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OFFICE OF INSPECTOR GENERAL

Evaluation and Inspection Services

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Dr. Sylvia Manning
President
The Higher Learning Commission
30 North LaSalle Street, Suite 2400
Chicago, Illinois 60602-2504

Dear Dr. Manning:

This final management information report entitled, *Review of The Higher Learning Commission of the North Central Association of Colleges and Schools' Standards for Program Length*, presents the results of our inspection.

The objectives of our review were to determine: (1) what guidance The Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools provides to institutions regarding program length and credit hours, (2) what guidance HLC provides to peer reviewers to assess program length and credit hours when evaluating institutions, and (3) what documentation HLC maintains to demonstrate how it evaluates institutions' program length and credit hours. We found that HLC does not have an established definition of a credit hour or minimum requirements for program length and the assignment of credit hours. The lack of a credit hour definition and minimum requirements could result in inflated credit hours, the improper designation of full-time student status, and the over-awarding of Title IV funds because the U.S. Department of Education (Department) provides Title IV funding to students based on the number of credit hours assigned to the courses the students take.

During the course of our review, we identified a serious issue regarding HLC's decision to accredit American InterContinental University (AIU) despite its identification of problems with AIU's assignment of credit hours to certain undergraduate and graduate courses. HLC's decision to accredit AIU despite these problems calls into question whether the accrediting decisions made by HLC should be relied upon by the Department. We issued an Alert Memorandum to the Department's Office of Postsecondary Education (OPE) entitled, *The Higher Learning Commission of the North Central Association of Colleges and Schools' Decision to Accredit American InterContinental University* (ED-OIG/L13J0006). We recommended that OPE determine whether HLC is in compliance with 34 C.F.R. Part 602 and, if not, take appropriate action under 34 C.F.R. Part 602 to limit, suspend, or terminate HLC's recognition by the Secretary.

In its response to our draft management information report, HLC stated that it did not agree with the conclusions in our report and raised two issues of concern— our understanding of credit hours and program length in higher education and our characterization of AIU's accreditation. We have summarized and responded to HLC's comments after the Results section of this report and we have attached HLC's comments in their entirety.

BACKGROUND

Accrediting agencies are private educational associations that develop evaluation criteria and conduct peer evaluations of institutions of higher education to ensure that the education provided by these institutions meets acceptable levels of quality. The Department does not determine the quality of education funded by Federal education dollars. Instead, the Secretary of Education is required by statute to publish a list of accrediting agencies recognized by the Secretary as reliable authorities for determining the quality of education at the institutions of higher education they accredit. In order for an accrediting agency to be recognized by the Secretary of Education, it must submit an application for recognition. Under 34 C.F.R. § 602.16(a) (2009), an accrediting agency is required to demonstrate that it has standards for accreditation that are “sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits.” The agency meets this requirement if its accreditation standards effectively address the quality of the institution or program in 10 areas, including curricula, measures of program length, and the objectives of the degrees or credentials offered.

In 2008, there were 7 regional accrediting agencies that accredited 2,897 institutions of higher education. These institutions received \$74.8 billion in Title IV funding.¹ The Higher Learning Commission² of the North Central Association of Colleges and Schools accredits 1,022 institutions in Arizona, Arkansas, Colorado, Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, North Dakota, Nebraska, Ohio, Oklahoma, New Mexico, South Dakota, Wisconsin, West Virginia, and Wyoming. In 2008, institutions accredited by HLC received \$27.5 billion of the \$74.8 billion in Title IV funding. The Department provides Title IV funding to students based on the number of credit hours assigned to the courses the students take.

HLC has five Criteria for Accreditation that an institution must meet in order to merit accreditation. In HLC’s *Handbook of Accreditation, Third Edition* (Handbook), each Criterion has three elements: a criterion statement, core components, and examples of evidence. The criterion statement defines the necessary attributes of an organization accredited by HLC. The core components are identified by HLC as items that must be addressed by an institution as it presents evidence of meeting a Criterion. Each criterion statement and core component is followed by explanatory information that offers additional guidance. The examples of evidence are illustrative examples of the specific types of evidence that an institution might present in addressing a core component.

An institution seeking initial accreditation or reaccreditation submits a self-study report (self-study) that serves as its formal argument that it satisfies the Criteria for Accreditation. HLC may

¹ Title IV of the Higher Education Act of 1965, as amended, provides federal student financial aid through the Federal Stafford Loan, the PLUS Loan, the Federal Perkins Loan, the Federal Pell Grant, the Academic Competitiveness Grant, the National Science & Mathematics Access to Retain Talent Grant, the Federal Supplemental Educational Opportunity Grant, and Federal Work Study programs.

² HLC accredits degree-granting higher learning institutions and is one of two commissions to hold membership in the North Central Association of Colleges and Schools.

apply sanctions if an affiliated institution is in jeopardy of not meeting one or more of the Criteria. HLC's Peer Review Corps, consisting of professionals in higher education, evaluates institutions for compliance with the Criteria for Accreditation and documents findings and recommendations in team reports.

In 2002, the Office of Inspector General (OIG) issued a final management information report entitled, *North Central Association of Colleges and Schools' Accreditation Standards for Student Achievement and Program Length* (ED-OIG/A09-C0016). The review found that HLC's standards that encompass student achievement and program length were general and did not include specific measures to be met by institutions. The report stated that, as a result, HLC's established standards inherently limited the agency's ability to compare institutional performance and distinguish between compliant and noncompliant institutions. We suggested that HLC develop standards that are sufficiently concrete and specific to permit it to determine whether an institution is compliant or noncompliant; describe the Carnegie formula³ in written guidance and explicitly state that institutions should use this method or submit written justification of any deviation; and provide guidance on documenting deviations from the Carnegie method. HLC did not concur with our conclusions or our suggestions.

