathematics and sciences courses for a specific major) pose significant problems for many college students and halt their degree progression, we have focused on bringing course redesign efforts in these areas to scale statewide.

Redesign efforts enhance and transform these gatekeeper courses by systematically incorporating individualized, active-learning approaches through technology-based exercises, and providing students with ongoing feedback to assess their progress. USM’s previous experience with course redesign has shown that such efforts help to address persistent academic problems such as inconsistent preparation among incoming college students; poor student retention of material; low student engagement in lecture-based courses; and lack of coordination among faculty members across multiple course sections, leading to “course drift” and inconsistent student learning.

Thus far, we have supported the redesign of almost 70 courses across the state, including enrollment of 12,000 students. Preliminary, early results indicate an effective and efficient approach. Initial evidence indicates no higher cost of delivery, decreases in cost in some courses, and an increase in student success. We are launching a major longitudinal study to more broadly assess impact and value.

Course redesign was our first large-scale implementation of academic transformation principles, and our success in this work has led us to explore additional innovative practices and models. The USM is also working with Ithaka S+R, on a $1.4 million grant funded by the Gates Foundation, to investigate possible ways that some Massive Open Online Courses (MOOCs) provided by Coursera and the Open Learning Initiative might be incorporated into our existing university courses that are part of designed curricula leading to degrees at our institutions. While stand-alone MOOCs are becoming increasingly prevalent, the audience is the global general public and the manner in which credit might be given still remains to be studied. Our challenge is determining whether or not MOOCs, or portions of them, can

1 Lumina, “Four Steps to Finishing First.”
be used to enhance the learning from a credit-bearing course in a degree path and help to make higher education degrees more attainable.

To further advance our efforts, the USM has created a new Center for Innovation and Excellence in Learning and Teaching (CIELT) that will bring together faculty and administrative leaders from across our 12 institutions to determine ways to improve the learning of students. We will assess trends and design projects to compare new ways to deliver courses with our current processes. By analyzing results and carefully collecting qualitative data on the process, challenges and resources required, we will be able to assess costs and determine ways to make the learning process more efficient and cost effective for the students, while using the knowledge, skills and talents of our faculty to their fullest. As a result of careful documentation of successes and problems, we will be developing information about best practices in our institutions.

The focus on this work, combined with support from the state and leadership from the USM and our institutions, is creating a culture of innovation involving the USM, community colleges, and private and independent colleges and universities in Maryland. The work performed by the USM institutions thus far led to the state providing $13 million in enhancement funds. A major portion of that funding is going to additional investments in course redesign activities and the enhancement of academic innovation on the campuses.

For decades, college instruction has been subject to the pressures of the “Baumol Cost Disease”, as teaching a 3-credit course has taken the same amount of time in human resources through time. Now, we have the insight and new instructional technologies that create the real possibility of increasing learning productivity. But as soon as we use the term “learning productivity,” many who don’t truly understand how people learn jump to models that work to enhance productivity in other sectors. Unfortunately, these cost/benefits models for “productivity” don’t work in the education context. For example, simply broadcasting information to more people at less cost does not result in learning per se; if it did the Internet would have fixed everything!

So, the real scalability opportunities in higher education will not rest simply with advances such as MOOCs, but rather with new technologies that enhance learner transactions, interacting with each other and the material under study and facilitate the assessment of learning and adapt according to students’ needs. Those technological advances are the ones that are more directly tied to advances in brain science, not MOOCs and they suggest a positive future for improving learning transactions that will increasingly make us “productive together” as members of broad learning communities.

We envision environments in which learners have equitable access to truly differentiated instruction that provides them with myriad ways to acquire content, construct knowledge, and represent their understandings of the larger instructional conversation. These learning environments will be inclusive both in terms of providing equitable access as well as in terms of proactively making all learners feel like they belong as important contributors to the discussion (there is a significant affective component here that has been recently emerging from the brain science as well). Learners will be engaged in collaborative, project-oriented tasks that will expose them to multiple perspectives and ways of thinking. Our definition of “learning success” will shift away from our current paradigm to one that seeks to maximize students’ learning and help them achieve everything for which they are capable. Education will become an intrinsically motivating, self-actualizing experience for all learners, not just “the honors students.”

As this field of academic innovation is moving extremely rapidly, we must have some patience to permit the design of comparative studies and analysis of data that will demonstrate the best practices that will make significant differences in student success and improvement in efficiency and cost reduction.

State leaders in Maryland are committed to making college accessible and affordable, and providing every opportunity for students to succeed. Governor Martin O’Malley has clearly stated his goal that 55% of the adult Maryland population have a postsecondary degree by the year 2025. While we in Maryland have one of the highest proportions of adults with postsecondary degrees, we have much work ahead of us! This year, the Maryland legislature passed a comprehensive College Readiness and Completion Act that includes requirements for math in high school, high school and college dual enrollment strategies, and transfer capabilities among our community colleges and 4-year public institutions. The statute also requires that 30 hours of general education credit and 60 hours of credit from community colleges be accepted by the 4-year institutions. Also required are degree plans and the development of clear pathways for 2- and 4-year degrees, as well as a limit on the num-
ber of credits required for a bachelor's degree. All of these actions help focus the educational pathway, permitting students to earn a degree more efficiently.

The quality and efficiency of higher education is a priority for our Board of Regents. We are especially focused on enhancing that efficiency, including the careful design and implementation of remedial courses and improvement of success in introductory credit-bearing courses, especially in math where many of our students have challenges. By reducing the rates at which students drop, fail, or withdraw from these first basic courses and ensuring fuller understanding of the concepts and therefore higher success in subsequent courses, we can reduce the time to degree significantly. In fact, over the last four years our time to degree has decreased from 4.8 years to record low of 4.3 years.

As you may have heard, the USM's Effectiveness and Efficiency (E&E) Initiative—the systematic reengineering of our administrative AND academic functions to reduce costs while enhancing quality—has received significant national attention and praise.

Administratively, we have removed more than $350 million in direct costs and saved millions more in cost avoidance. Academically, USM enrollment, community college transfers, and degrees awarded are all at record levels, while time-to-degree is near an all-time low. This focus on the academic side of E&E includes the careful design and implementation of remedial courses and enhancement of success in first credit-bearing courses, especially in math where many of our students have challenges. We believe these efforts are a part of our ability to keep costs lower for our students. We have also been able to control tuition rates. Since 2008, our tuition has risen only 2% for full-time, in-state students compared to a national average of 27%.

Along with our E&E efforts, the USM is focused on the way we distribute financial aid. Several years ago, our Chancellor appointed a commission to study financial aid and found that we were disproportionately using our available aid on merit rather than need-based cases. As a result of the study, the Board passed a policy stipulating that low-income students, defined as Pell eligible, should incur debt at a rate at least 25% less than the average student debt. We reached that goal in 2012, and are pleased that we continue to focus on providing access and affordability to the students who are most challenged financially, many of whom are first-generation college students.

In the higher education sector, we take our responsibility of "keeping college within reach" very seriously, and we will continue to pursue a variety of innovations that will enhance student success. We need to remain firm in our convictions of access, inclusion, and quality. Those of us in leadership positions in higher education much show both courage and adaptability to attain these goals. Across the nation we ALL must dedicate ourselves to improved student outcomes and greater educational success to keep America's leadership position economically.

Thank you.

Chairman KLINE. Thank you.

Mr. Smith, you are recognized for 5 minutes.

STATEMENT OF BURCK SMITH, CEO AND FOUNDER, STRAIGHTERLINE

Mr. SMITH. Thank you, Chairman Kline and members of the committee, for the opportunity to testify. My name is Burck Smith and I am the CEO and founder of StraighterLine.

StraighterLine is an answer to a question that has haunted me since the mid-1990s when I was getting a master's degree in public policy. Despite massive investments in technology over the past decade, higher education prices have risen and quality has arguably fallen.

In every other industry when you have these technology investments the opposite happens—ultimately, prices go down, quality goes up. What is it about higher education that bucks that trend?

My conclusion was and is that the regulatory structure that we have now was not built to accommodate the realities of the online learning market. So StraighterLine offers ultra-affordable general
education courses directly to students. We offer the things that every-
one takes: econ 101, accounting 101, psych 101, et cetera. We have about 50 courses.

We charge $99 per month, like a subscription, and then students can buy courses for $49 or $59, but roughly $49 per course started. We also have a model which is $1,300 for a freshman year of courses. All of these are unsubsidized.

We expect to enroll about 20,000 students in the upcoming year and are growing rapidly but we are not allowed to be accredited. Instead, we have articulation agreements with about 40 regionally accredited colleges, including Western Governors, University of Maryland University College, such that our students are guaranteed credit when they transfer from us to those colleges.

All of our courses have been reviewed and recommended by the American Council on Education’s Credit Recommendation Service, among others. Over 90 percent of our students are still enrolled after transferring to our—their destination college after the first year. We have a wonderful case study with Western Governors that shows these persistence effects.

Despite being unaccredited and unsubsidized, we can offer equivalent online courses at substantially lower prices because we do not use the profits from online courses to subsidize the rest of the enterprise. To give you a sense of how much cheaper online course delivery can be than face-to-face delivery, consider what it might cost to deliver a psychology 101 course.

The content and the course management systems are effectively cheap or very—free or very cheap; the average wage for an adjunct professor is under $3,000. For 30 students that is about $100 per student per course. You are hard-pressed to get about—higher than about $200 per course when you are delivering it online.

However, to avoid students migrating from high-priced face-to-face courses to low-priced online courses, 93 percent of colleges price online courses the same or higher than face-to-face courses. When tuition, fees, and subsidies are added together, colleges get between $1,000 and $3,000 for this $200 course.

So this means the colleges, no matter their tax status, are profiting from online courses and these profits subsidize the rest of the enterprise. In most markets such margins would be diminished as new competition entered the market. However, in higher education, accreditation and the subsidies to which it is tied make that very difficult.

By my what I think are conservative calculations, higher education receives about $200 billion in taxpayer subsidies per year. These subsidies are very diverse. They come from subsidies to students through financial aid, through 529 plans, through tax credits that go to colleges, through state funds, through Department of Labor grants, nonprofit tax status.

An enormous array of subsidies flow to higher education. To access any of it, colleges must be accredited. To be accredited, a college must offer a full degree program. So individual course providers like StraighterLine are not allowed to be accredited.

Further, colleges are evaluated on their inputs rather than their outcomes so their cost structures must look more or less the same. The colleges have complete authority to accept or deny other peo-
ple's credits, so those with whom they feel threatened, they do not have to accept credits from other providers.

And lastly, accreditation is staffed and financed by colleges themselves so there is little incentive to change the model.

And to put it more sharply, if a course provider like StraighterLine developed the world's greatest calculus course, a student could not access any subsidies to take our course. If they did it anyway they would have to convince the college where they are going to accept that course for credit and the college has a disincentive to do us because it wants students to take its course at its prices.

When I was starting StraighterLine a frequent question was, “Well, why will colleges do this at all? Why will they award credit from other providers like StraighterLine or the MOOCs or others?” And the answer is that the economics of higher education are getting to the point where many colleges are being forced to do so.

Tuition continues to rise fastest among public colleges because they have state disinvestment in addition to structural inflation. Sources of student support are falling perhaps for the first time in the last 50 years, and so whether that is Pell Grant eligibility tightening or whether that is state support that has been reduced or lower family assets, students no longer have the same support to pay a higher tuition so they are willing to look outside of accreditation to lower the overall cost of college.

All this is happening in a context where there are now thousands of online providers as opposed to one or two. So colleges that want to attract online students, particularly—and adult students, are very interested in creating these low-cost pathways, through StraighterLine or PLA or others, and they have to do so because if they don't those students are going to go to a college that will.

So StraighterLine started in 2008. It was a division of my first company; we became our own company in 2010.

Well before the MOOC mania we identified what I think are the two key questions in this disruption debate. One is that online courses should be much cheaper than face-to-face courses, and that second, you don't have to be a college to offer an online college course. If you offer something that is equivalent to the same standards, the treatment should be the same.

So what can be done? There are a wide range of small and large policy changes. I will cover a few.

One is allow accreditation at the course level rather than——

Chairman KLINE. Mr. Smith, your time has expired but since I am going to be the first person to ask questions I will ask you to continue on my time.

Mr. SMITH. It will be quick—allow accreditation at the course rather than the degree level, create common course transfer standards such that all can be articulated equally, consolidate all subsidies into a single account. I recognize this is more controversial and radical but we have such a diverse array of subsidies to higher ed it is hard to manipulate them and control them in a way that affects the market in logical ways.

With that, I will stop and open up to more questions.

[The statement of Mr. Smith follows:]
Good morning. My name is Burck Smith, and I am the CEO and founder of StraighterLine. StraighterLine is an answer to a question that has haunted me since the mid-90's when I was getting a Masters degree in public policy:

"Despite massive investments in technology, higher education prices are rising and quality is declining. In every other industry, technology investments yield cost savings which translate to lower prices and higher quality—productivity increases. Why not in higher education?"

