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## Education Department's inspector general's high-stakes audit of Western Governors U

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In recent years the Office of Inspector General at the U.S. Department of Education has asked tough questions about the faculty role in competency-based education. Now the inspector general has turned its scrutiny to Western Governors University, the largest and most-established competency-based provider, which has long been a darling of the Obama administration and top department officials.

The fast-growing online university, with a total enrollment of 64,000 students last month, has been providing information to the inspector general in response to the inquiry, which began almost three years ago, said Joan Mitchell, a spokeswoman for Western Governors.

In its [annual work plan](#) <sup>[1]</sup>, the inspector general said it would “continue our work to determine whether Western Governors University complied with the Higher Education Act of 1965, as amended, and selected regulations governing institutional eligibility, program eligibility, disbursements and return of Title IV aid.” (*Politico reported* <sup>[2]</sup> on the probe last month.)

A spokeswoman for the inspector general said Wednesday that the watchdog agency is auditing the university, and that the audit is ongoing. It's not clear how much risk the inquiry poses to Western Governors, but university officials and advocates for digital forms of education are taking it seriously.

The inspector general's interest in competency-based education so far has centered on federal definitions of what constitutes “distance education” versus correspondence courses.

Rules for [federal aid eligibility](#) <sup>[3]</sup> require “regular and substantive interaction” between students and instructors in distance education programs. That requirement does not apply to correspondence courses. Students typically initiate contact with their instructors in those courses, which often are self-paced.

Previous [audits](#) <sup>[4]</sup> from the inspector general have questioned whether some competency-based programs should be classified as correspondence courses. That question appears to be at the center of the office's inquiry into Western Governors, which is a nonprofit. If the inspector general decides the university is a correspondence-course provider, its report could recommend a fine based on previously received federal aid payments, in part because of the different rules for correspondence courses.

Both the university and the department are waiting on findings from the inspector general. It's uncertain if the department would need to follow through on any recommendations in a report on the matter, sources said, given that the Office of Inspector General is an independent entity that answers to both the secretary of education and the U.S. Congress.

Even so, the prospect of unflattering results from the inspector general is nerve-racking to supporters of both the university and competency-based education more broadly, which include politicians from both sides of the aisle.

A possible fine of even pennies on the dollar for federal aid that should not have been received could get large, given that Western Governors has 55,000 graduates.

The university's brand would suffer if the inspector general dubbed it a correspondence-course provider. And such a recommendation could come with financial costs beyond a fine, if enacted by the department, because colleges cannot be eligible for financial aid if more than half the courses they offer are of the correspondence variety.

A critical report from the inspector general also might threaten other forms of higher education that rely on some form of automated and nontraditional forms of instruction, experts said, including massive open online courses <sup>[5]</sup>, degree programs that use adaptive learning <sup>[6]</sup> technology, and emporium-style math labs <sup>[7]</sup>. The White House has praised <sup>[8]</sup> high-profile <sup>[9]</sup> forms <sup>[10]</sup> of all three offerings as being promising innovations.

The department has formed a working group to discuss the "regular and substantive" issue, several sources said. And supporters of competency-based education, among others, are working with sympathetic members of Congress to seek a policy fix. So far those efforts have failed, but proposed legislation may be coming soon.

The dust-up is a classic example of the tension within the department about how to balance its desire to encourage innovation while also fulfilling the role of protecting students and taxpayers from low-quality or fraudulent providers.

Van L. Davis, associate vice president of higher education research and policy at Blackboard, said part of the problem is that federal policy hasn't kept pace with developments in higher education, such as the use of sophisticated learning software in online courses.

"We're dealing with old definitions and new technology," Davis said. "And folks aren't using the same language."

## **Defining Faculty Roles**

Accreditors and the department are in charge of determining whether a distance education program meets federal requirements for faculty interaction. The inspector general recently has issued rebukes to both the feds and a regional accreditor for their review of competency-based programs related to this question.

In 2014 the office issued an audit <sup>[11]</sup> that criticized the department for granting federal aid eligibility to a handful of new direct-assessment degree programs. This emerging form of higher education is completely untethered from the credit-hour standard, and allows students to complete assessments whenever they're ready.

The audit found that the department had not adequately determined whether students in direct-assessment programs might be receiving federal aid for "life experience." It also said those degree tracks actually might be correspondence programs, particularly if colleges are not requiring regular and substantive interaction between students and instructors, some of whom might better be classified as tutors, coaches or mentors.

The audit's release set off some confusion among accreditors and colleges that were mulling new competency-based degrees. Some predicted a chilling effect on the spread of this form of higher education, which, ironically, still has the strong support of both the White House and top department officials.

Then, last year, the inspector general criticized <sup>[4]</sup> the Higher Learning Commission, the largest regional accreditor, for its review of colleges' proposals for new competency-based credentials. That audit <sup>[12]</sup> also focused on the regular-and-substantive issue. It led to the HLC temporarily freezing its approval of new programs.

The logjam eased last summer, when a group representing the seven regional accreditors and the department both issued letters <sup>[13]</sup> that attempted to clarify the rules on competency-based education. The letters described requirements for the faculty role.

Officials at colleges that have taken the lead on competency-based education said at the time that federal regulators and accreditors appeared close to being on the same page about issues including the regular-and-substantive requirement. Meanwhile, interest in competency-based education continues to explode, with more than 600 colleges <sup>[14]</sup> at least planning to create a competency-based degree.

Yet the inspector general remains a wild card. Even people close to the Western Governors inquiry said they didn't know what the office would recommend. And whether the department would be obliged to follow through on the inspector general's recommendations remains murky as well.