REVIEW RESULTS

The objectives of our review were to determine: (1) what guidance HLC provides to institutions regarding program length and credit hours, (2) what guidance HLC provides to peer reviewers to assess program length and credit hours when evaluating institutions, and (3) what documentation HLC maintains to demonstrate how it evaluates institutions' program length and credit hours. We found that:

- HLC provides general guidance informing institutions that they should be able to justify the lengths of their programs and their credit hour assignments in comparison to practices common to other accredited higher education institutions; however, HLC's standards for accreditation, including the Criteria for Accreditation, core components, and HLC policies, do not establish the definition of a credit hour or set minimum requirements for program length and the assignment of credit hours;
- HLC does not provide specific guidance to peer reviewers on how to evaluate the appropriateness of an institution's processes for determining program length and assigning credit hours or on the minimum level of acceptability for accreditation when evaluating these processes; and
- HLC maintains self-studies and team reports as documentation of its evaluation of institutions' program lengths and credit hours, but the amount of information related

³ The Carnegie formula provides the standard unit of measuring credit in higher education, whereby one credit hour generally consists of one hour of classroom work and two hours of outside preparation over the course of the academic term. "One hour of classroom work" is defined as 50 to 60 minutes. Under this method, a full-time student in an education program using a semester, trimester, or quarter system would have a workload of 36 hours per week through the academic term (12 hours of classroom work and 24 hours of outside preparation per week).

to program length and credit hours that institutions and peer reviewers included in these respective documents varied.

We also identified a serious issue regarding HLC's decision to accredit AIU despite its identification of problems with AIU's assignment of credit hours to certain undergraduate and graduate courses.

Issue No. 1 HLC Guidance to Institutions on Program Length and Credit Hours

We found that HLC provides general guidance informing institutions that they should be able to justify the lengths of their programs and their credit hour assignments in comparison to practices common to other accredited higher education institutions; however, HLC's standards for accreditation, including the Criteria for Accreditation, core components, and HLC policies, do not establish the definition of a credit hour or set minimum requirements for program length and the assignment of credit hours.

The document entitled, "Overview of the Commission's Approach to Reviewing Credits and Program Length" (Overview of HLC's Approach)⁴, states that HLC's standards on program length and credit hours are: Criterion Three - Student Learning and Effective Teaching (Criterion Three); Core Component 3a; Policy 3.10 - Credits, Program Length, and Tuition (Policy 3.10); and Eligibility Requirement #9.

Criterion Three and Core Component 3a

In the Handbook, the criterion statement for Criterion Three states, "[t]he organization provides evidence of student learning and teaching effectiveness that demonstrates it is fulfilling its educational mission." The explanatory information for Criterion Three in the Handbook states that Criterion Three emphasizes the evaluation of evidence concerning student learning. The criterion statement and explanatory information for Criterion Three do not directly address program length and credit hours.

In the Handbook, Core Component 3a states, "[t]he organization's goals for student learning outcomes are clearly stated for each educational program and make effective assessment possible." The Overview of HLC's Approach states that Core Component 3a in the Handbook explains that there should be a clear connection between institutions' options for program length and credit hours, and the need for institutions to set clear educational goals through which they can document the learning of students, regardless of a program's length or format. We found that in the Handbook, the explanatory information for Core Component 3a addresses program length and credit hours, but Core Component 3a does not establish the definition of a credit hour, minimum requirements for program length, or standards for the content and rigor of courses at the postsecondary level to ensure the appropriate assignment of credit hours.

⁴ HLC provided us with a document entitled, "Overview of the Commission's Approach to Reviewing Credits and Program Length" during the course of our inspection. This document outlined HLC's role in accreditation, HLC's standards related to program lengths and credit hours, and HLC's guidance to institutions.

In the Handbook, the explanatory information for Core Component 3a states:

Learning occurs in a variety of settings and at various stages of life. Significance should be placed on evidence that is provided to show what a student has learned and what he/she can do because of the learning. Such an understanding provides a framework in which a variety of learning experiences—such as compressed or accelerated degree programs, learning in asynchronous settings, and engaging in reflected learning—can be evaluated. In particular, the Commission [HLC] expects institutions offering courses in accelerated, asynchronous, or other nontraditional formats to be especially diligent in documenting that students achieve the mastery of skills, competencies, and knowledge expected in established courses or traditional curricula or in keeping with predetermined learning outcomes.

Regardless of the circumstance, the credit hour remains an important means of quantifying study and learning and a mechanism by which institutions accept completed courses in transfer or assess and recognize prior learning. Higher education today requires new approaches to the way credit hours are assigned and awarded. The traditional Carnegie formula based heavily on the amount of seat time associated with a purported learning experience does not address current learning situations. How much students study inside or outside of formal classes, expectations associated with the course, student preparation, cogency of the learning experience, and pedagogical methods all contribute to the significance of a learning experience. Therefore, the Commission [HLC] does not expect every institution to follow the traditional Carnegie formula, but it does require institutions that base their credit hour assignments on other factors to have policies that explain and justify how they consistently reach sound decisions about how to recognize college learning.

The explanatory information for Core Component 3a states that credit hours are an important means of quantifying learning, institutions are required to have policies to explain and justify how credits hours are assigned to courses, and institutions offering courses in accelerated, asynchronous, or other nontraditional formats must be “especially diligent” in documenting students’ achievement comparable to established courses, traditional curricula, or predetermined learning outcomes. Although the explanatory information for Core Component 3a addresses program length and credit hours, Core Component 3a does not establish minimum requirements for program length, the definition of a credit hour, or standards for the content and rigor of courses at the postsecondary level to ensure the appropriate assignment of credit hours, especially with regard to programs and courses offered in asynchronous, accelerated, or other nontraditional formats.

In addition, although the explanatory information for Core Component 3a references the Carnegie formula, HLC’s Director of Legal and Governmental Affairs stated that the Carnegie formula is provided as a framework for institutions and is not part of the HLC standard as a requirement that institutions must follow when assigning credit hours.