My conclusion was, and is, that the problem is an outdated regulatory structure. StraighterLine offers ultra-affordable online general education college courses directly to students. The courses we offer are the ones that everyone takes in their freshman and sophomore years like Psychology 101, Accounting 101 or Precalculus. These general education courses represent about 1/3 of all course enrollments in higher education. We charge $99 per month and, after subscribing, students pay about $49 per course started. We also have a freshman year option for $1300—all without any taxpayer subsidies. By pricing on a subscription basis, students have an incentive to complete the course and, if a student doesn't complete, the financial harm to the student is low. We expect to enroll about 20,000 students in the upcoming academic year and are growing rapidly, but we are not allowed to be accredited. Instead, we have articulation agreements with about 40 public, private and for-profit regionally accredited colleges such that our students are guaranteed credit when they transfer to one of those colleges.

All of our courses have been reviewed and recommended by the American Council on Education's Credit Recommendation Service as well as other third party reviewers like the College Board and the Distance Education and Training Council (DETC), a Department of Education recognized national accreditor. About 65% of courses started are successfully completed. Over 90% of our students are still enrolled at a partner college after the first year. We have a case study with Western Governor's University describing these persistence effects. Despite being unaccredited and unsubsidized, StraighterLine can offer equivalent online courses at substantially lower prices because we do not subsidize other parts of the enterprise with profits generated from online and general education courses. Our courses are priced much closer to the true cost of online delivery than those of most accredited colleges. To give you a sense of how much cheaper online course delivery is than face to face delivery, consider what it costs to deliver an online Psychology 101 course to 30 students. The course content and management software are free or very cheap. The average per-course wage for an adjunct professor is under $3,000. So, the professor's labor is about $100 per student. Add additional expenses for proctoring and management, and one is hard pressed to get beyond about $200 per student per course. However, to avoid students migrating from high priced face to face courses to low-priced online courses, 93% of colleges price their online courses the same or higher than their face to face courses. When tuition, fees and subsidies are added together, colleges receive $1,000—$3,000 per course. So this means that colleges—no matter their tax status—are profiting from online courses. These profits are used to subsidize other parts of a college's budget.

This substantial profit margin explains a number of recent trends in higher education. First, the for-profit sector was the first to realize the profitability of driving down the cost of delivery while keeping prices the same. More recently, public and non-profit colleges have turned to "outsourcing" companies that will quickly stand-up an online program for a college in exchange for 50% to 80% of the revenue from that program. In effect, colleges, rather than students, are capturing the productivity and cost-saving benefits of online course delivery.

In most markets, such profit margins would decline over time as new competitors entered the market. However, in higher education, accreditation, and the public subsidies to which it is tied, make it difficult for course-level competition to emerge. By my conservative calculations, accredited colleges receive well over $200 billion of taxpayer subsidies per year. These subsidies directly and indirectly support students through Pell grants, subsidized loans, 529 plans, tax credits, and colleges through state grants to public colleges, Department of Labor grant programs and non-profit tax status. To receive any of these subsidies, a college must be accredited. To be accredited, a provider must offer full degrees, not individual courses. Providers are judged on their inputs—like faculty credentials and departments—rather than their outcomes. Colleges have complete control over their credit recognition policies. Finally, accreditors are staffed and financed by colleges themselves. This means that it is difficult to "disaggregate" the college experience because the college must be a degree "bundle," that colleges must have similar cost structures because...
their inputs must be similar, that they can deny credit from providers that are threatening and that there is little incentive to change the model.

To put it more sharply, if a course provider like StraighterLine develops the world’s best online calculus course, a student could not access any taxpayer subsidies to take that course. If the student took the course anyway, he or she must convince the college they attend to award credit for the course. The college has a disincentive to do so because it wants the student to take its courses at its prices. The disincentive to “unbundle” is the same disincentive faced by record companies as per-song downloads replaced the 10 song album or the cable industry when faced with single channel, rather than package, purchases. The disincentive to award credit for other people’s courses is the same disincentive that hardware and software providers have when allowing compatibility with their products. If you lose your charger for your iPhone, you need to pay extra for a compatible Apple charger because they own the interface standard.

When I was starting StraighterLine, a frequent question was “why will colleges start to recognize credit from lower cost providers?” The answer is that the economics of higher education are gradually forcing them to do so. First, tuition continues to rise, and is rising fastest among the public colleges due to structural inflation combined with state disinvestment. Second, for the first time since accreditation was tied to financial aid, sources of student support are not keeping up with tuition growth. Pell grant eligibility has been tightened. States have cut their scholarship programs. Median family assets are 40% less than what they were in 2007. With higher prices and fewer sources of support, students are willing to look outside of accreditation—essentially foregoing their subsidies—to find a lower priced pathway to college. Lastly, with courses moving online, students can choose from hundreds of online colleges rather than a couple of regionally defined providers, and this doesn’t include the new unaccredited providers! While many colleges can and do resist creating low-cost degree pathways, those colleges that compete for adult students—particularly online students—must create low-cost pathways to degrees. If they do not, students will choose the colleges that do. Accordingly it is these schools that are the early adopters of low-cost pathways to colleges, not the “elite” colleges who have more demand than they are willing to accommodate.

StraighterLine started in 2008 as a division of my previous company—a provider of online tutoring for colleges called SMART THINKING—and became its own company in 2010. Well before the MOOC-mania, StraighterLine identified the two themes that underlie today’s higher education debates. First, online courses from all providers—for-profit, non-profit, public—should be much cheaper than face to face courses. Second, you don’t need to be a college to offer a college course online. If a provider can meet the standards for a college course, shouldn’t that provider be able to offer it under the same conditions as a college? In 2008, this was heresy. Today, it seems inevitable. Though MOOCs have captured the imagination of the media, I prefer the equally inelegant term MCPM—Marginal Cost Pricing Model—because that is the defining feature of disruption. The irony is that it is forced to happen outside of the state sanctioned accreditation and subsidization structure.

What can be done? There are a wide range of both small and large policy changes that could enable greater competition and lower prices. Here are some possibilities:

- Allow accreditation at the course, rather than the degree level—This could include access to all, some or none of the subsidy streams currently enjoyed by accredited colleges. At a minimum, it would confer the same acknowledgement of quality as enjoyed by colleges. At a maximum, it would level the economic playing field for all providers.
- Create common course transfer standards—All providers, accredited and unaccredited, would be able to include their courses in such a structure. Another way to promote this would be to require any provider who wants their courses to transfer to others to accept transfer from others. This is similar to a “GED,” but for commonly taken course colleges.
- Consolidate All Subsidies into a Lifelong Learning Account Controlled by the Student—While more radical than other proposals, this is the most logical given the changes in the higher education market. The structure of the account could be adjusted to meet socially desirable goals like greater amounts for students from low socio-economic backgrounds, diminished availability over time, transferability to family, and more.

Over 2/3 of colleges already offer online courses for credit and over 1/5 of students have taken one. Yet, higher education has been largely insulated from the disruptions felt in other industries. Further, the productivity benefits that technology is supposed to bring to consumers and taxpayers are largely absent. Though we have had significant investment and use of new technologies, the basic business model of higher education is propped up by taxpayer subsidies and protected by accredita-
tion. Without changes in the way subsidies are delivered and to whom—clearly politically sensitive—we will continue to lament the rise of college costs and debate the role of technology.

ABOUT BURCK SMITH

Burck is the CEO and founder of StraighterLine. Prior to launching StraighterLine in 2009, he co-founded SMARTTHINKING, the largest online tutoring provider for schools and colleges in 1999. Burck has written chapters for three books on education policy for the American Enterprise Institute (AEI). He is a member of the American Enterprise Institute's Higher Education Working Group. As a writer about education and technology issues, Burck has been published by Wired Magazine, Wired News, Converge Magazine, University Business and the National School Boards Association. In the early 1990's, he wrote articles on a variety of subjects including creating community telecommunication networks, electronic access to political information, telecommunications deregulation and the ability of utilities to serve as telecommunications service providers. Burck holds a Master's Degree in Public Policy from Harvard University's John F. Kennedy School of Government and a B.A. from Williams College. Recent publications include:


Higher Ed Reform, from the Chapter "Rethinking Accreditation," College 2.0, an Entrepreneurial Approach to Reforming Higher Ed, Kauffman Foundation, June 2012


Chairman KLINE. Thank you very much. I want to keep going with you because you are on a roll here.

Despite the disincentives that you were talking about earlier that institutions have to offer these low-cost online courses, you have partnered with over 40 institutions and I think your explanation was they see that if they don’t there is going to be competition elsewhere. I think that was right.

So why don’t other institutions see the benefits of collaborating with you?

Mr. SMITH. Well, I think it is happening over time. It is a slow process.

And I want to point out that the institutions with whom we are working tend to be the most innovative ones in the field, so UMUC, Western Governors, and that is the reason they are here testifying. They have a commitment to low-cost pathways. They have a history and a legacy of creating these pathways.

We are seeing more over time looking at this as they try to attract more adult learners. We have seen a surprising number of small, private colleges starting to work with us.

It is something that colleges have to try and come to terms with because on the one hand they are worried that students will migrate to low-cost courses; on the other, they want to create this access pathway and be able to compete for these students.

There is no easy answer but it will happen over time, I believe. The economics is going to point it that way.
Chairman KLINE. Okay, let me pick—thank you. Let me pick up again.
You indicated that even though—I think I have got this right—even though you have got this partnership with, in fact, two of the institutions here, and it is costing a couple hundred dollars a course, that often institutions are charging as though it were a brick and mortar, on campus. So, I mean, one of the things I thought would be happening is that universities, whether they are large public universities or small, private, or whatever, would be looking for ways to lower their costs, and I think Dr. Boughman talked about a 30 percent lower cost for an online course.
But if you are trying to lower costs it looks like they are maybe missing an opportunity here or they are just using you as a cash cow, I am not sure what—
Mr. SMITH. There is a difference between cost and price, so colleges can lower costs. Course redesign, as Dr. Boughman said, is a fabulous program, and Carol Twigg, who runs it, has been known for a long time as an innovator, but if you start to look at what the effects of those cost reductions would be on the price reductions, it is actually fairly minimal.
So if you save 30 percent on a course that costs $150 to deliver and that is only 5 percent of the courses across the campus, the total savings on price becomes very small. So prices don't shift as cost savings are created in higher education.
So if you look at it from a technology or a productivity perspective, in other industries when new technologies come into—are employed, competition ultimately pushes those benefits to the end user, the consumer. What I think is happening in education is those cost savings are being captured by colleges because costs are being reduced for online but prices are not.
Chairman KLINE. Got it. Thank you.
Mr. Jenkins, thank you very much for the work that you are doing and for your testimony here. The credit hour regulation;— you—in your testimony you said that it was particularly obstructive to innovation in higher education, and you did address it in your testimony but I would appreciate it if you would take the minute that I have left and talk about the benefits you and your students would see if that regulation were repealed.
Mr. JENKINS. So we know two things about adult learners who come to higher education. They come to higher education knowing different things and they learn at different rates.
And at WGU our model allows students to move at their own pace through that—through the process. Students are enrolled full time at the institution for 6-month terms and for 12 to 14 what we call competency units. We have had to equate those to credit hours for purposes of regulations and rules to fit into that scheme.
The ability at our institution for a student who may be able to move rapidly through their degree program, they can accelerate how many courses they take. So they may take 18 to 24, be able to pass through those courses, as opposed to a credit hour regulation that would require you to take 12 to 15 credit hours and if you finish your coursework 2 months into the semester you basically sit on your hands for the rest of the semester until time ends.
Chairman KLINE. Thank you.
Mr. Miller?

Mr. Miller. Thank you. Thank you, Mr. Chairman.

Before I begin my question I, again, Mr. Chairman, would like to beseech you to discuss among your members whether or not we can have the hearing and report out legislation to keep the rates low for the coming year so we can work on many of these issues here and the student loan program so that we will not be doubling the rates, as is currently under the situation. This affects some 500,000 students in California and about 194,000 students in your state, and I would hope that we could work out a bipartisan bill.

We have seen in all of the machinations between the House and the Senate a common core that could lead to that legislation a more permanent fix, and so I would hope that we could do that.

Thank you for assembling this panel of witnesses. This is sort of the core of the question of how do we make it more affordable and how do we deal with cost.

I would like to start just for a second on the credit hour, but I just want to say, our problem is, you know, we legislate for the nation, and just as we see across the higher education, we—there are a lot of flimflam artists out there and they are taking federal subsidies, they are taking federal money. People are going into debt and the courses they are taking aren’t worth spit to an employer or to another college in terms of transferability or acceptance of those. And we have to sort that out.

I am a big fan of everything you are talking about doing here and I see seat time, credit hour, all of that is sort of standing in the way. But you also have to be prepared to accept there has to be some ability to separate the wheat from the chaff here because it is really expensive to students to go into debt and not get an education. That is real expensive.

And so how we do that I think is a challenge here and I don’t come necessarily with preconceived notions, but on the question of prior learning and your low-cost, as you say, history 101, economics 101 courses, how does that merge sort of when you get to the University of Maryland, because you have sort of two different institutions looking at this and you have students who are coming there probably for the most part with the traditional mindset, and that is this array of offerings here that turn out to be really important to them but they haven’t been told about them or thought about them as they graduate from high school or come to college later in life.

Ms. Boughman. Well, Mr. Miller, you have touched on one of the things and that is preparation of the students not only with content but with understanding of the process of higher education. In our universities, equivalency of courses is the essence of transferability into and credit for a course in a curriculum that leads to a degree, and that is where one of the differences is in some of the institutions that are simply giving courses versus a series of courses that leads to a degree.