Leah Matthews, executive director of the Distance Education Accrediting Commission, said the inspector general tends to be uncomfortable with forms of higher education that don't adhere to a strict definition of the credit-hour standard. She said scrutiny of WGU could scare off other colleges from trying competency-based education, and worried that "we don't have experts in teaching and learning making these judgments."

The university said the principal role of its faculty members is being a mentor to students. But full-time faculty members work with students one on one or in groups. Students are assigned a faculty member (called a student mentor) the day they begin at the university, working with their mentors regularly until they graduate, the university said. Faculty mentors have at least a master's degree in their field and are well versed in students' program requirements.

In addition, Western Governors employs a faculty "course mentor" for each course. These faculty members are Ph.D. holders and subject-matter experts, who also interact with students. (Click here <sup>[15]</sup> for more from the university on its faculty members' role.)

Russell Poulin, director of policy and analysis for the WICHE Cooperative for Educational Technologies (WCET), said the rules for faculty interaction in distance education are outdated.

"Regular and substantive has to go," said Poulin, who has written on the topic <sup>[16]</sup>. "It's focused completely on process and not on outcomes."

Poulin also criticized the inspector general's take in recent years, calling it a "narrow, prescriptive view of that regulation."

To some observers, it's surprising that the federal regulator would focus on Western Governors, a nonprofit institution that the Obama administration, Senate Democrats and others have held out as a quality alternative to for-profit colleges for students who are working adults. (The average age of a WGU student is 37.)

For example, *Washington Monthly* five years ago lauded <sup>[17]</sup> WGU as "The College For-profits Should Fear.) That hype has faded a bit, in part because of the rise of MOOCs, other competency-based competitors and boot camps.

Yet Western Governors' model is doing well. The university has seen annual enrollment growth of 20 percent in recent years.

WGU also is politically popular. The idea was hatched in 1995 by 18 governors (of Western states). The university, while private, has strong support in many states, even qualifying for state-based financial aid in a couple.

Furthermore, Congress wrote the language <sup>[18]</sup> that opened the door to direct-assessment degrees with Western Governors in mind. The university chose not to pursue that authority, however.

"It's not like they were hiding from anyone," Poulin said of Western Governors. "It had been vetted."

The university pointed to the strong backing it has received from policy makers.

"We feel like we have really good support from the department, from the administration and from Congress," said Mitchell.

But despite the widespread desire in Washington for Western Governors to emerge unscathed, and for competency-based education to continue to spread, several experts said the risk of the inspector general recommending sanctions is serious.

As a result, leaders from Western Governors and other institutions that offer competency-based education encouraged Senator Orrin Hatch, a Republican representing Utah, where WGU is based, to try to introduce a rider to the budget bill last year that would have sought to change federal aid rules for distance education. That attempt failed, but other proposed legislation that might take on the faculty contact issue in competency-based education is being discussed on Capitol Hill.

The regular-and-substantive rule was introduced for good reason, said Amy Laitinen, director for higher education at New America, a Washington think tank. Laitinen, an expert on and supporter of competency-based education, said the feds created the regulations to crack down on a rash of federal-aid fraud in the '80s and '90s. But she said clarity is needed, particularly given the big advances in online education during the last two decades.

“Congress needs to make this fix and get with the times,” she said.

Teaching and Learning <sup>[19]</sup>

Teaching With Technology <sup>[20]</sup>

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#### Links:

[1] <http://www2.ed.gov/about/offices/list/oig/misc/wp2016.pdf>

[2] <https://www.politicopro.com/education/story/2015/12/oig-investigating-western-governors-university-085134>

[3] <http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=0900b7322acc5a5a10c558b8fe15ad7b&rgn=div8&view=text&node=34:3.1.3.1.1.1.23.2&idno=34>

[4] <https://www.insidehighered.com/news/2015/10/05/us-inspector-general-criticizes-accreditor-over-competency-based-education>

[5] <https://www.insidehighered.com/news/2015/04/23/arizona-state-edx-team-offer-freshman-year-online-through-moocs>

[6] <https://www.insidehighered.com/news/2015/11/16/land-grant-university-group-backs-adaptive-learning-new-grant-project>

[7] <https://www.insidehighered.com/news/2015/03/20/austin-community-colleges-promising-experiment-personalized-remedial-mathematics>

[8] <http://sites.austincc.edu/newsroom/dr-jill-biden-praises-acc-in-national-speech/>

[9] <https://www.youtube.com/watch?v=WjNYEIRzRtl>

[10] <https://www.edx.org/edx-connected>

[11] <https://www.insidehighered.com/quicktakes/2014/10/02/us-audit-faults-education-dept-direct-assessment>

[12] <http://www2.ed.gov/about/offices/list/oig/auditreports/fy2015/a05o0010.pdf>

[13] <https://www.insidehighered.com/news/2015/06/17/new-letters-us-and-accreditors-provide-framework-approval-competency-based-degrees>

[14] <https://www.insidehighered.com/news/2015/09/10/amid-competency-based-education-boom-meeting-help-colleges-do-it-right>

[15] [https://www.insidehighered.com/sites/default/server\\_files/files/WGU Statement.docx](https://www.insidehighered.com/sites/default/server_files/files/WGU%20Statement.docx)

[16] <https://wcetblog.wordpress.com/2012/04/20/correspondence-definition/>

[17] [http://www.washingtonmonthly.com/magazine/septemberoctober\\_2011/features/the\\_college\\_forprofits\\_should031640.php?page=all](http://www.washingtonmonthly.com/magazine/septemberoctober_2011/features/the_college_forprofits_should031640.php?page=all)

[18] <https://www.insidehighered.com/news/2012/04/30/wgu-example-shows-chilly-policy-climate-competency-based-education>

[19] <https://www.insidehighered.com/news/focus/teaching-and-learning>

[20] <https://www.insidehighered.com/news/news-sections/teaching-technology>

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