Policy 3.10

The Overview of HLC’s Approach states that Policy 3.10 requires institutions to be able to justify the lengths and credits of educational programs in terms of good practice current in higher education. Policy 3.10 states:

The Commission [HLC] shall expect an affiliated institution to be able to equate its learning experiences with semester or quarter credit hours using practices common to institutions of higher education, to justify the lengths of its programs in comparison to similar programs found in accredited institutions of higher education, and to justify any program-specific tuition in terms of program costs, program length, and program objectives. Affiliated institutions shall notify the Commission [HLC] of any significant changes in the relationships among credits, program length, and tuition.

In the explanatory information for Policy 3.10 in the Handbook, HLC states that an institution that does not use semester or quarter credit hours as the basic measure of its learning experiences needs to explain in its catalog, student handbook, or self-study how it calculates equivalencies. Similarly, HLC states in the Handbook that if the total number of credit hours for an institution's programs varies from the number commonly found at other accredited institutions, then the institution needs to explain how the variations are reasonable within good practice in higher education and that students have learned what students in similar programs have learned. We found that although Policy 3.10 addresses an institution's practices for determining program length and assigning credit hours, the explanatory information for Policy 3.10 in the Handbook does not establish the definition of a credit hour, minimum requirements for program length, or standards for the content and rigor of courses at the postsecondary level to ensure the appropriate assignment of credit hours.

Eligibility Requirement #9

In addition to Criterion Three, Core Component 3a, and Policy 3.10, institutions applying for initial affiliation with HLC must demonstrate that they meet Eligibility Requirement #9. The Overview of HLC's Approach states that this requirement "articulates the important connection between program length and learning outcomes." Eligibility Requirement #9 states:

An organization seeking initial affiliation with the Commission by either accreditation or candidacy... will:

9. Provide students with electronic or print documents that outline educational program requirements appropriate in terms of length, content, and required learning outcomes for the credential awarded.

Although Eligibility Requirement #9 requires institutions to ensure that students have access to documents that define program length in either credits earned or competencies demonstrated, it does not define a credit hour or set specific minimum requirements for program length and the assignment of credit hours.

HLC Perspective

The Overview of HLC's Approach states that American higher education is currently characterized by a broad variety of program length and credit arrangements and that input measures such as program length and credit hours are of limited power to assess whether appropriate learning has taken place. The Overview of HLC's Approach also states that there has been an effort to replace input measures with measures of learning outcomes. Therefore, HLC expects institutions to have a process for assessing student learning outcomes and peer reviewers evaluate institutions' assessment processes.

Conclusion

Without establishing a minimum acceptable level for program length, credit hours, or student learning outcomes, HLC cannot ensure that the programs and courses being offered are of sufficient quality and quantity to be considered postsecondary education at the level represented to students, especially with regard to programs and courses offered in asynchronous, accelerated, or other nontraditional formats. In addition, we found that although HLC determines whether institutions assess student learning outcomes, it does not define a minimum threshold for when the measures of achievement for student learning outcomes indicate poor educational or programmatic quality.

Issue No. 2 HLC Guidance to Peer Reviewers on Evaluating Program Length and Credit hours

We found that HLC provides peer reviewers with guidance on program length and credit hours through the explanatory information for Core Component 3a and Policy 3.10 but does not provide specific guidance to peer reviewers on how to evaluate institutions' processes for determining program length and assigning credit hours. In addition, we found that HLC does not provide guidance to peer reviewers on the minimum level of acceptability for accreditation when evaluating institutions' processes for determining program length and assigning credit hours.

The Overview of HLC's Approach states that HLC relies on the expertise of peer reviewers to apply standards such as Core Component 3a and Policy 3.10 within the specific context of an institution's mission. HLC's Director of Legal and Governmental Affairs stated that HLC has a training program that helps peer reviewers understand the accreditation standards and normalizes them to HLC's expectations. HLC provides instructions to peer reviewers through training documents and the *Peer Review Handbook*. The 2009 training documents and *Peer Review Handbook* outline the policies and procedural steps for peer reviewers but do not provide specific guidance to peer reviewers on how to evaluate an institution's processes for determining program length and assigning credit hours.

One of the 2009 training documents informed peer reviewers that they should evaluate institutions' practices for determining program length and assigning credits to courses. With regard to an institution's compliance with Policy 3.10, this document advises team chairs to consider the following:

1. Does the institution follow required or common practices in assigning degree designations for its programs? Do transcripts include semester or quarter credit hour equivalencies for courses and programs?
2. Are the lengths of its programs comparable with similar programs found in other accredited institutions of higher education? You may want to be prepared for questions about non-traditional institutions that may not, at least on the surface, appear to use degree designations we might all recognize or may have program lengths that vary somewhat from what is typically considered the norm. The Commission [HLC] staff has counseled applying institutions presenting such issues that they need to be able to justify to a team and others that these alternate designations and program lengths are nevertheless rooted in practices and approaches

that are readily understood in higher education and that are indicative of sufficient academic rigor for the programs being offered.

This document instructs the team chair to evaluate the length of institutions' programs and credit hour equivalencies in the context of other comparable institutions of higher education. The document also instructs the team chair to be prepared to consider non-traditional institutions. The document does not provide guidance to the team chair on how to determine whether an institution's processes for determining program length and assigning credit hours are appropriate, especially when considering a non-traditional institution that may not have programs or credit hour designations that are readily comparable to other higher education institutions.

Other training documents and the *Peer Review Handbook* primarily provide information on the procedural and logistical steps for site visits and the general responsibilities of peer reviewers. These documents do not provide guidance to peer reviewers on how to evaluate an institution's processes for determining program length and assigning credit hours and do not provide guidance to peer reviewers on the minimum level of acceptability for accreditation when evaluating these processes.