And the 30 percent number, Mr. Chairman, that I pointed out is not just for online courses. This is a 30 percent cost reduction in courses in some of these innovative processes, some of it based on prior learning assessment, as well, that leads to success in that course and subsequent success in other courses so that the cost
comes down both for students and the institution because the
professors aren’t teaching the same student twice. They aren’t with-
drawing because they are too challenged; they aren’t getting an un-
savory mark or grade in their course.

Mr. MILLER. Let me just ask Dr. Tate, how do you then design
that prior learning assessment? You have somebody coming out of
the military. Let’s say they are in the warehouse. They are doing
logistics for the military; they are moving equipment. How do you
design that assessment so that then shifts into the pursuits
that the student wants to do when they return to the university?

Ms. TATE. Mr. Miller, CAEL does share this concern about pro-
tecting against fraud or abuse or the flimflam artists that you dis-
cussed, and there are some abuses in postsecondary education gen-
erally, not just in these innovation areas. And so I think there are
various ways that we can help to reduce or at least mitigate the
issue of abuse.

One is, I think, first of all, having really clear, visible standards
for the assessment of that learning. That is number one. We pub-
lished a quality assurance standards guide for colleges and univer-
sities about accepting such credits from other entities or through
prior learning assessment, and a lot of institutions use those now.

And I would say, in fact, just an aside here, in fact, we are in
the early stages of exploring just such a group of possible models
for mitigating fraud or abuse with the Veterans Administration,
since you mentioned the military.

Mr. MILLER. Mr. Smith, do you have to do the same in terms of—
how do you—what did you—assurances did you have to make to
convince the University of Maryland and Western Governors that
they should be accepting your courses?

Mr. SMITH. So we did a number of things. First, our challenge
was, when we started, there was no way to—that an unaccredited
provider could show validity of their courses, so we looked to the
ACE Credit Recommendation Service 4 or 5 years ago, and I think
we are one of the first to—I mean, they have been around since the
1970s, I believe, but one of the first to use it for general education
courses because we needed something to give us third party valid-
ity. So we had all our courses reviewed by them and recommended.

We have added other kind of good housekeeping seals of ap-
proval. We have had the College Board review our courses for A.P.
applicability for some of them. We have had the Distance Edu-
cation and Training Council, which is a DOE-recognized national
accreditor, look at our courses.

And then on top of that, we are extremely transparent. So
UMUC, Western Governors, all of our partner colleges have com-
plete authority to go look at our courses, slice, dice, do whatever
they want to with them.

And on top of all of that, they can now track what our students
are doing and where they are going and how they persist.

So there is a lot—we have had, I would say, many ways we have
had more course level review than most colleges, and this is an in-
teresting point in that accreditors don’t look at courses. So despite
all the courses that are being transferred among colleges, and a
third of all students transfer—that is a 3-year-old number; it is
probably higher now—does not include all the other sources of
credit that come from high schools, or PLA, or the military, or else-
where, courses are never looked at.

Chairman KLINE. Sorry, but again the gentleman’s time has ex-
pired.

Mr. Petri?

Mr. PETRI. Thank you very much, Mr. Chairman, for conducting
this very important hearing.

And thank the witnesses for their contribution.

I have a question really that I would hope each of you could re-
spond to, and with the 5-minute rule I am not sure there will be
time to accomplish that very effectively, but if you could consider
submitting a written response in addition it would be very much
appreciated.

You touched on it in—the answer to my question, in your testi-
mony but I just wanted to focus in on it. We have seen technology
transforming almost every industry in the United States and trans-
forming our world, and it is moving forward in the education com-
unity but it is moving forward, or has in the past moved forward
more slowly in the world of education, particularly higher edu-
cation, than in a lot of other industries.

And so what I am—my question is, what do you see as the larg-
est barriers to the deployment of innovation and new technology in
the field of education? And I don’t mind if you point at us, but—
because maybe we will change a few things. Could you respond in
a minute or 2 each?

Mr. JENKINS. Here is the thing: I think there are issues around
culture and there are issues around governmental regulation and
accreditation issues that impair the ability of technology to be de-
ployed in institutions, but I also think that institutions in a lot of
ways WGU was created to use technology in order to deliver a
high-quality, affordable education that is fundamentally different.

Our faculty role at WGU is fundamentally different than at a
traditional institution, where we—if you enroll at WGU you are
 teamed up with an individual mentor who has experience in the
field and they help facilitate your learning through the entire
course of study. If you hit a roadblock then you’re triaged to a
course mentor who is a subject matter expert and they work one-
on-one with you to help you get through that process. You notice
in all of that I don’t have a faculty member standing in front of
a lecture hall or a taped lecture from a faculty member.

And then we assure the student has earned the competency and
has mastery of the competency because we then have a third party
that reviews their assessments and their performance assessments
and it helps to make sure that students move through. And tech-
nology enables all of that process, which is very difficult sometimes
in a traditional institution.

Ms. TATE. You know, I would add to that that in our experience,
some of the biggest barriers that institutions have to the deploy-
ment of technology are A, they don’t have the technology resources
and they don’t have the infrastructure in place to really under-
stand how to implement online learning or online services. So for
example, just take prior learning assessment itself. Most colleges
that do do this still do it in the kind of face-to-face, labor intensive
way that they have done it in the past, as they do teaching and learning in general.

To introduce online solutions that require technology took—and we have made that investment with Foundation HELP—it took enormous resources to convert a process to an online, high-quality process. And I think the same is true for online learning or online services. They take a lot of thought; they take design.

It is something that really is an investment by the institution. And many of them don’t have the know-how or the resources to do it, and so what is happening is all—many, many private vendors who do have that knowledge and expertise are coming to the table to try to assist higher education in making this change.

Ms. BOUGHMAN. Mr. Petri, I would suggest that technology in higher education goes far beyond simply moving certain courses to online delivery. And in fact, higher education courses are incorporating technology in many, many ways in many of the sciences using modeling, for example, in the engineering sciences or even in the biological and biochemical sciences—molecular modeling, for example.

But I would also suggest that barriers are not the only reason that technology has not been fully embraced. Tradition can be a good thing as well as sometimes a hindrance, and there are many people who, in fact, see small classroom interaction, professor-driven conversation as a very important part of the learning process. And we also have to remember that we are talking about very diverse populations here. I envy, in fact, some of the organizations that have 37-year-old, mature students as their key student when, in fact, most of our students in the ages of 18 to 25 or so are not nearly so mature to be able to guide their own learning process.

Chairman KLINE. Gentleman’s time has expired.

Mr. Andrews?

Mr. ANDREWS. Thank you, Mr. Chairman.

Thousands of American families are trying to re-up their student loans for the new academic year and finding out, to their horror that the rates have doubled. It is going to cost them thousands of dollars more.

A bill that Mr. Courtney introduced on April 17th that would put off that rate increase for 2 years, would not add a penny to the deficit. We can get a vote on that bill if three more members of this committee sign a petition calling for a vote on that bill.

The petition, which is depicted to my right, has the signature of every Democratic member of the committee. I would implore my friends on the Republican side to consider signing this petition. If three of them do we can take a vote on this bill.

Mr. Smith, you can sign the petition, too, if you would like, Mr. Smith, but the—I notice in your testimony you say that you are not allowed to be accredited. I think I know the reason for that but why is that? Why can’t you get accredited?

Mr. SMITH. So first, I am not going to sign the petition.

Mr. ANDREWS. Okay.

Mr. SMITH. I will let you all navigate that yourselves. But——

Mr. ANDREWS. Your time is up, Mr. Smith. [Laughter.]
To be accredited you must offer a degree. You must offer a full degree, and usually multiple degrees. So we are not offering degrees, we are just offering courses.

And so the disconnect for me is that you see courses being offered and credit is fungible for——

Mr. ANDREWS. Your argument, which I think is pretty compelling, is that there is a sort of de facto accreditation that goes on because the schools with whom you have articulation agreements would not accept the courses if it didn’t meet their standards and they are accredited, right? Is that essentially our argument?

Mr. SMITH. Yes. That is the pathway we have created for credit.

Mr. ANDREWS. Do you think that the accreditation process should be broadened to include accreditation of those who do not offer degrees but offer courses instead? You think that would be a good thing or a bad thing?

Mr. SMITH. I think it would be a good thing. I think you are already seeing the accredited providers offering courses that are fungible and transferable among others but you have not seen the course level price competition that should come about, so——

Mr. ANDREWS. And so your position would be that such an accreditation expansion would induce more competition among providers and therefore lower costs and hopefully improve quality, as well. Is that fair to say?

Mr. SMITH. Correct.

Mr. ANDREWS. Yes.

What do you think the elements of such a course accreditation would include? What would be a fair way to do that?

Mr. SMITH. There are several possibilities. One is there—the ACE Credit Recommendation Service, for instance, already has a process in place that is recommending courses for credit. There are others. There is a—the National College Credit Recommendation Service, based in New York, is another one where they are doing holistic measurement of—or holistic evaluation of courses, just like an accreditor would.

There is another option, which would be to look to generalized standards across—call it maybe it is sort of a GED for college, for instance, where it could be an option for those general education credits. Those are two options.

Mr. ANDREWS. To what extent do you think that such a process should get into the qualifications of the teacher? Tell you, one of the things that worries me about not just online learning but learning across the spectrum now in higher ed is I saw in one of the witnesses talked about a $3,000 stipend for an adjunct teacher. Wow. That is a really minimal amount of money and I will be if you cost it out on an hour-by-hour basis it is not much higher than the minimum wage for the hours instructors put in.

I am not asking if you think the $3,000 is a fair price because the market is determining that, but do you think there should be some standards for the faculty members offering these courses if we did it on a course-by-course basis?

Mr. SMITH. There should certainly be some standards. What they are is open to debate. There are not much standards in the area of teaching effectiveness currently.

Mr. ANDREWS. Yes.
Mr. SMITH. The standards we currently use are about the subject, not matter——

Mr. ANDREWS. Let me throw that to the other three witnesses, too, that not just in the online space, but do you think there should be some standards for teaching across the board?

Ms. BOUGHMAN. Standards per se, sir, I think are—would be difficult to impose in our system of higher education because the university faculty, the department, and the school are the ones that hire the faculty. They would be evaluating the individual professor and their credentials in order to teach certain——

Mr. ANDREWS. The reason I ask this question is I think most of us have had this experience that we have encountered a brilliant professor in the course of our studies—I will name them later if you would like—who can't teach at all. And the person is just a master at biology or calculus or history but really can't communicate with students.

And, you know, it strikes me that in my local public school district every person in a classroom has to pass some kind of standard of competence, but when I send my daughter to a university I won't name here at a huge price, the people teaching her didn't necessarily pass any standard. I sometimes think we should—my time is up.

Chairman KLINE. Thank the gentleman——

Mr. ANDREWS. I will name the university later.

Chairman KLINE. We can hardly wait.

Dr. Foxx?

Ms. FOXX. Well, thank you very much, Mr. Chairman.

And I want to thank the members of this panel for being with us today. I think this is a very, very important issue that we are dealing with here and I appreciate the good work of the staff, too, in putting all of this together.

I think you all have brought out some really important points I wanted to comment on and I think Mr. Andrews' comment just now is very revealing in many ways. There are a lot of people teaching at the university level who aren’t very good teachers and probably ought not to be in a classroom; they ought to be doing something else. They are probably very talented in those areas.

But we don't have standards for that, and yet we hold our public schools, the elementary and secondary teachers, to very high standards.

The point that was brought up about courses are never looked at in accreditation I think is extremely important that has been brought up, but I would say that in terms of what Mr. Smith does, any dean or assistant dean can approve any course from any place or any credits for students for credit. And so it is getting done even though it is not a part of the accreditation process.

And Mr. Miller pointed out that there are questions about flim-flam people out there. Well, I want to say that some of our traditional institutions may be guilty of flimflam too because they do not certify competencies in any way whatsoever in terms of what students are learning. We just don't have any way to do that now, so I think you have brought out some really important points.

I do have a question, Mr. Jenkins. Can you explain why the state authorization regulation cost Western Governors University so
much since it was promulgated, and how could you have spent that money better? What positive benefits would you see if the regulation were repealed?

Mr. JENKINS. So as that regulation passed states began to build up a bureaucratic superstructure in order to implement and in most states you have a proprietary bureaucracy that approves institutions that are from out of state or for profit, and in typical case those are the folks that tend to approve WGU as an online institution that has no physical presence in the state.

And so there are costs associated with that, and a lot of times those as part of that regulatory structure the bureaucracy raised the cost to cover the cost of reviewing the institutions. So in states like Tennessee it is about $100,000 to be approved; in Massachusetts it is a substantial cost in addition to a full program review of the institution.

Where those resources—a million dollars at our institution basically would be back into finding quality resources for students that help teach them competencies. It would go back into student success because that is our primary mission.

Ms. FOXX. Thank you very much.

Dr. Tate, you argue that opening up federal financial aid to prior learning assessment will allow more students to take advantage of its benefits. Could you talk a little more about this point? What structure would you suggest be put in place to ensure the quality of the PLA to protect waste, fraud, and abuse of taxpayer dollars?

Ms. TATE. Yes, I would suggest that first there be a more careful review of prior learning assessment programs within colleges and universities when accreditors are visiting them or questioning them. Right now the accreditation is at the institutional level and there is not as much attention to individual programs.

