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Institutions that are in the process of developing competency-based education ("CBE") programs now have a clearer window to the US Department of Education's perspective on how federal student financial aid rules can accommodate this alternative educational delivery methodology—and what institutions must do to demonstrate and maintain compliance.

Months after its anticipated release date, the Department has published a collection of CBE guidance documents including one it has named the *Competency-Based Education Reference Guide*. Although the guidance is geared toward institutions already participating in one of the Department's CBE-related Experimental Sites, it is accompanied by expanded commentary on CBE published in the new *2015-2016 Federal Student Aid Handbook*. While the new guidance represents an important step in the Administration's efforts to minimize some of the barriers to CBE within the existing federal student aid system, it is notable what is *not* changed: despite a number of waivers and modifications that chip away at the barriers to the widespread adoption of CBE, such programs remain tethered to the time-based limitations of clock- and credit-hours. Significantly, the guidance does not fundamentally alter the federal student financial aid system that is built around the clock time and credit hours—both of which are fundamentally time-based rather than competency-based measures of student learning.

Under Secretary Ted Mitchell, a long-time advocate of CBE, has been supportive of reducing barriers to the adoption of what he has described as a "promising new delivery model with the potential to improve degree completion, reduce costs to students and improve transparency and alignment of learning outcomes to the needs of employers and society." That position has been echoed by Senator Lamar Alexander, Chair of the Senate's Health, Education, Labor and Pensions (HELP) Committee that is working on the reauthorization of the Higher Education Act. Congress attempted to make provision for CBE in a so-called "direct assessment" statutory provision in 2005, but this has proved to be only a partial solution.

Last July, ED invited institutions to apply to participate in a set of CBE-focused "Experimental Sites Initiatives." These experiments, designed to test alternative methods of administering federal student financial aid programs, allow the Department to waive or modify participation requirements. Implementation of these projects has been exceedingly slow, however, as the Department has sought to provide clarifications and better describe how the Experiments would be expected to operate.

This week—on the one-year anniversary of the application deadline for participation—the Experimental Sites Initiative website hosted by the Department's Office of Federal Student Aid finally includes specific details about the waivers and modifications and what policies and procedures institutions will need to draft in order to accommodate the revisions.

Highlights from the new guidance include:

- Expectations regarding the type of documentation that institutions must submit from their accrediting agencies in order for CBE programs to be considered eligible;
- Examples of what the Department considers to be "regular and substantive interaction" between students and faculty in the context of CBE;
- The definition of a "qualified" faculty member as distinguished from other individuals who frequently play a role in CBE programs, such as tutors and learning coaches;
- Clarification regarding when development of an "academic action plan" can be considered an educational activity that counts toward an institution's provision of "instructional services"; and
- Details on when institutions can make disbursements of federal grants and loans for direct costs (like tuition) versus indirect costs (like room and board).

The Reference Guide also adds requirements for Experimental Site participants that will involve the development of new processes and policies.

We will continue to monitor developments related to CBE, including the implications of the Reference Guidefor

institutions participating in the Experimental Sites program or developing CBE programs within their existing student aid system. Please do not hesitate to contact us if you have any questions or would like additional information.

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