HLC Perspective

The President of HLC and HLC's Director of Legal and Governmental Affairs stated that HLC relies on the expertise and professional judgment of its peer reviewers. HLC's perspective on the peer review process can be found in the *Peer Review Handbook*, which states:

Peer Review in accreditation is based on the fundamental assumption that quality in higher education is best served through a process that enables peers of the organization, informed by standards created and applied by professionals in higher education, to make the judgments essential to assuring and advancing the quality of higher learning.

The Overview of HLC's Approach states that judgment about the appropriateness of an institution's program length and credit hours for its educational programming is a "holistic judgment" made by experts in higher education.

Conclusion

Although HLC relies on the expertise of peer reviewers to evaluate institutions, it does not provide guidance to peer reviewers on the minimum level of acceptability for accreditation when evaluating institutions' processes for determining program length and assigning credit hours. Without providing guidance to peer reviewers on the minimum level of acceptability for accreditation, HLC cannot ensure that all peer reviewers evaluate institutions consistently and appropriately.

Issue No. 3 HLC Documentation to Demonstrate Evaluation of Institutions' Program Length and Credit Hours

We found that HLC maintains self-studies and team reports as documentation of its evaluation of institutions' program lengths and credit hours, but the amount of information related to program length and credit hours that institutions and peer reviewers included in these respective documents varied. We reviewed self-studies for a sample of eight institutions to determine

whether these institutions documented their processes for determining program length and assigning credit hours.⁵ We also reviewed team reports for 18 institutions, including the 8 institutions in our sample, to determine whether there was documentation to demonstrate that the peer reviewers evaluated these processes.⁶

Program Length and Credit Hours

Institutions are required to address their compliance with Policy 3.10 under the Federal Compliance section of the self-study.⁷ We found that for three of the eight self-studies in our sample, institutions did not provide any information to demonstrate compliance with Policy 3.10. In particular, these institutions did not provide any information equating learning experiences with semester or quarter credit hours and justifying program lengths in comparison to similar programs found in accredited institutions of higher education.

The remaining five institutions provided varying levels of information about program length and credit hours. For example, one institution's self-study provided specific information about contact time for traditional courses and credit hour minimums for program length in the Federal Compliance section. Another institution's Federal Compliance section stated only that the institution operates on a semester system using credit hour assignment "common to similar higher education institutions." This institution did not explain how credit hours are assigned to courses or how the assignment of credit hours is comparable to similar programs at other accredited institutions.

We found that of the 18 team reports, only 2 team reports referenced institutions' processes for determining program length and assigning credit hours. For the other 16 team reports, there was no documentation of peer reviewers' evaluation of these processes. In particular, there was no information related to the peer reviewers' analyses of institutions' compliance with Policy 3.10. In some team reports, the only evidence that the peer reviewers may have evaluated institutions' processes for determining program length and assigning credit hours was one general statement in the Federal Compliance section of the team report such as, "the [institution] is in compliance with HLC policies in relation to federal requirements."

Assessment of Student Learning Outcomes and Curriculum

The President of HLC and HLC's Director of Legal and Governmental Affairs stated that there is a connection between program length, credit hours, the assessment of student learning outcomes, and curriculum. We found that institutions discussed their processes for assessing student learning outcomes and developing and assessing curriculum in self-studies, but the discussion of assessment and curriculum in self-studies was not related to institutions' processes for determining program length and assigning credit hours.

⁵ We reviewed self-studies for six institutions seeking reaccreditation and two institutions seeking initial accreditation. In addition to the self-studies, institutions may include information in corresponding resource rooms. At the time of our inspection, HLC did not have access to documentation in the resource rooms for all of the institutions we reviewed. We reviewed the available documentation from two institutions' resource rooms.

⁶ We reviewed team reports for 10 institutions in addition to the 8 institutions in our sample: 2 institutions requesting approval for substantive changes to their programs and 8 institutions with candidacy status.

⁷ The Handbook states that the Federal Compliance section should be included in either the main body of the self-study report or in an addendum.

We also found documentation in team reports demonstrating that peer reviewers evaluated institutions' processes for assessing student learning outcomes and developing and assessing curriculum. Similar to the self-studies, however, the discussion of assessment and curriculum in the team reports did not relate to institutions' processes for determining program length and assigning credit hours.

HLC Perspective

HLC's Director of Legal and Governmental Affairs stated that the amount of information related to program length and credit hours in the self-studies and team reports varies by institution and peer review team. HLC's Director of Legal and Governmental Affairs also described the self-study as a narrative document and documentation in the resource room as the evidence supporting the self-study. HLC does not require institutions to submit their self-studies in a standardized format and permits institutions to provide self-studies focused on selected topics.

HLC also does not require peer reviewers to document all aspects of their evaluation of an institution. HLC's Director of Legal and Governmental Affairs stated that the peer review process is complicated and that, in general, the treatment of evidence in the team report is minimal. The President of HLC stated that the team report is intended to be readable and that a team report has the dual purposes of creating a "minimal assurance" of the institution's quality for accreditation by HLC and advancing the improvement of the institution. The President of HLC stated that for these reasons, the team reports tend to focus primarily on addressing problems the peer reviewers identified at the institution.

Conclusion

HLC allows institutions and peer reviewers the flexibility to decide what information to include in their self-studies and team reports. This practice results in self-studies that do not clearly demonstrate how institutions are in compliance with HLC's standards and team reports that do not contain complete documentation from peer reviewers' evaluations of institutions. In addition, this practice results in self-studies and team reports that do not always correspond with each other because institutions reference information in the self-studies that is not discussed in the corresponding team reports and vice versa. The disconnect between the information in the self-studies and team reports, in addition to the limited accessibility of information in the resource rooms, makes it difficult to determine institutions' compliance with HLC standards and peer reviewers' analysis when evaluating institutions.