CAEL has been asked by several of the regional accreditors to institute some kind of a review of prior learning assessment programs prior to accreditation visits for that very reason, because the programs are not looked at in any detail by accreditors now. So in addition, as I mentioned, the quality standards for prior learning assessment—there are standards, they can be looked at, they could be—it could be done through either self attestation by the institution with survey questions responded to or it could be site visits on the part of entities like us or regional accreditors.

There are a variety of ways, also, to deal with abuse—potential abuse by students in the PLA process because it is—it requires a lot of documentation of learning that the student—it would be very hard, in other words, to fraudulently claim credit for prior learning because you have to demonstrate it in so many ways.

So I think that there are a variety of possibilities that we are exploring with the Veterans Administration and others to do exactly what you are asking.

Chairman KLINE. Thank the gentlelady.

Mr. Grijalva, you are recognized.

Mr. GRIJALVA. Thank you, Mr. Chairman.

And for the gentlelady that just spoke, I would like to tell my friend that if—point out that in the state of Arizona 450,000—over 450,000 students are on some sort of federal subsidized loan. In the state of North Carolina 160,000—over. And if we don’t act and I
urge her to sign the petition to allow H.R. 2574, Keep Student Loans Affordable Act of 2013 in Arizona for the life of that loan it goes up over $1,000. In North Carolina for those students it goes up for the life of the loan—$980,000.

So I would urge my friend, the gentlewoman from North Carolina, to sign the petition and—so that we can rapidly and decisively act on behalf of millions and millions of college students right now that are just going to see the cost escalate.

Let me ask Ms. Boughman, you said that—you mentioned that the 85 percentile success for the highest-income success and 8 percent for the lower-income. Do you think that by allowing these student interest rates that I just mentioned to double this will be attainable for those students in that 8 percentile? And the second, and what suggestions would you have for this committee to deal with these, regarding the doubling of student interest rate for subsidized loan?

Ms. Boughman. Thank you very much, sir. I think that it is—the climb to attain a college degree is going to get even tougher for those students coming out of the lower income brackets. The disadvantaged students that we have, especially those students who are first generation students in their family, have a complex set of issues to deal with around both financial aid and with their college degree.

And this is a concern that we have across all of our students in trying to make sure they have the right information about taking courses or degree programs that will get them where they want to be in a reasonable amount of time. Hit and miss education will not help solve the problem even if it is inexpensive.

Mr. Grijalva. Thank you.

Dr. Tate, like you, I am a strong proponent of adult education. I think in your testimony there are very good points that you made and I appreciate your testimony today.

PLA has a strong emphasis on barriers to education for working adults. The issue of time and money—is very important. Can you give us some—can you give us your opinion, insight as—what do you think Congress needs to do to make college affordable, quickly, and then do you think—same question that I just asked—the student interest rates doubling up would impact education and particularly returning adults that are coming for—to finish or to begin their education process?

Ms. Tate. Yes, sir. I do believe that our data would show that the most underserved students would be damaged the most by a doubling of these interest rates. And I think there are a variety of ways, in addition to keeping the interest rates low—lower that could benefit adult learners.

One would be to have them take advantage of some of these reduced cost degrees that you are hearing about—degrees based on competence, prior learning, online or a blended model, a whole variety of ways that give them a chance to accelerate their progress.

And prior learning itself is a very big way to help college be more affordable because it costs probably a third to a half as much to assess a person’s learning for a college course credit than it does to take it. So if they have the learning, why should they pay two or three times more to take the course again?
So we have a lot of studies that show that. For underserved populations it is a key strategy.

Mr. Grijalva. Thank you.

Mr. Jenkins, you mentioned the Georgetown study that talked about——

Chairman Kline. I am sorry. The gentleman's time has expired.

Mr. Walberg, you are recognized.

Mr. Walberg. I thank the chairman. And, Mr. Chairman, I just want to notify you, I am considering offering a petition for signing that would encourage our Senate colleagues to respond to what we did a month ahead of the date of the expansion of the student loans, following also the pattern of the President to call for a long-term, market-based approach, which we did here in the House, as you know. I will keep you informed about my thoughts on starting that petition.

But we are at a different subject today of great importance.

Mr. Jenkins, it is good to see you again. We spent some interesting and challenging years in the state legislature working—you for the governor and I for the people on education issues, and thankfully we were on the same side on those issues. [Laughter.]

But in your experience working for Michigan's Department of Education you must be familiar with our state's needs of creating avenues to provide an older workforce in need of continuing or completing their education to fill current needed job demand positions. How might a competency-based learning model like the one established by WGU help Michiganians meet their educational needs while keeping costs in check, which is an important factor?

Mr. Jenkins. That is a great question. Right now in Michigan about 1.4 Michiganders have some college but no degree, so they started college and then never finished—life got in the way. What WGU and institutions like ours offer are degrees that are in high workforce demand, so your bachelor's and master's degrees in information technology, business, teacher preparation, and health care, including nursing.

And so at $6,000 per year a student can move at their own pace and the education that they have received in the past is not lost, so that they start from where they start and they don't have to go back and retake a series of courses. We also have multiple articulation agreements in Michigan that help students who already have their associate's degree to continue on into WGU and complete their degree.

Mr. Walberg. So nothing is lost in the past, as it were. You can build upon it.

Mr. Jenkins. Correct. Correct. We can recapture that through them being able to assess and work with our faculty to ensure that they meet those competencies that they have already had and then move forward without—at low cost.

Mr. Walberg. Okay. In your testimony, Mr. Jenkins, you also stated that we need a regulatory environment that supports innovation. In your opinion, how is the federal government getting in the way of innovation?

Mr. Jenkins. So another great question. I mentioned a few of those areas but I think there is also an issue of—in some cases we don't know what we don't know, of where innovation might occur
if regulations weren’t in place. And so that is why WGU has been involved in encouraging Congress to support a demonstration project around competency-based education——

Mr. WALBERG. Allowing creativity without unnecessary regulation.

Mr. JENKINS. Exactly. And then providing a report back to Congress within 12 months to show where areas—and—where barriers exist for institutions that are trying to be innovative. And we would hope that Congress could support a demonstration project like that, like the demonstration project on distance learning a decade ago or back in 1998 that provided open avenues to create UMUC and WGU and other types of institutions that are doing online work today.

Mr. WALBERG. Almost like the creativity of capitalism. Let me move on.

Dr. Tate, can you give me some idea of how much money could be saved for the average student that is able to take advantage of PLA?

Ms. TATE. Yes, I can.

Mr. WALBERG. Cut to the bottom line there.

Ms. TATE. Yes. Okay. Well, we did some preliminary analysis and we found that if an average student in our search saves or earns, I would say, 15 credits through prior learning assessment, they can save from a low of around $1,605 at a large, public university to a high of around $6,000 at other institutions by simply earning 15 credits, and the average in our national study that people earned was 17 credits through prior learning assessment.

So in the research briefs I sent you I did cover that point and I do want to add that we also did an informal analysis of cost savings and applied it to the Pell Grant program. We said if 10 percent of Pell Grant students were to use prior learning assessment and if they got 15 credit hours through prior learning assessment then we would be able to save the Pell Grant program at public 2-year institutions $85 million a year and at 4-year public institutions the Pell Grant savings would be $466 million a year.

Mr. WALBERG. Savings not to the Pell Grant program but to the taxpayer.

Ms. TATE. Yes. Exactly—to the taxpayer.

Chairman KLINE. The gentleman’s time has expired.

Mr. WALBERG. Thank you, Mr. Chairman.

Chairman KLINE. Mr. Bishop?

Mr. BISHOP. Thank you, Mr. Chairman. Mr. Chairman, I—let me just start by urging that we move as a committee on H.R. 2574.

I think we all agree—there is broad agreement that we want a market-based rate but I also think we have to recognize that we are not going to arrive at that agreement on a market-based rate in the 3 legislative weeks that we have left and students are going to be signing their loan promissory notes while we are in recess and so we need to lock in place a rate that will be more supportive of their aspirations, and that is the 3.4 percent rate that we have had for the last several years. And I hope my colleagues will join us in moving that legislation.

I want to go to an issue that has really, I think, become more controversial than it needs to be and it has been characterized in
a way that I think, frankly, is not supported by the facts, and that is the definition of a credit hour. The chairman described the credit hour in his opening statement as—the definition—the federal definition of a credit hour as stifling innovation. Let me just read to you guidance from the Department of Ed.

This is from the Department of Ed: A credit hour for federal purposes is an institutionally established equivalency—institutionally established equivalency—that reasonably approximates some minimum amount of student work reflective of the amount of work expected in a Carnegie Unit. Hardly a one-size-fits-all definition.

Let me also offer another guidance from the Department of Ed with respect to seat time. There is no seat time requirement implicit in the definition of a credit hour. An institution that is offering asynchronous online courses would need to determine the amount of work expected in each online course in order to achieve the course objectives. Now, I would assume that a course objective is some level of competency based on some body of knowledge.

And so my question is how does such a loosely worded, broadly defined definition of a credit hour, how can it reasonably be determined as stifling innovation?

And, Mr. Jenkins, your institution is one that I really want to learn more about, but you have 39,000 students. That is pretty good, wouldn’t you say? I mean, and you have done so—you have built an enrollment of 39,000 students within a model that you have been able to fit into this federal definition of a credit hour, am I right?

So if I am right I can assume that you have made judgments that constitute institutionally determined equivalencies. Am I right about that?

Mr. JENKINS. I am sorry. I missed your last sentence.

Mr. BISHOP. Okay. You have constructed a method of course delivery that works for your students. You have done so within, presumably, this broad definition of what constitutes a credit hour. So I can only assume that your ability to do so is because you have exercised the determination of institutionally determined equivalence for course objectives and the determination of credit time versus competency. Am I right about that?

Mr. JENKINS. Correct, in that way. But the distinction is that at WGU you don’t enroll by and—you enroll—you have to—you take tests but you enroll in a course of study. Every single student goes through the same series of competencies. You don’t have a multiple set of competencies.

Mr. BISHOP. Okay. But your students do receive some form of financial aid. Is that correct? I mean, they are they Pell eligible?

Mr. JENKINS. Yes, sir.

Mr. BISHOP. Okay. So you have been able to take your model and craft it in a way that comports with the federal definition of a credit hour and the generally accepted definition of 12 hours is full time and so on. Am I right about that?

Mr. JENKINS. Correct. And we are the only institution that does competency-based education as Title IV eligible at scale in the country today.

Mr. BISHOP. But my point is you have been able to do it. Correct?

Mr. JENKINS. We have been able to do it and no one else has.
Mr. BISHOP. So therefore, for you, given the innovation that you brought to the table, given the—you know, the willingness of your faculty to pursue new models of education, the existence of federal regulation has not been an impediment. You have 39,000 students. That is pretty good enrollment.

Mr. JENKINS. We were designed by governors and part of our role was to expand the idea of competency-based education and grow that in the states and provide affordable capacity. We would like to see more innovations around the country.

Mr. BISHOP. I think you are agreeing with me.

Let me go to the issue—to Dr. Tate and the issue of prior learning experience, and I only have a very little bit of time left.

Chairman KLINE. I am sorry. The gentleman's time has expired.

Mr. BISHOP. I guess I have no time left.

Chairman KLINE. Dr. Bucshon?

Mr. BUCSHON. Thank you, Mr. Chairman.

I want to focus on something that is a concern of mine, personal experience. And when I went to college in 1980, based on really my inferior grade school and high school education, I would say, at the time, when I took my entrance exam for University of Illinois they made me repeat algebra and geometry even though I had had that in school and I was good at math. So I see some opportunity here for at least, you know, with what you are doing, Mr. Smith and Mr. Jenkins and others, for this type of coursework it is very expensive, you know, to go to college and find out that you have to spend a semester or maybe even two basically catching up and then realizing that you can't graduate in 4 years.

Maybe you can comment on that, Mr. Smith. You know, I could see even opportunity for bricks and mortar institutions like University of Illinois or University of Maryland making it much cheaper if you do have to take remedial courses, whether it is online or whether it is bricks and mortar.

Start with Mr. Smith and comment on that.

Mr. SMITH. Yes. I think that is one of the greatest potentials of online learning is lower cost essentially failure. So we assume that failure is bad, and in our current higher education structure it is. But it really is expensive failure is bad, so students who don't do well, if it is cheap it is actually not—the liability isn't that great.

So for us, we get a lot of students who come through and because we charge on a subscription, students—particularly adult students—if they have bit off more than they can chew, their health care goes awry, child care, whatever it is, and they decide they can't complete, if they stop after the first month they are out $150. As opposed to starting at a community college and then being several months in and then having several thousand dollars in debt by the time you get there.

So I think there are a lot of ways to start as a first line of defense, really, to offer these courses very affordably, either through some of the free courses or through us, and then progress into an institution after that. It won't be the solution for everybody. There will be certainly students who need more support than that, but it is a first line of defense and then you can iterate after that.

Mr. BUCSHON. Mr. Jenkins, do you have anything to add on that?
The subject about cheap—having—if you are a student—and a lot of our students have to take remedial classes when they graduate from school—we are working on that side of the issue also, of course—that should it be cheaper, even online or at bricks and mortar institutions? If you are that student should you be able to get that remedial study much cheaper than you would if you are not—you know, if you are from a school system where you maybe were better prepared?