SIGNIFICANT ISSUE REPORTED IN AN ALERT MEMORANDUM

During the course of our review, we identified a serious issue regarding HLC's decision to accredit AIU. HLC performed a comprehensive review to evaluate AIU for initial accreditation and found issues related to AIU's assignment of credit hours to certain undergraduate and graduate courses. Specifically, HLC found that AIU's 9-credit bachelor's courses are inflated in credit relative to common practice in higher education. HLC also found that AIU's graduate courses seem inflated.

Although the peer review team identified significant problems with AIU's assignment of credit hours, HLC granted AIU full initial accreditation with no limitations on the programs it offered

at the time of initial accreditation.⁸ This decision to grant accreditation to AIU, an institution it found to have an “egregious” credit policy, is not in the best interests of students and calls into question whether the accrediting decisions made by HLC should be relied upon by the Department when assisting students in obtaining quality education through the Title IV programs.

On December 17, 2009, we issued a final Alert Memorandum to OPE entitled, *The Higher Learning Commission of the North Central Association of Colleges and Schools’ Decision to Accredite American InterContinental University* (ED-OIG/L13J0006). We recommended that OPE determine whether HLC is in compliance with 34 C.F.R. Part 602 and, if not, take appropriate action under 34 C.F.R. Part 602 to limit, suspend, or terminate HLC’s recognition by the Secretary.

OVERALL CONCLUSION

The Department provides Title IV funding to students based on the number of credit hours assigned to the courses the students take and recognizes accrediting agencies as reliable authorities on the quality of education provided by the institutions they accredit. HLC states in the Handbook that credit hours are important measures of student learning and instructs institutions to have policies to justify how program length is determined and credit hours are assigned to courses. HLC does not, however, define what constitutes a credit hour for a course at the postsecondary level or establish minimum requirements for program length or the assignment of credit hours.

The Overview of HLC’s Approach states that HLC does not consider itself “an inspecting body that applies a single yardstick or matrix,” but as a reviewing body that assures the public that academic programming at an accredited institution occurs within the continuum of good practice in higher education. We found that although HLC expects institutions and peer reviewers to understand the continuum of good practices for determining program lengths and credit hours, it does not provide institutions or peer reviewers with guidance on the lowest acceptable threshold of this continuum. Without this threshold, HLC cannot ensure that the programs and courses being offered are of sufficient quality and quantity to be considered postsecondary education at the level represented to students, especially with regard to asynchronous, accelerated, and other programs delivered through nontraditional formats. HLC’s reliance on an understanding of “good practice” without establishing minimum requirements for program length and the assignment of credit hours could result in inflated credit hours, the improper designation of full-time student status, and the improper awarding of Title IV funds.

HLC accredited AIU although its peer reviewers determined that the institution had significant problems with its assignment of credit hours. HLC’s accreditation of AIU was not in the best interests of students and demonstrates the need for HLC to establish a definition of a credit hour and minimum thresholds for program length and the assignment of credit hours.

⁸ HLC has required a focused visit on the issue of credit equivalence at AIU scheduled for the 2010-2011 academic year. HLC also required AIU to obtain prior approval before initiating any new degree programs, degree sites, or distance degree programs.

HLC COMMENTS

On February 17, 2010, we provided HLC with a copy of our draft management information report for comment. We received a copy of HLC's comments on March 17, 2010. HLC did not agree with the conclusions in our report and raised two issues of concern—our understanding of credit hours and program length in higher education and our characterization of AIU's accreditation. We have attached HLC's comments to our report in their entirety.

Credit Hours and Program Length in Higher Education

HLC Comments

HLC stated that the higher education community never developed a precise definition of the credit hour or quantitative standards defining the credit hour, preferring to rely on the Carnegie Unit when needed and the integrity and judgment of faculty members. HLC stated that as a result, the credit hour was always a fluid measure in higher education. HLC also stated that our report calls for it to adopt a definition of the credit hour and minimum quantitative standards for program length and the assignment of credit hours because the payment system for Title IV is structured around the credit hour.

OIG Response

The Department relies on institutions' accreditation when determining their eligibility for the Title IV Programs and recognizes accrediting agencies as reliable authorities on the quality of education for students who receive Title IV funds. HLC's Handbook states that by being recognized by the Department as a gatekeeper agency, HLC "agrees to fulfill specific federally defined responsibilities within the accreditation processes." According to 34 C.F.R. § 602.16(a) (2009), one of HLC's responsibilities as a recognized accrediting agency is to have standards for accreditation that are "sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits." HLC's standards related to program length and credit hours do not have minimum requirements for program length, the definition of a credit hour, or standards for the content and rigor of courses at the postsecondary level. Without these minimums or a definition of a credit hour, HLC cannot ensure that the programs and courses institutions offer are of sufficient quality and quantity for students receiving Title IV funds.

HLC Comments

HLC stated that faculty members and administrators bring the appropriate expertise necessary for voluntary self-regulation of higher education. HLC stated that representatives from institutions of higher education developed the Criteria for Accreditation and determined that a single definition of a credit hour or quantitative matrix was not an appropriate tool by which to judge the range of credit hour and program length arrangements offered by institutions. HLC stated that these representatives determined that with detailed training and the broad standards outlined by HLC, experienced peer reviewers could make reasonable and informed judgments about the appropriateness of institutions' credit and program offerings.

OIG Response

HLC's standards related to program length and credit hours do not have the necessary minimum requirements to enable peer reviewers to make an objective determination of whether or not an institution is in compliance with the standards. In addition, as noted in Issue 2, HLC's 2009 training materials did not provide specific guidance to peer reviewers on how to evaluate institutions' processes for determining program length and assigning credit hours and did not provide guidance to peer reviewers on the minimum level of acceptability for accreditation when evaluating these processes.

The results of our sample review demonstrated that peer reviewers did not always evaluate the appropriateness of institutions' processes for determining program length and assigning credit hours. Of the 18 team reports we reviewed, only 2 team reports referenced institutions' processes for determining program length and assigning credit hours. For the other 16 team reports, there was no documentation of peer reviewers' evaluation of these processes.