Mr. JENKINS. Right. Absolutely. It is a great observation in the fact that a lot of students do come underprepared to postsecondary education.

At our institution we are mostly dealing with students who are adult learners who by and large may have had those skills but they have faded over time. Math is a skill that tends to expire. And we have built up kind of intermediate courses for students that help them to get to that point but that are college credit bearing.

Outside of my role I also work with states on everything from dual credit to dual enrollment, and a lot of states are looking at assessing students early in their junior year so that they can take a dual credit opportunity through their local university or through Ivy Tech or something like that where they could—where they could gain those credits, and they are doing it in an online way that is pretty innovative.

Mr. BUCSHON. Great.

Ms. BOUGHMAN. I would suggest that remediation or developmental learning is a real challenge for us, and in Maryland we are working very closely with our K-12 partners in order to better prepare our students for their college years. And we are looking very closely at all kinds of ways, from dual enrollment to block transfer of credits for general education—30 hours of credits from the community colleges and now, in fact, all of our public institutions accept 60 credit hours from our community colleges. And in fact, transfer is a very good way, and the community colleges tend to be even better prepared to help those students in remediation in the 4-year institutions.

Ms. TATE. Just want to add that though those efforts are being made—and I agree that they are being made—it is still the fact that developmental education is a—in many cases a trap for students. They get into developmental ed, they use up their financial aid on these low-level courses, and then they have no financial aid remaining to actually take their programs. We have not solved this problem in higher education.

There are a number of alternative things that can be done that would—that I think would make it more possible for people to be successful. This does not in any way devalue some of the innovations that are going on there, but it is an enormous problem for community colleges in particular and has not been solved.

Chairman KLINE. The gentleman's time——

Mr. BUCSHON. Thank you.

Chairman KLINE [continuing]. Has expired.

Mr. Sablan?

Mr. SABLANT. Thank you very much, Mr. Chairman.

Good morning, everyone.
I represent probably one of the poorest districts in America, where I know I am aware that 80 percent of our college students at our local community college have a student loan of one sort or another, and so—which is why increasing the interest rate on a student loan is just as important, it is truly important to me as it is probably for the gentleman who just spoke, where in his state of Indiana 291,000 students receive federal subsidized loans. And if we don’t get 2574 marked up and brought to the floor, they can see their college students see an increase of $929 from the life of its loan.

From where I come from in the upcoming fall semester, most high school graduates who have decided to go to college will be going to the local community college that we have. They just can’t afford to leave home. It is a lot less if you can drive across state line; you have to fly. It took me 30 hours to get here yesterday from the Northern Marianas, and so the cost is a very—is prohibitive for some of us.

I was just talking to a school class valedictorian recently and she decided to join the service, put on the uniform, and I asked her why and she says, “I can’t and my family can’t afford to send me to college and so I am going to go and do my 6 years and use the G.I. Bill to get an education.” This is a class valedictorian. And just for your information, over 30 percent of our high school graduates put on the uniform, and many of them that I have spoken to it is because of the use of the G.I. Bill. And so it is really very important for us to keep the costs of college down.

Mr. Jenkins, you represent Western Governors. Is the Northern Marianas part of your program—the territory—the Commonwealth of the Northern Mariana Islands? They are a part of the Western Governors Association. Are the people from the Northern Marianas part of——

Mr. JENKINS. Yes. Yes.

Mr. SABLAN. Right. Because I am aware of many students in the Northern Mariana Islands who attend online universities—Phoenix and those kind of for-profit universities, I think, and it is really prohibitive because they just don’t have access to—they can’t just drive—get in the car and drive elsewhere for a college.

And I am really encouraged by what you guys are talking about because this would allow the people in the Northern Marianas Islands to have greater access to school to get a college education where they can’t otherwise.

Where I come from over half our workers in the private sector are there on some kind of visa or another—they are not U.S. workers, which is why really one of the reasons I ran for Congress is
we need to start investing in our people. We don't have manufacturing; we don't have natural resources.

The only thing we have—the most important resource we have are our people, and we need to start investing in their future. Chairman Miller will attest to this that this is always talked about is helping us invest in our future because it is all that we have.

And again, I would also encourage my friends on the other side of the aisle to sign onto this because it is really critical—2574. Keeping the cost of college education as low as possible is very important to us—to me, just as I am sure to everyone across—in this Congress and everyone in this room.

So, Mr. Chairman, I yield back my time.

Chairman KLINE. I thank the gentleman.

Mr. Guthrie, you are recognized.

Mr. GUTHRIE. Thank you, Mr. Chairman.

And, Dr. Tate, I was reading through your testimony and I was trying to understand how the assessments work, and I have a scenario like the 40-year-old in your testimony who—a young lady who dropped out of high school because she had a baby, worked in a manufacturing facility, extremely intelligent, figured out that she was, she was working in the factory, trained her for a real high-tech kind of skilled job, but tried to encourage her to go to college. She was 30 years old at this point and saying, "Well, if I go to college I have got 5 years to"—it would probably take her 5 years at least to do it and by that point had a teenager, I believe the woman did.

And so the thought—what I said to her was, "Well, you can go for the next 5 years and really sacrifice a lot and then spend the next 30 years of your career at high income and doing managing things because you have the ability, or you can spend the next 35 years wishing you had gone back." And so what—that is the kind of choice.

But if I could have shrunk that time in her mind—if I said, "Hey, look. It is not going to take you 4; it is going to take you 1."

Now, I understand you have a Navy scenario, too. If a Navy person is in the nuclear program and they get out of the Navy and they say, well I have got the probability and statistics I took, I mean, that seems ready to—for somebody to look at and say, "That meets our standard."

You have the 40-year-old that worked—started as a janitor and moved into middle management. This is a lady who started as a factory worker, moved into sort of middle level management—not quite, but—and I know there were some statistics courses we taught her.

But I guess the question is, can you walk through a portfolio assessment? How do you kind of do life experiences don't—not like the Navy that I took basic NCL officer course and this is what was in it. This is the things I did for a living and how does it translate into credit?

Ms. TATE. Yes. There are very carefully constructed assessment processes to actually figure out what she knows. Because it isn't what she did that should give the college credit; it is what she knows and has learned. It is the competencies. It is the learning outcomes.
And there are ways of knowing that. She can——

Mr. Guthrie. How do they begin? I mean, how do they just start with that?

Ms. Tate. First of all, in colleges and in our LearningCounts initiative the person is assisted to figure out first what did she do, then what did she learn from those things. And she documents all that and then we look at what courses at the colleges that she is interested in or is already in, if she is already in one—what courses do these areas of learning look like? And we literally work with her on what do you know, what is in these course outcomes or competency statements, and how can we evaluate and know that you know that?

And she is able to actually look item-by-item at—and that is why we like colleges to do a better job of outlining their learning outcomes and courses——

Mr. Guthrie. Well, does your group do that assessment and then say, “These are credits she should get,” and colleges can choose whether or not to accept or——

Ms. Tate. I am sorry. I couldn’t hear you.

Mr. Guthrie. Does your group do the assessment then, or people in your association do the assessment?

Ms. Tate. No. Faculty experts from all over the country do the assessments.

Mr. Guthrie. Okay, but they get a credit assigned through the assessment——

Ms. Tate. Yes. The faculty member says yes——

Mr. Guthrie [continuing]. And then colleges—that any college can choose to accept or not accept——

Ms. Tate. Yes. That is right. That is right. And many, many, many do. I mean probably, I don’t know, there are probably 2,000 of them that do.

Mr. Guthrie. Okay.

Ms. Tate. Because they understand that the learning outcomes have been identified; they are on a transcript. It is very clear what they are. They are not general credits of some sort of vague sort. They are identified. It is a part of a program.

Mr. Guthrie. Yes. After a while we figured out she could do the work, because I have some master’s work in statistics and I was trying to teach her statistical process of controlling and manufacturing and I looked at her and said, “You are better at that than I am. I just had access to it.”

And so once she got over the hump of, can I go to college, but the point was the time. So anything that she has—heyy, you can do it in 3 instead of 4, I think that really would have encouraged her to do so.

But I have one question with Mr. Smith.

You say you have courses that don’t lead to degrees? And I understand what you are talking about, so you can compete and offer better, but when somebody goes into the job market to make themselves marketable, I can see that you would put on a resume for my business that “I had a course in probability and statistics” because we use that quite a bit, but how does it make them marketable to take courses from your organization but if it doesn’t lead——
not that they are not learning, but how does it make them marketable in the real world?

Mr. SMITH. Students come to us, they take however many courses—anywhere from one to 15 or 20 gen eds or standard courses, and then they matriculate to one of our partner colleges or a college that has agreed to award credit for those courses, and on our website we are very clear that if you are not going to one of our partners, check with the college where you are going to make sure they will award credit for these courses.

So students take a few courses—the kind they take in any kind of community college or a 4-year environment in their freshman and sophomore year and then transfer into UMCU, Western Governors, or any of the other partners with whom we have. So it is a low-cost, low-risk, very convenient pathway to get those early courses out of the way and then move into a degree.

We have started doing some stuff with corporations, where we are becoming part of tuition assistance programs for corporations, and we are—we believe in time we will start to see more recognition from corporations, you know, that these are either equivalent to or—close—or comparable to a degree.

Chairman KLINE. The gentleman's time has expired.

Mrs. Davis?

Mrs. DAVIS. Thank you, Mr. Chairman.

And I certainly appreciate my colleague wanting to personalize for students what they might be able to contribute in terms of those credits, but I think the reality is that when we are—if we are seeing student interest rates going up then if we personalize—in Kentucky, for example, where my colleague is from, 124,000 students—124,069 students received federal subsidized loans, so for those students, you know, $942, which is the estimated cost in the life of the loan, that is significant.

And I think trying to put that against what is it that they would save by getting that credit and not having to take additional classes, you know, there is a balance there, but I think what we are trying to get out is the certainty. It is the certainty of students who know that when they take out a loan it is going to be the same interest rates when they complete.

And the problem that I think we have with the Republican alternative in this is that that could change. It could change every year. That certainty is kind of a—you know, is good for students, and I think there could be a chilling effect if students now—“Okay, I am going to take out a loan at this percentage and then by the time I finish I am going to be—it could be twice that.”

If you don't have a cap and if you change it every year, that is really a problem. And so trying to find that certainty I think is what is so important.

What I would like to understand better from you is as we talk about the kind of disruptive innovation, basically, that schools are engaged in today, whether it is online, whether it is MOOCs, whatever that is, how—number one, what is the federal role in that? What do you think the federal role should be in supporting that, if at all?

And secondly, how do we really decrease the cost for the degree by virtue of having these different options for students and what
is the range of that cost? Again, is it—does it amount to what—if you had had a stable interest rate would that be greater than, less than? What are we really talking about here so that we can identify and move forward with those technologies, that innovation, as opposed to working harder, perhaps, to make sure that, you know, people enter with a certainty of what their education is going to cost. It is not just the student; it is the parent loan, as well, that we see great increases for.

So, Dr. Boughman, if you could begin to talk about that?

Ms. BOUGHMAN. Well, you have made several very important points, Mrs. Davis. First of all, every little bit helps, so that keeping interest rates down on student loans of course would be incredibly important to all of our students who are, in fact, garnering more and more debt.

Another challenge is understanding the debt that they are taking on, and having constant rates may, in fact, be more easily understandable in a very complex environment the point that you made.

Our concern is student success as efficiently and effectively as we possibly can have it, so that a student who comes in, whether they have transferred credits in from our community colleges or from any other source, get them to their degree cleanly and quickly rather than having extra credits taken in courses that don’t lead directly into their degree pathway.

And this is why in the state of Maryland we are working so hard with all of our partners to, in fact, have transferability from institution to institution and use of credits toward degree processes. And the idea of equivalency is incredibly important but it is not as easy as it might sound. It does take faculty time to sit down and figure out whether the accounting course taken at one institution or another really is equivalent to the accounting course required for that degree program. So it is a matter of all of us spending a little bit of time helping—

Mrs. DAVIS. Thank you.

And, Dr. Tate, very quickly, because you have spoken more to this on the panel. When we are talking about individuals that are veterans that are coming out of the service—Corpsmen, for example, that have exceptional skills on the battlefield and are trying to translate those—how do you see the faculties working with those kind of credits and are they using the military in order to do that?

Ms. TATE. Well, as was mentioned, the American Council on Education already reviews military training and makes college credit recommendations to institutions across the country for that military training and it is done throughout the services. And so a person who got that formal training in the Navy or Army or wherever—they can go to the source, demonstrate to a college that they have it, and then the faculty and the registrar and others can sign off on that.

If the learning didn’t occur in formal training then they need to document it in a portfolio of the kind I was describing and faculty can look at that, too.

Chairman KLINE. The gentlelady’s time has expired.

Mr. ROE. Thank the chairman, and I thank you for having this meeting.
And, Mr. Jenkins, I had to laugh a little bit when you referred to college students in the 1960s as elitist. I certainly didn’t view myself that when I was selling shoes or hauling hay in the summer. So that is the first time I have ever been accused of being an elitist.

But I want to thank you all for trying to make innovation and making college education. I have served on two foundation boards in college, one as president. It is a huge challenge.

My son, as some of the other members have talked about, fussed about the cost of college education. I won’t mention his college, but his fall quarter of freshman English cost more than my 4 years of college did. That is an astounding number when you hear about that, and students are having to deal with this all over the country.