HLC Comments

HLC stated that it takes issue with OIG's understanding of credits and program length and their role and value in higher education in 2010. HLC stated that higher education is benefitting from years of study of how adults learn and thus, how higher education can maximize student learning through the use of hybrid and other new models of instruction and awarding of credit.

OIG Response

Through our audits, we are familiar with hybrid and other new models of instruction and awarding credit.⁹ Our work has identified questionable methods of awarding credit that concern us, such as an institution that awarded credit at the rate of one credit per week.¹⁰ As discussed in our 2002 final management information report (ED-OIG/A09-C0016), HLC's standards for program length are general and do not include specific measures to be met by institutions. At that time, we suggested that HLC develop standards that are sufficiently concrete and specific to permit it to determine whether an institution is compliant or noncompliant with its standards. Despite our 2002 report and HLC's awareness of hybrid and new models of instruction and awarding credit, HLC still has not developed standards that address the minimum level of acceptability for programs delivered in nontraditional formats. The development of new models of instruction and methods of awarding credit does not eliminate the need for HLC to uphold its responsibility as a Department-recognized accrediting agency to develop rigorous standards for institutions' determinations of program length and assignment of credit hours. We recognize that credit hours do not have to be defined exclusively as time spent in the classroom, but they should measure the level of instruction and academic engagement offered and expected by an institution.

HLC Comments

HLC stated that new models of instruction will move higher education away from the old building blocks to new ones that are just now being identified. HLC stated that the ultimate

⁹ We have conducted audits on institutions offering instruction through distance delivery methods and institutions with alternative methods of assigning credits. See: ED-OIG/A05H0018, ED-OIG/A06H0016, ED-OIG/A05G0017, ED-OIG/A05H0015, ED-OIG/A06H0009, and ED-OIG/A09F0008.

¹⁰ The institution identified during our audit (ED-OIG/A06H0016) was not accredited by HLC.

measure of the success of these programs should not be outmoded credit hour definitions and quantitative standards for the assignment of credits hours but the measure of student learning.

OIG Response

Many institutions use credit hours as the primary basis for calculating tuition and the Department provides Title IV funding to a student based on the number of credit hours assigned to the courses the student takes. Although HLC asserts in its comments that credit hours are outmoded, its Handbook states, “Regardless of the circumstance, the credit hour remains an important means of quantifying study and learning and a mechanism by which institutions accept completed courses in transfer or assess and recognize prior learning.”

HLC states that program success should be measured by student learning outcomes; however, it requires institutions only to have processes for assessing student learning outcomes. HLC does not define a minimum threshold for when the measures of achievement for student learning outcomes are indicative of poor educational or programmatic quality. Without minimums for student learning outcomes, HLC cannot ensure that the programs and courses being offered are of sufficient quality and quantity to be considered postsecondary education at the level represented to students.

HLC’s Accreditation of AIU

HLC Comments

HLC stated that it takes issue with our characterization of its accreditation of AIU and that its evaluation of AIU is the best evidence that its approach works.

OIG Response

We would normally use documents provided by the entity under review to respond to the entity’s comments on our draft report. In this case, information related to HLC’s accreditation of AIU is contained in the “Report of a Comprehensive Evaluation Visit for Initial Accreditation” (AIU Team Report) and a report on the May 4, 2009, Review Committee meeting on AIU’s initial accreditation (Review Committee Report). Although HLC’s Handbook encourages transparency and many institutions disclose HLC team reports, including those critical of the institution, both HLC and AIU have requested that we consider these documents confidential. Under HLC’s procedures, it does not disclose team reports and related materials to the public unless an institution misrepresents the contents of a team report.¹¹ Institutions, however, are free to disclose a team report once HLC has taken final action.

The Freedom of Information Act, 5 U.S.C. § 552(b)(4), protects from public disclosure “confidential, commercial information” obtained by the government from third parties such as HLC and AIU. We defer to HLC and AIU’s claims of confidentiality for the AIU Team Report and Review Committee Report. Except for information that has been separately released by AIU or HLC, we have not disclosed confidential information from these reports. We have attached HLC’s comments to our report in their entirety.

¹¹ HLC’s Handbook and Policy 12.4 (Public Disclosure of the Team Report) state that HLC will make a team report public if it finds that an organization has misrepresented the contents of the report in public statements or through the release of selected portions.

HLC Comments

HLC stated that it accredited AIU with a multitude of conditions and limitations, but the documents prepared by OIG state otherwise.

OIG Response

Our report states that HLC granted AIU full initial accreditation with no limitations on the programs it offered at the time of initial accreditation. HLC placed no limitations on AIU's degree programs, distance degree programs, or degree sites in existence at the time of initial accreditation. This allows AIU to represent that these programs are accredited despite the significant findings in the AIU Team Report. HLC did not prevent AIU from continuing to enroll students in the courses peer reviewers identified as having credit inflation problems and it did not require AIU to disclose the nature of those problems to students.

HLC Comments

HLC stated that it imposed a "regime" of reports and a focused evaluation on AIU intended to force the institution to rapidly change its practice related to the awarding of credit hours to its upper-division online courses.

OIG Response

We did not identify a "regime" of reports required at the time of initial accreditation. HLC mandated a single, self-study report focused on the issue of credit equivalence in preparation for a focused visit to be scheduled in the 2010-2011 academic year. HLC did not require any other reports related to the awarding of credit hours as a condition of AIU's accreditation.

HLC Comments

HLC stated that it imposed a stipulation on AIU intended to prevent expansion of the institution into any new degree programs or off-campus activities until the problems with the upper-division courses were resolved.

OIG Response

HLC's requirement that AIU receive prior approval before expanding degree programs or off-campus activities is a standard practice for institutions it accredits and is not a unique stipulation related to AIU's credit assignment problems. According to HLC Policy 3.2(d)(2) (Changes in Educational Offerings) and (3) (Changes in Educational Sites), all institutions accredited by HLC are required to receive approval from HLC to extend their accreditation to include program offerings at a new degree level, significant new academic programs or majors that require substantial financial investment or reallocation of financial resources, degree programs offered through distance delivery methods, and off-campus instruction sites providing degree programs.