I guess a couple of the things that the challenges that you have—and I want to just open it up for you all because this is a fascinating discussion we have had—is that when you go to college you have a certain standard that you have. You have an ACT score, a GPA, they know the high school where you graduated from. There are some standards that are there.

How do you equate those standards when you go, let’s say, to Western Governors? That is one. So I know that when I—when you graduate from U.T.—University of Tennessee, or Vanderbilt, or Austin Peay, or wherever it may be in Tennessee, I can look at that college and find out what percentage of those students pass their nursing exams, their teacher certification exams, how many in that school that applied to medical school actually got in medical school and graduated. All that data is out there.

How do you do that with online? And I think it was brought up—and I think you are going to have to, in online courses, set up standards. Because ultimately, I almost see this for bricks and mortar schools like the post office. Look at what—look at what these things right here and text messages have done, and I wonder if that is—if we are not going to harm our bricks and mortar colleges or are they going to embrace this and actually embrace the online?

And then one other thing, and I am going to open it up for you all, is I have still tried to figure out, let’s say at Western Governors, how—and you brought back some memories of my college education.

Squalus acanthias came up, which is a dogfish shark. How do you dissect anything when you are in an online course? Or how do you find the molecular weight of an unknown in your chemistry class? How do you do that part—that—I could see where you could take a history class, but when you get into more technical things like that I was involved in, how do you do that?

Mr. JENKINS. Thank you. That is a really, really good question. So at WGU the—because we are competency-based we work with business and industry to determine what are the competencies that a student needs to be—show mastery of in order to be successful in that field. And so, for example, in information technology if you graduate from WGU with a bachelor’s degree in information security, you can have anywhere from 13 to 15 I.T. industry certifications that are all part of what you pay. As part of the $3,000 every 6 months, $6,000 a year. It is an all-in cost, so all your learn-
ing resources, all your assessments are covered within that because we use the technology to leverage the instruction.

The issue over biology and things like that, we actually ship a—every student has a camera and we ship a set to—a learning lab to the students and the students utilize that, and they video tape it as part of a demonstration project in undergrad. We do some pre-licensure nursing programs where we actually have clinicals that we team up with hospitals and others to provide that kind of clinical supervision where you need that kind of—that intimate clinical, and we do the same thing with teacher preparation.

Mr. Roe. What happens when someone applies to WGU? Do you have certain standards—you have to have an ACT of 24 or 25, whatever it is, and a GPA of a certain amount?

Mr. Jenkins. We don't have any national assessments. We have an internal assessment that looks at three key things. It looks at your numeracy and mathematical skills, your English language arts skills, and you have to be at a certain standard for those, but it also looks at things like grit and perseverance and whether you are ready for this learning. That really counsels out about 20 percent of the students who apply, so about 80 percent of the students who apply ultimately enroll and get into the institution.

Mr. Roe. Our state, Dr. Tate, is attempting to use those things you learn in life, and one is a driver's license. Seems fairly competent. If you can drive a big huge tank across the state of Tennessee for the U.S. military you ought to be able to drive a truck across, and so we license. We do other things like that to use competency you have already shown and there is no point in going through an expensive recertification for that, so I applaud all of you all.

I know my time is about expired but I applaud for what you are doing in innovation both in the bricks and mortar and thinking outside the box. But I do think that the online are going to have to have some standards just like universities do so you know when you graduate that you are getting a quality product.

I yield back.

Chairman Kline. Thank the gentleman.

Mr. Courtney, you are recognized for 5 minutes.

Mr. Courtney. Thank you, Mr. Chairman, and thank you for holding this hearing.

I want to just, again, at the outset note that the day the chairman brought out H.R. 1911 was May 23rd on the floor of the House. The measure passed. The 10-year Treasury note yield rate on that date was 2.02 percent; today it is 2.65 percent.

I mean, if anybody wants a perfect example of how you have to handle a variable, market-based system with care, just look at the last 40 days in terms of what is happening since Mr. Bernanke made his announcement about quantitative easing and how quickly the markets responded in terms of changing the whole terrain that is affecting home mortgage interest rates, but certainly a system, if we had enacted 1911, that is going to turn our student loan system willy-nilly into a market-based system.

Again, I think as some of the speakers have said here earlier, I think there is no ideological religious objection to using market-based, but the fact is that there were not enough safeguards in
1911 to allow a rate to reset every year while a student is still in college, given the volatility which we are seeing, again, just in the last 40 days in terms of Treasury bonds is, in my opinion, a big warning signal about why we need to go slow here, to be careful in terms of what we are doing to students.

And obviously 2574, which extends that rate—84 percent of the American public supports protecting that lower rate in a polling that came out, because they have a common sense understanding of what is the difference between a fixed rate and a variable rate, and that we saw in 2008, the world economy tied to these subprime mortgages blow up because of the fact that people, again, were peddling these things and buying these things, which had huge consequences.

Again, I would note that my good friend who just spoke from the state of Tennessee has 138,000 students receiving federal subsidized loan. Again, their costs will go up $973.

Again, I would ask him to join us on our side to, again, do what I think the American people know is the smart move here, which is extend the rate, and in the context of a higher education authorization bill, which will incorporate all of the mechanisms from Pell Grants, Perkins, Stafford, and also the great ideas that are being discussed here today. That is the comprehensive solution that the country is looking for.

Again, as someone whose family had great news about a year-and-a-half ago when my oldest son announced that his credits that he had accumulated outside of Georgetown University were going to allow him to finish in 3-1/2 years, we felt like we won the lottery that day that he announced that. I took him out to dinner that night here in town and said, “Order whatever you want on the menu.” Again, the ideas that you are putting forth here about affordable solutions, again, is just so important and again, a Higher Ed Authorization Act, which I think can really structure ways to enable students and families to do that, is just so important for us to do.

Dr. Tate, again, I would just like to focus again on the military aspect. Again, one of the big challenges we are hearing out there is that folks on military installations who are close to discharge, again, are sort of getting swarmed by individuals who know that the post-9/11 G.I. Bill is sitting there waiting.

And, you know, how we can, you know, sort of equip those families, because again, they have a benefit they can extend to their children and spouses so that they spend it the smartest way possible. How can we give them the earliest knowledge about what their skills that they learned, whether it was driving a truck like Dr. Roe said, or Corpsmen, you know, will give them a better sort of horizon to make the best choice for their families?

Ms. Tate. I think that there are a variety of things that can be done and various people in various places are trying. There is not a comprehensive solution yet.

But for example, in the Midwest employers—our veterans initiative that we are engaged in there, upon discharge we give this individual career and educational advising immediately so that they know their choice of options, they know their prior learning, they know what the best pathway is to a degree or credential, and the
time to work with them is right then, not after 6 months has passed, but right at the time of transition from active military into after military status.

So what I believe is that that kind of solution needs to be, you know, universally in place. Colleges are doing tremendous things with veterans but the veterans have to find them first, and what we need is interventions that move in on the bases with individuals and help them right then.

Mr. COURTNEY. Thank you. I think that is the right time.

Thank you, Mr. Chairman.

Chairman KLINE. I thank the gentleman.

Mr. Rokita, you are recognized for 5 minutes.

Mr. ROKITA. I thank the chairman and I welcome the witnesses. It has been a very interesting panel.

My first question goes to Mr. Smith. Now, StraighterLine—that is not what we call the MOOCs, right? That is a different model?

Mr. SMITH. Yes and no.

Mr. ROKITA. Massive open online course, for those at home.

Mr. SMITH. So no in that it is not the same but the principles are the same. The difference is we have created a pathway to credit for which we can charge, so we sort of think of ourselves as a MOOC with a business model.

Mr. ROKITA. A MOOC with what?

Mr. SMITH. A business model.

Mr. ROKITA. Do you consider Mr. Jenkins’ operation a MOOC—again, massive open online course?

Mr. SMITH. No.

Mr. ROKITA. Okay. I just wanted to be sure.

What impact do you see these open online courses having on traditional higher education and what impacts do you see your company having on traditional higher education? Can you compare? When you say you are a MOOC with a business model, just unpack that a little bit——

Mr. SMITH. Sure. I think a——

Mr. ROKITA [continuing]. 30 seconds or so.

Mr. SMITH. I think a better phrase than MOOC is—and equally inelegant, but a marginal cost pricing model. I mean, so the—I realize it doesn’t roll off the tongue, but the—that is kind of what is happening is so we are pricing much closer to the cost of delivery, the MOOCs are pricing closer to the cost of delivery, and the irony is it has to be done outside of the accreditation structure to be able to deliver it. So it has tremendous potential but it is restricted by the willingness to award credit for these different sources.

Mr. ROKITA. Dr. Tate, real quick?

Ms. TATE. Oh, I was just going to add that, you know, MOOCs for the most part are still non-credit, though a few are beginning to be offered for credit. And in the beginning no one really—that was offering them really cared whether anybody got credit.

Mr. ROKITA. I see.

Ms. TATE. This model that Burck is talking about is one where the intention is to go for college credit. They are all online open resources.

Mr. ROKITA. Okay.
And, Dr. Boughman, you agree with that?

Ms. BOUGHMAN. Yes. In fact, it—from the more traditional university point of view it is the equivalency that becomes important in the transferability into a degree pathway.

Mr. ROKITA. Okay. Thank you.

And then, Mr. Jenkins, of course, you and I crossed paths when I was Indiana secretary of state and you were the governor’s senior advisor on education, and of course, Indiana—we have been talking about state numbers here, state statistics—of course, Indiana is a member of the Western Governors Association, at least in terms of the university. Can you tell me in the 2 years that Indiana has been involved what the numbers suggest and what conclusions you draw? Indiana specific, please.

Mr. JENKINS. Thank you. So in Indiana right now we have gone from—when you signed the executive order as secretary of state we went from 250 students and one employee to now we have 3,500 students and well over 700 graduates, and all of those are in I.T., business, health care, nursing, teacher preparation. The average age of those students is 36 years old.

It has been a strong success in the state. State need-based aid is provided to the students who are otherwise eligible, which really, when you couple that with Pell, pretty much covers the entire cost of their education going through.

We have a lot of success stories from Indiana. It was the first state that actually created a state-branded WGU and it has been a strong model targeting adult learners—the 750,000 adult Hoosiers that have some college and no degree.

And there is a lot of work still to be done in the state, but institutions like ours and others are moving in that direction.

Mr. ROKITA. But, Mr. Jenkins, how much has tuition risen?

Mr. JENKINS. In that time our tuition has not risen.

Mr. ROKITA. Oh.

Mr. JENKINS. It has stayed the same.

Mr. ROKITA. Very good. And MBA program too, now?

Mr. JENKINS. Our MBA program has grown from—at this point our MBA program is, I believe, one of the largest-enrolled MBA programs in the state underneath I.U., Purdue, and Notre Dame—number four.

Mr. ROKITA. All right. Thank you.

You mentioned financial aid. When you compare it to traditional education you are saying it is the same amount of financial aid and the same types, or is there any difference or any bias against or for you?

Mr. JENKINS. So in Indiana we established as part of the executive order and the agreement with Indiana that our students would be funded at the same rate as if they were attending a public university.

Mr. ROKITA. But that is state-by-state. Other states——

Mr. JENKINS. Yes. State-by-state agreement for state need-based aid.

Mr. ROKITA. Okay.

I yield back, Mr. Chairman.

Thank the witnesses again.

Chairman KLINE. I thank the gentleman.
Mr. Hinojosa?

Mr. HINOJOSA. Thank you, Chairman Kline and Ranking Member Miller.

While I clearly understand the need to hold a hearing on innovation in higher education, our committee and Congress, it seems to me, cannot continue to neglect students and families and allow colleges to become more expensive and not affordable. Listening to the gentleman from Indiana, Congressman Todd Rokita who just spoke, I would like to point out to you that your state of Indiana has 291,000 students receiving federal subsidized loans and that if this committee fails to adopt this Democratic petition and fails to enact H.R. 2574, Keep Student Loans Affordable Act of 2013, each student in your state will see their college costs increase an average of $929.

And I, too, am quite concerned because in my state of Texas we have 464,000 students who are borrowers as of this last school year and academic year, and that, to me, is reason for wanting to have this extended another year until we can find a better solution than what has been proposed.

Without Congress’ swift action, more than 7 million low-and moderate-income students—and I repeat, more than 7 million low-and moderate-income students working towards a college degree will have to pay an additional $1,000 for each loan they borrow.

On June 28th of this year Democratic members requested that this committee mark up the bill to reverse the rate but received no response. Every Democratic member has signed the petition to bring this bill up for a vote.

The bill we are proposing will help ensure that college remains within reach for students who rely on federal loans to pay for their education. As ranking member of this Subcommittee on Higher Ed, I ask my Republican colleagues to do what is right. Sign this special petition so that we can move the bill to reverse that rate increase.

And at this time I would like to proceed with questions for our witnesses. My first question is for Dr. Joann Boughman.

In your testimony you mentioned that gatekeeper courses posing significant problems for many college students and halt their degree progression. Please explain to us how course redesign has helped students persist in your college.

Ms. BOUGHMAN. Thank you, sir.