HLC Comments

HLC stated that the restrictions on AIU were publicly displayed on the HLC website for the institution's students and company's investors.

OIG Response

With regard to AIU's credit awarding policies, HLC's website states only, "Focused Visit-Mandated: 2010 - 2011; A visit focused on credit equivalence." HLC's website does not provide

any information describing the nature and scope of AIU's credit assignment problems or provide the rationale for the mandated focused visit. In addition, it is unclear from this information on the website that a focused visit is a restriction on an institution.

HLC Comments

HLC stated that the restrictions imposed on AIU were intended to force immediate change at the institution.

OIG Response

HLC states now that it intended to force immediate change at AIU; however, during our site visit at HLC in July 2009, HLC's Vice President, serving as the institutional liaison for AIU, stated that AIU must be given time to address the credit assignment problems by the focused visit scheduled for the 2010-2011 academic year. Under this timetable, any follow-up action by HLC would occur no earlier than the focused visit, which could take place up to two years after the peer reviewers' initial identification of the credit inflation problems.¹²

We note that AIU's public statement upon receipt of initial accreditation did not indicate that accreditation by HLC would result in immediate change to its programs. AIU's chancellor stated in a May 18, 2009, press release that "the transition from SACS¹³ to HLC should be entirely seamless and not in any way impact AIU's programs or the daily activities of [its] students, faculty or staff."

The AIU Team Report and Review Committee Report discuss the extent to which program changes may be needed and the possible impact on students and faculty. Although responsive to HLC's comments, we do not discuss the contents of those documents here for the reasons previously noted.

HLC Comments

HLC stated that its evaluation of AIU is the best evidence that its approach works. HLC stated that even given the lack of a single standardized definition of a credit hour or a quantitative matrix for the assignment of credit hours, the evaluation team identified a significant problem with the awarding of academic credit in a small percentage of AIU's online upper-division courses.

OIG Response

Although HLC's peer review team identified the significant problem with AIU's assignment of credit hours, the peer review team concluded that AIU met the Criteria for Accreditation and recommended that HLC grant AIU initial accreditation. HLC does not have minimum requirements for program length, a definition of a credit hour, or standards for the content and rigor of courses at the postsecondary level to ensure the appropriate assignment of credit hours, especially with regard to programs and courses offered in asynchronous, accelerated, or other nontraditional formats. As a result, an institution that peer reviewers identified as having an

¹² HLC did not schedule a January 2010 advisory visit with AIU until October 2009— after we initiated this inspection and discussed our preliminary concerns regarding AIU with HLC.

¹³ AIU was accredited by the Southern Association of Colleges and Schools (SACS) prior to its accreditation by HLC.

“egregious” credit policy still meets the threshold of acceptability for accreditation by HLC. HLC’s accreditation of AIU in light of the significant problems identified by the peer review team calls into question whether the accrediting decisions made by HLC should be relied upon by the Department.

HLC’s assertion that its peer review team identified a problem with only a “small percentage” of AIU’s online upper-division courses is not supported by the AIU Team Report. The report does not limit its conclusions to specific 9-credit, online, upper-division courses. Our review of AIU’s 2009 online catalog indicates that all of the online, upper-division classes, representing 67% of all online undergraduate courses, were offered in the 9-credit format.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this review were to determine:

- (1) What guidance HLC provides to institutions regarding program length and credit hours,
- (2) What guidance HLC provides to peer reviewers to assess program length and credit hours when evaluating institutions, and
- (3) What documentation HLC maintains to demonstrate how it evaluates institutions’ program length and credit hours.

We notified HLC of our review on June 29, 2009, and began our fieldwork on July 27, 2009. We conducted an exit conference on September 30, 2009.

We reviewed applicable laws and regulations related to the accreditation of institutions. We also reviewed guidance that HLC provided to its institutions and to its peer reviewers. Specifically, we reviewed the *Handbook of Accreditation, Third Edition*, the *HLC Policy Book*, and the *Peer Review Handbook*. In addition, we reviewed the 2009 training materials for the Peer Review Corps that HLC provided to us on a CD. We interviewed relevant HLC staff.

We reviewed HLC’s institutional files from a judgmental sample of institutions HLC has accredited. We reviewed the most recent self-study reports, available supporting documents, and team reports for six institutions seeking reaffirmation of accreditation. These institutions were: Baker College, DePaul University, University of Minnesota-Twin Cities, Ohio State University, Kaplan University, and the University of Phoenix. We selected two public, two private, and two proprietary schools based on which institutions received the highest amounts of Title IV funding. We requested a listing of all institutions that were accredited by HLC for the first time from January 1, 2008 through June 1, 2009. We reviewed the self-study reports, available supporting documents, and team reports for the two institutions that received the highest amounts of Title IV funding— American InterContinental University and The Art Institute of Colorado.

We also requested a listing of all institutions with a final action on a substantive change request from January 1, 2008 through June 1, 2009 as specified in 34 C.F.R. § 602.22(a)(2)(iii) through (vi). We reviewed the substantive change requests and team reports for two institutions—

Hocking College which requested approval to begin offering Associate of Arts and Associate of Science degrees and Western New Mexico University which requested approval to offer three existing degrees online. Institutions are not required to submit self-studies when requesting approval for substantive changes to their programs.

The Director of Legal and Governmental Affairs recommended that we review the files for institutions going through the candidacy processes and provided us with the files for eight institutions— Future Generations Graduate School, Global University, Harrington College of Design, Phoenix Seminary, Saint Gregory the Great Seminary, Toyota Technical Institute at Chicago, University of Advancing Technology, and Westwood College. The files for these eight institutions contained team reports and correspondence between the institutions and HLC but did not contain self-studies; therefore, we only reviewed the team reports and correspondence for these institutions.