Our course redesigns are, in fact, teaching our teachers as well as our students, and one of the things that we are clearly learning is that interactive and active learning models, in fact, help students learn better and longer so that, in fact, these course redesigns that engage the students in a progressive kind of way and an interactive kind of way are leading to higher student success, lower dropout rates, and, in fact, progression more quickly toward degree——

Mr. HINOJOSA. Would you think that the system that you just described is supporting the nontraditional student?

Ms. BOUGHMAN. It supports the nontraditional as well as the traditional student, and these blended learnings as well are moving from the strict, old-fashioned lecture format to the blended learning to the totally online are capturing not only new areas of teaching
and learning, but are also utilizing the skills—the electronic skills that the newer generations have so well adapted to.

Mr. HINOJOSA. Thank you for your answer.

My next question is for Mr. Scott Jenkins.

I am somewhat familiar with your Western Governors University. How are the academic credits, the awards, the progression determined in a competency-based education framework and how is student achievement handled for purposes of transcripts and transfer of credit?

Mr. JENKINS. Thank you. The university works with external program councils made up of business, industry, and academia to determine the competencies toward each degree program. Our faculty then uses those competencies and bundles them into courses, identifies learning resources from business, industry, publishers, other institutions, and directs students to those learning resources in order to learn the competency. And then we——

Mr. HINOJOSA. I like that you are working with——

Chairman KLINE. I am sorry. The gentleman's time has expired. Mrs. Brooks?

Mrs. BROOKS. Thank you, Mr. Chairman.

To follow up a little bit—Mr. Jenkins, good to see you again, having worked with you in Indiana, as well, at my time at Ivy Tech. So while Western Governors University is not really new—it has been around I guess since 1997 but has enjoyed tremendous success in Indiana—how are the placements—the job placements of your graduates doing? And it is a fairly new higher ed concept, and so are employers embracing your graduates, both at the undergraduate and at the graduate school level?

Mr. JENKINS. Thank you. That is a great question. It is great to see you. The debate used to be whether online learning was as good as classroom learning. That is really not where we are these days. We believe that we can—we have improved both quality and affordability, and we measure success of our students on lots of different measures, one of which is we look at our students themselves and we do an annual student satisfaction survey and 97 percent say that they are satisfied or very satisfied with their education.

We also survey them to find out how many have received a raise, promotion, or new job, and about 65 percent of our graduates have received that. We do an employer survey every year, and when we survey employers 98 percent rated the preparation of WGU students as equal to or better than graduates of other institutions.

We are really serious about our work with business and industry and form partnerships, and we actually go to them and ask them not only do you like what our graduates are doing, but are there weak areas where we can improve, where we can embed that kind of competency into the curriculum? So we have had a great, successful partnership with business and industry in our university.

Mrs. BROOKS. Thank you. I am proud to report—and I doubt that you know this—my paralegal when I was a general counsel at Ivy Tech Community College was a student at WGU. She had her associate's degree and was working toward a bachelor's through WGU, and I continue to keep up with her progress, so it has been fabulous.
Quick question for Dr. Tate with respect to prior learning assessments, and I am familiar with them, having been at the community college, but it seems a challenge is finding those evaluators and the people within the higher ed institutions who are trained and have the ability and the willingness to take, for instance, the veterans’ experience. What is CAEL doing with respect to helping the higher ed institutions embrace prior learning assessments so that it can become a more useful tool and so that so many particularly adults, you know, can go back to college and earn some of those credits?

Ms. Tate. There are two ways that we are working with higher education on this. The first is something we have done for decades, and that is to—we have formal training that can be done on campus, regionally, online—a whole variety of methods to train faculty to become quality assessors of prior learning, and the number who are able to do this is growing.

But the second thing we have done is to launch our own LearningCounts prior learning assessment national service online, and for that we draw on faculty all over the country in all the disciplines to do the assessments and they are trained by us. Our idea is that this will get the prior learning assessment idea to scale, and we work with the colleges and universities to make this happen.

So I think it is both training—awareness-building and training and it is the launch of something at a national scale that is online. And I think those two ways as well as, obviously, working with accreditors and state systems of higher education—all of those are going to combine to really bring this to national visibility and scale.

Mrs. Brooks. Are there any states in particular—and I apologize if you answered this earlier—that are doing this particularly well, and should we, in looking at, you know, reauthorization of higher ed reauthorization act, be rewarding or incentivizing higher ed institutions in some way?

Ms. Tate. Well, if you just take one state—I could mention many—Tennessee passed a performance funding bill in 2010 that gives institutions some additional credit for helping adult learners graduate in higher numbers. And a key piece of that has been a statewide policy on prior learning assessment that all colleges agreed upon.

We worked with Tennessee over several years to make that happen and it is now in place. And that has fostered the expansion of prior learning assessment throughout the state. So there are others but Tennessee’s is linked to a performance funding formula.

Mrs. Brooks. Thank you.

And thank you all.

Chairman Kline. Gentlelady’s time has expired.

Mr. Tierney?

Mr. Tierney. Thank you, Mr. Chairman.

My colleague, Mrs. Brooks, will be happy to know that we have already used the Indiana number so you don’t have to listen to that litany of direct information. But I do think it is worth making the point, as we have been trying to do here all morning, that Congress hasn’t acted. It is costing students around $1,000 more per loan because we haven’t acted.

One of my colleagues, the colleague from Michigan, indicated that he is going to sign a petition to get the Senate to respond, but
the Senate has responded. And what they said is they are not interested in taking up the Republican bill because, as has been indicated by CBO and others, it would actually cost students more than if we just let it double.

So we need to do something, so my recommendation, my hope is that the chairman wouldn't even need the rest of the signatures of the three people we are looking for, would just take this bill up in committee that we put forth with Mr. Courtney, and set the rate at 3.4 percent while we try to work within the context of the higher education reauthorization to deal with all loans.

And one of the sticking points on dealing with all loans is going to be that many don’t believe that it should be a profit center, that we don’t think the rates ought to go high enough to more than cover the cost of the loan and the administration and the impossible default rate on that, and the rest going down to pay for a deficit the students and their families didn’t really incur. So we are going to have that debate and it is going to be a lot more extensive, but in the interim, in a way that doesn’t raise the deficit at all, why can’t we just sign the petition or bring the matter up to pass Mr. Courtney’s bill and take care of those 7.4 million students and let them avoid that burden on that?

Because what I hear here this morning are some seeds for agreement. I mean, I haven’t heard a lot of disagreement on—across the aisle here as we talk forward. People are interested in innovation. They are interested in finding ways to decrease the cost in that and get people through school quicker but with the competencies that they need.

I had a hearing recently of over 50 educators in New England. All were excited about the different things we have talked about. As Dr. Roe indicated, some are concerned that it might be a standard cost issue with some of the bricks and mortar on that, but other schools are saying no because if they use this well they will bring in more students and deal with the other issue we have is we are graduating enough students with these credentials on that. So I think there are ways to work out all of that.

And we have had a lot of questions here this morning so let me try to differentiate a little bit. We talked about learning assessments on that basis. What about internships, and apprenticeships, and work study, other ways—can’t we have a way of utilizing those tools—work study, apprenticeships, internships, in a way that allows students to earn money towards their cost of school or whatever at the same time getting credit for the experience that they are earning on that?

And, Mr. Smith, I think you are probably not in that field. I don’t mean to slight you but your testimony was very well appreciated on that.

But Dr. Boughman, and then Dr. Tate, and then Mr. Jenkins, if you might address that?

Ms. Boughman. Yes. Thank you, sir.

In fact, many of our degree programs are now requiring internships, but in fact, providing course credit for those. And our board of regents has passed a policy that says at least 12 credits of the 120 for a college degree is expected to be taken outside the classroom. So in fact, our board of regents is leading the way in pro-
viding this concept that an integration of skills and ability as well as classroom learning is extremely important.

Mr. Tierney. Thank you.

Doctor?

Ms. Tate. I would just add that colleges and universities all over the country in many states are moving in the same direction. I am delighted to see that and I think the key is ensuring that the assessment of that learning is done by the institution and its faculty. The same principles apply to the prior learning of adults. If the right assessment is done, whether it was through work or community service or some other vehicle, if the assessment is done then you can certify the learning. And I think both of those—they are really complementary in terms of their concept about how somebody learned it.

Mr. Jenkins. So over 90 percent of our students are over the age of 25. We serve a—really a nontraditional, working student. So with our institution, a lot of times the bookkeeper who has been working without a degree in a small laundromat can come to WGU and accelerate through their degree program, demonstrating the knowledge they have of accounting and bookkeeping and reading a balance sheet and those sort of things so that they can move forward quickly at a low cost.

Mr. Tierney. So are all of the higher education institutions, in your opinions, currently equipped to make those assessments or is there something else needed to assist them to be able to do that and encourage them to do it?

Ms. Tate. I think that faculty are much better at research and teaching than they are assessment. And I think that would be—you would find that to be true regardless of where you look. So I think a major improvement here could be that faculty could get increasing training on how to assess learning.

Mr. Tierney. Thank you.

Chairman Kline. The gentleman's time has expired.

Ms. Bonamici?

Ms. Bonamici. Thank you very much, Mr. Chairman and Ranking Member Miller, for holding this hearing today, which is titled, “Keeping College Within Reach: Improving Education through Innovation.” And obviously the goal was to tie those together but I am actually going to talk about them separately.

First I want to talk about keeping college within reach, and really join with my colleagues in voicing my desire for a bipartisan solution to the recent increase in federal student loan interest rates. We all know that the public is watching us. We need to come up with a solution. Every day we delay is letting down students and also, I think, really affecting the public’s perception of whether Congress can get anything done.

So I call on my colleagues. Let’s support a 1-year extension of the 3.4 rate, commit to finding a long-term bipartisan solution.

I wanted to share a little bit of information from my home state of Oregon. Our legislative session just ended yesterday, in fact, and something happened there—a vote that was, I believe, unanimous—certainly bipartisan, but I believe unanimous in both chambers.
Oregon is really taking some innovative steps to making college more affordable and they passed a pilot called “Pay it Forward, Pay it Back,” and its approach to college funding, which once the pilot is developed, I think is going to be truly groundbreaking. Under this proposal a student could attend a state college for free without traditional loans and the state covers the tuition, and then once the student graduates he or she will be committed to paying back a percentage of his or her income to the state for a designated period of time. It is a truly progressive—not meaning liberal, but progressive not regressive—policy.

I am going to be watching very closely as they explore this pilot because it is something that could truly make a difference in the lives of students and pay for itself. Pay it Forward, Pay it Back.

So when we talk about keeping college within reach I think we do need to think big and think outside the box and look at innovative ways that we can reach the needs of ours students. We have heard the words “crisis” today and too many economically disadvantaged children are not able to attend college, so let’s think big on that.

Now I want to turn to the Improving Education through Innovation portion of the title, and yes, this is about improving education through innovation and innovation can mean a lot of different things, from online learning to more technology in education. Whatever approach we pursue—and I reviewed your testimony; apologize I couldn’t be here when you delivered it orally—I think we need to recognize the importance of developing some very critical skills that are really important to someone thriving, especially in a business community, but in a global marketplace, and those skills are written and oral communication, teamwork and collaboration, and critical thinking.

So could you discuss a bit about how online learning affects, whether it be the ability to communicate written and oral, what does that do to critical thinking, and especially the teamwork and collaboration that are so necessary in today’s business world?

Any of you can start. I would like to hear from all of you on that issue.

Ms. BOUGHMAN. Let me start, and thank you very much. And we, too, will be watching Oregon very carefully on the Pay it Forward, Pay it Back process.

In both the blended classroom learning and in the way we are moving to online learning with interactions and constant feedback loops with students as well as project-based learning rather than individual problem sets and quizzes—moving to group-based activities—we believe that we are addressing some of the deficits that we have had in providing these interaction skills and oral and written communication skills as we prepare our students to move forward.

So especially in the blended classroom learning situation I think we are doing a much better job than we have in the past.

Ms. BONAMICI. Thank you.

I see other heads nodding.

Mr. JENKINS. So, as Dr. Tate mentioned in the last response, a lot of institutions when you look at the institution and want to see
how they do assessment, at the institutional level it probably could
fit at a table this size.

At WGU we have hundreds of faculty who think every day about
how do you measure things like critical thinking skills? How do
you—what is the best type of assessment to deploy in a particular
competency in order to measure that type of skill? Is it a video
presentation that is then reviewed according to a rubric? Is it a
team experience? Is it a different type of model?

So the online experience, I can tell you, is as intimate a learning
experience as you would get in a traditional classroom, and in some
cases it is higher quality.

Ms. Bonamici. Thank you.

Dr. Tate, did you want to add to——

Ms. Tate. Yes. I just wanted to add that—or reinforce the fact
that when people are learning online it does not mean that they
are learning in isolation. What in fact is happening is what you are
hearing, and that is that everyone is finding ways to make it inter-
active, collaborative, and when we are dealing with adult learners,
who is our focus, they tend to bring a lot of that collaborative team-
work from their work experience and add to it their own—their—
the subject matter expertise that they have to gain through a for-
mal college experience.

Chairman Kline. The gentlelady's time has expired.

We assembled a top-notch panel. The bar was really high for ex-
pectations and you certainly didn't disappoint.

Let me yield to Mr. Miller for any closing remarks he has.

Mr. Miller. Chairman, I want to second your remarks. I just
think this has been an outstanding panel and I would like to pick
your brains when we are done with the formal hearing here.

In reading some material sort of getting ready for the Higher
Education Act and this hearing, two people—Dr. Bowen, I think it
is, a former president of Princeton, and Mark Bicturn, is it, yes—
you know, they both sort of talk about the staying power of the uni-
versities, that we can get flip and suggest that we just don’t need
them anymore, they are going to be gone and all of this is going to
succeed and replace them.

And I was also reading a speech given a year or so ago by the
president of Indiana University, McRobbie, McRobbie—I am sorry,
I am bad with names—and he also talked about just the funda-
mental change that that entity has to make to accommodate much
of what you presented to them through your various institutions
and your proposals and your ideas on how we integrate this learn-
ing as opposed to teaching into the universities and into American
society through various—and, Ms. Boughman, you are kind of at
the center of this for a major university and I just—there is a lot
of tension here but I guess I do respect an institution that has been
around since 400 B.C. in one form or another in a variety of dif-
f erent countries at different times—its staying power.

But all this we change here to the benefit of our constituents—
American families, students, however you want to describe it, is
really remarkable—the potential that is sitting here on the edge of
the university, and how do you integrate that and still keep a via-
ble institution that I think is important to American culture?
Ms. BOUGHMAN. I would agree wholeheartedly with you. And one of the joys that I have is to have the diverse set of institutions that we have working with us, from the totally online UMUC through our HBCUs to University of Maryland College Park and others that are research one universities.

We believe we do have a challenge and we do need to be held accountable for making it worth it to make the choice to come to a 4-year campus for 4 years or to, in fact, choose a different path that would lead to a viable degree to move on in the world. And I think part of the issue is making that choice known, making that diversity well worth it.

And each student—some of the older students would be different, but every student is going to have a different pathway that would fit best for them and we believe that our universities will have much to give to students to enrich their lives.

Mr. MILLER. But you are starting to become a facilitator, an integrator, but you also have to become a change agent on campus——

Ms. BOUGHMAN. Right.

Mr. MILLER [continuing]. And that seems to be a place where there is a lot of tension holding back the opportunity that is presented by these—all of your institutions. How do you conquer that?

Ms. BOUGHMAN. There is a great deal of inertia, if you will. It has worked for us for many years; why won’t it continue to work? What we are finding is evidence does change minds, so that the processes that we are going through in comparing things side by side, when we show improved student success and learning on the part of the faculty, as well, gives us better results at a lower cost, other faculty will listen and are engaging.

So there is a tide that is rolling out there and we will, I think, eventually change a lot of minds about the way we can adapt to new methodologies in teaching.

Mr. MILLER. Well, thank you very much.

Thank you, Mr. Chairman. This has been a fascinating morning on this topic.

Chairman KLINE. I thank the gentleman.

Again, I want to thank the panel for just excellent presentation. A lot of innovative ideas. You are doing a lot of great stuff. You represent a great diversity in institutions and ideas.

We did have an awful lot of discussion today about student loans. Was an interesting approach from my colleagues.

Sometimes they forget that we passed legislation out of this committee—bipartisan legislation—and we passed legislation on the floor of the House—bipartisan legislation—to tie student loan interest rates to the market using the 10-year Treasury in an essentially budget-neutral way; and we have a proposal from the White House that ties student loans interest rates to the 10-year Treasury in an essentially budget-neutral way; we have a bipartisan proposal in the Senate to tie student loan interest rates to the 10-year Treasury in an essentially budget-neutral way.

All the elements are there to get this thing solved for the long time. We have had more than a year of knowing that these interest rates were going to double from 3.4 to 6.8 percent if we didn’t adopt a long-term solution. That is what we are trying to do. We are
going to continue to try to do that, get the Senate to take up one of their excellent proposals over there and pass it.

Again, I want to thank the panelists. You have been absolutely excellent.

There being no further business, the committee stands adjourned.

[Questions submitted for the record and their responses follow:]
Chairman John Kline (R-MN)

1. How are tuition rates set under a competency-based model? How does that fit in with the current distribution system of federal financial aid?

2. What are the incentives for institutions and employers to accept or move to a competency-based education or prior learning framework over a credit hour based framework?

Representative Virginia Foxx (R-NC)

1. What benchmarks are put in place to ensure students, who are receiving federal financial aid, are actually making progress and not simply faltering on the same competency over and over again?

2. What support services does WGU provide for struggling students? Can you explain the mentor’s role in more detail?

Representative Jared Polis (D-CO)

1. In your testimony you say that one of the best ways to spur innovation would be for Congress to authorize a demonstration project for competency-based learning similar to the demonstration project authorized by Congress for distance learning. How are WGU’s efforts obstructed by the current framework of higher education, specifically when it comes to offering financial aid and providing a flexible academic calendar? Can you tell us more about how the demonstration project would help mitigate these concerns? Some have said that the department already has the necessary authority to operate this demonstration project. Can you please elaborate on this?
Mr. Jenkins Response to Questions Submitted for the Record

MR. KLINE

1. How are tuition rates set in a competency-based model? How does that fit in with the current distribution system of federal financial aid?

Theoretically, there are numerous different tuition models that might work with competency-based education, and that is another key reason to authorize a demonstration project. At WGU, tuition is set at a flat rate for each 6-month term. Students may register for as many courses as they can successfully complete for this flat rate. However, to be considered full time for financial aid, undergraduate students must enroll in a minimum of 12 competency units per term (competency units are roughly equivalent to credit hours). This motivates students to go faster, and because students can complete more courses at a faster rate, the degree costs less and costs the federal government significantly less in financial aid.
In a competency-based model like WGU, tuition is not billed on a per credit hour basis. This means there are a minimum amount of courses that can be completed but not a maximum. This type of model does not fit well within the current federal financial aid system. For example, by its nature, competency-based education does not have standard terms. The current system assumes a certain number of “credit-hours” up front. It doesn’t envision open-ended systems that let students add courses prior to the end of the term.

2. What are the incentives for institutions and employers to accept or move to a competency-based or prior learning framework over a credit hour based framework?

It is important to clarify the distinction between competency-based and prior learning frameworks in order to gain a correct understanding of the differences in these two models. Prior learning models assign credit for an entire course based on an evaluation of a student’s prior experience. It typically occurs at the front end of the course of study. Competency-based models are on the back end and are much more granular in measuring student learning. It allows students to apply what they know at the competency level, not the course level. All students have to take the same assessments and demonstrate mastery of the competency.

For institutions, generally speaking, there are several disincentives for embracing a competency-based education model. These include:

1. Students are encouraged and more likely to finish early. Accelerating time to degree will negatively impact tuition resources and financial aid eligibility.
2. Institutions and faculty are made much more accountable for student learning outcomes which they typically resist.

Employers often complain that graduates aren’t prepared for the workforce. Competency-based education offers some distinct benefits:

- Competency-based graduates have demonstrated mastery of a standard body of knowledge, and they have done so by passing each course with the equivalent of a B or better. This assures employers that the graduates they hire are well prepared for their jobs.
- WGU improves on the standard model because required competencies and curriculum for all WGU degree programs are developed in collaboration with industry representatives, helping ensure that the students are learning what employers need and that courses are relevant and up to date.
- Tuition at WGU is very affordable, which is important for employers who provide tuition reimbursement.
- With competency-based learning at WGU, the average time to complete a bachelor’s degree is about 35 months, significantly shorter than the national average of 52 months, saving both time and money.

MRS. FOXX

1. What benchmarks are put in place to ensure students, who are receiving federal financial aid, are actually making progress and not simply flailing on the same competency over and over again?

Students are required to enroll in a minimum number of competency units (equivalent to semester credits) within a 6-month term to maintain their financial aid eligibility. The minimum for full-time status for undergraduates is 12 competency units; for graduate students, the minimum is 8 competency units. Students must successfully complete two-thirds of attempted courses to be making satisfactory progress; otherwise, they lose eligibility for financial aid. To complete a course, students must pass a performance or an objective assessment, which may include tactical examinations for nurses, demonstration teaching internship, proctored objective tests or papers, presentations, projects, etc. Students must earn the equivalent of a B or better. Students earn competency units when they successfully complete the corresponding assessments. In addition, WGU imposes limits on the number of assessment attempts by students.

MRS. FOXX

2. What support services does WGU provide for struggling students? Can you explain the mentor’s role in more detail?

WGU’s faculty model is completely focused on student success, and the faculty support provided is individualized to meet students’ needs. Upon enrollment, each student is assigned a Student Mentor, who will work with the student one-on-one until graduation. Student Mentors, who have a minimum of a master’s degree in their field as well as relevant work experience, speak with their students weekly and are in constant contact with them, helping them plan and schedule their studies, solving problems, and providing support.

In addition to Student Mentors, WGU has Course Mentors, who are subject matter experts for each course. These mentors, most with PhDs, work with students as
they move through their courses, leading learning communities, answering questions, and even tutoring by telephone if needed.

A separate and independent faculty group performs grading and evaluation. When assessments are submitted for evaluation, it is anonymous, which helps eliminate bias and enhances objectivity. In addition, using a separate group of evaluators, rather than mentors, allows mentors to focus on helping students learn and succeed.

The efficacy of this unique faculty role is reflected in the National Study of Student Engagement (NSSE) where WGU students report having better relationships with faculty, spending more time on academic work, applying more higher-order thinking skills, and feeling higher overall satisfaction than the national average.

Additionally, students are part of learning communities, where they interact with faculty and other students. Using learning analytics to identify struggling students and target mentor support, these students receive additional support from mentors. In addition, there are mentors dedicated to helping students who are struggling with math and writing, all available with extended hours.

WGU also provides a service called WellConnect for all of our students. WellConnect provides mental health counseling, legal counseling, and other services aimed at helping students solve problems that could interfere with their progress toward a degree. Finally, WGU has a student services office designed to quickly resolve any student issue. Examples include: financial aid, a concern with faculty/mentor, assessment results, or other administrative question that the student is having difficulty addressing on their own.

MR. POLIS

In your testimony you say that one of the best ways to spur innovation would be for Congress to authorize a demonstration project for competency-based learning similar to the demonstration project authorized by Congress for distance learning. How are WGU’s efforts obstructed by the current framework of higher education, specifically when it comes to offering financial aid and providing a flexible academic calendar? Can you tell us more about how the demonstration project would help mitigate these concerns? Some have argued that the department already has the necessary authority to operate this demonstration project. Can you please elaborate on this?

Demonstration program

Technically, the Department of Education may have the authority to waive certain regulations to support competency-based education. Unfortunately, the proof that this authority is not adequate to change behavior is that in seven years since it has been granted direct assessment authority, it has approved only one program. Also, some argue that the Department of Education could use its authority to establish an experimental site. No institution has applied to do this, and this is probably because the Department has indicated that it would take up to two years to gain approval. Finally, the Department has indicated a burdensome cost concern that appears to make it hesitant to move forward. All of these concerns and current realities are assumed and explored within the competency-based demonstration project.

So while the Department, in a perfect environment, might have the authority to pursue this innovative approach, it has failed to do so. That is why Congress should direct and empower the Department of Education to conduct this necessary project.

More than 37 million Americans have some college but no degree. This incredibly deep talent supply has only superficially been tapped with competency-based programs like WGU. The current legal and regulatory environment is simply too inhospitable to support the creation and logical expansion of these types of programs.

There is no objective way under current law that Title IV Student Financial Assistance can accommodate competency-based education models effectively and efficiently enough to encourage this vital sector to flourish. For example, certain satisfactory progress requirements do not promote or encourage students to accelerate time to degree completion. Instead, these rules act as a disincentive for students to extend their efforts by attempting considerably more competency units. This is because there are punitive consequences if “attempted versus completed” does not meet the minimum federal requirement.

Passage by Congress as quickly as possible of a Competency-Based Education Demonstration Program will allow the Secretary of Education to waive specified statutory and regulatory requirements under Title IV and allow for a controlled demonstration program that will allow Congress and the Department to better understand the statutory and regulatory changes that need to be made to allow greater acceptance of competency-based higher education.
We suggest that the following statutes and regulations are the most toxic and disabling to existing and potential programs, and Congress should empower the Secretary to waive for those institutions selected for the Competency-based Demonstration Project.

The requirements of sections 481(a) and 481(b) as such sections relate to requirements for a minimum number of weeks of instruction, sections 102(a)(3)(A), 102(a)(3)(B), and 484(l)(1), section 668.32(a)(1)(iii) of title 34, Code of Federal Regulations, as it relates to courses leading to teacher certification, or one or more of the regulations prescribed under this part or part F which inhibit the operation of competency-based education programs. In addition to the waivers described above, for institutions that propose a rational and defensible plan for competency-based education and for the waivers being sought, the Secretary may waive any of the requirements under sections (and corresponding regulations) in title I, part F of this title, and this part, that inhibit the operation of competency-based education programs, including requirements that relate to:

(A) documenting attendance;
(B) weekly academic activity;
(C) minimum weeks of instructional time;
(D) requirements for credit hour/clock hour equivalencies;
(E) requirements for substantive interaction with faculty;
(F) definitions of the terms ‘academic year’, ‘full-time student’, ‘term’ (including ‘standard term’, ‘non-term’, and ‘non-standard term’), ‘satisfactory academic progress’ (SAP), ‘educational activity’, ‘program of study’ and ‘payment period’.

[Whereupon, at 12:24 p.m., the committee was adjourned.]