Our review was performed in accordance with the *Quality Standards for Inspections, 2005*, as appropriate to the scope of the inspection described above. These standards were adopted by the Council of the Inspectors General on Integrity and Efficiency in 2009.

ADMINISTRATIVE MATTERS

The audit control number for this report was changed from I13J0003 to X13J0003 for administrative reasons. In accordance with the Inspector General Act of 1978, as amended, the Office of Inspector General is required to report to Congress twice a year on the audits that remain unresolved after six months from the date of issuance.

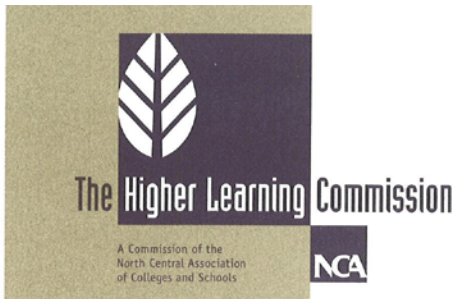
In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given us during this review. If you have any questions, please contact W. Christian Vierling, Director of Evaluation and Inspection Services, at (202) 245-6964.

Respectfully,

/s/

Wanda A. Scott
Assistant Inspector General
Evaluation, Inspection, and Management Services



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Serving the common good by assuring and advancing the quality of higher learning

March 17, 2010

Mr. W. Christian Vierling
Director, Evaluation and Inspection Services
U.S. Department of Education
Office of Inspector General
550 12th Street, SW
Room 8153
Washington, D.C. 20202

Dear Mr. Vierling:

I write once again to disagree respectfully but profoundly with the conclusions drawn by the Inspector General's team.

First, I continue to take issue with the characterization of the accreditation of American Intercontinental University ("AIU") by the Higher Learning Commission ("the Commission"). Although I have repeatedly drawn your attention to the fact that the Commission accredited AIU with a multitude of conditions and limitations, the documents prepared by your office continue to state otherwise. Only a footnote in your report provides an indication in small typeface that the Commission imposed a regime of reports and a focused evaluation intended to force the institution rapidly to change its practice related to the awarding of credit hours in its upper division online courses and that the Commission imposed a stipulation intended to prevent expansion of the institution into any new degree programs or off-campus activities until the problem with its online upper division courses was resolved. These restrictions were publicly displayed on the Commission's website to the institutions' students and to the company's investors. These restrictions were intended to force change at the institution and to force it quickly. I believe they have indeed had that result, but it remains for the Commission's on-site evaluation team that visited the institution in January 2010 to document that outcome.

Second, I take issue with the Office of Inspector General's understanding of credits and program length and their role and value in higher education in 2010 in the United States and at the Commission. Long before the Higher Education Act of 1963 and subsequent revisions, higher education in the United States made use of the credit hour as the fundamental organizational building block of courses and programs in higher education. However, higher education never developed a precise definition of the credit hour or quantitative standards defining the credit hour, preferring to rely instead, when needed, on the Carnegie Unit, which was a measure developed for secondary education. The result was that the credit hour was always a fluid measure in higher education and relied on the integrity and judgment of experienced faculty members who understood how to structure appropriate college-level work into courses and how to assess a commensurate number of credit hours for such courses.

The Higher Learning Commission was founded by the academy itself on the premise that faculty members and administrators from other institutions of higher education, not representatives of state or federal government or auditors, bring the appropriate expertise necessary for voluntary self-regulation of



Mr. W. Christian Vierling, March 17, 2010 2

higher education. Representatives of institutions of higher education developed and adopted the Criteria for Accreditation and policies identified in your report. And representatives of higher education determined that a single definition of a credit hour or quantitative matrix was not an appropriate tool by which to judge the range of credit hour and program length arrangements offered by established and accredited institutions in the region. Instead these representatives determined that competent peer reviewers, qualified by extensive experience as higher educators, could, with detailed training by the agency, make reasonable and informed judgments about the appropriateness of credit and program offerings of institutions using broad standards outlined by the agency. Finally these representatives determined that, in judging institutional quality, accreditation in this region needed to be mindful of the building blocks but to focus primarily on the learning of students.

The Inspector General's report calls for the Commission to adopt a definition of the credit hour and minimum quantitative standards for program length or the assignment of credit hours because the payment system for Title IV is structured around the credit hour. This call is taking place when higher education is now benefitting from years of study of how adults learn and thus how higher education can maximize student learning through the use of hybrid and other new models of instruction and awarding of credit that will move higher education away from the old building blocks to new ones that are just now being identified. Such changes have the potential to decrease the time to degree and thus the cost of the degree both for the students and for the public that supports such programs through various forms of financial assistance. The ultimate measure of the success of these programs should not be outmoded credit hour definitions and quantitative standards for the assignment of credits hours, enshrined for posterity in federal regulations or in Commission policy, but the measure of student learning.

Third, I believe that the Commission's approach works and that the best evidence that it works is the AIU evaluation that you cited. Even given the lack of a single standardized definition or a quantitative matrix for the assignment of credit hours, the Commission's evaluation team identified a significant problem with the awarding of academic credit in a small percentage of online upper-division courses offered by the institution. The team outlined a regime of monitoring to result in prompt remediation of the problem. A Commission evaluation team has been on campus this winter to ensure that prompt action is indeed being taken by the institution to ameliorate the problem. The online upper-division students of AIU attending an institution with a twenty-year history of regional accreditation will be benefitting from this change, which, without the Commission's intervention, might not have taken place or at least not as quickly.

I appreciate the opportunity to provide this response.

Sincerely,

Sylvia Manning
President

cc: Ms. Mary Mitchelson, Acting Inspector General
Ms. Nancy C. Regan, Ph.D., Director, Accreditation and State Liaison
Ms. Joyce Jones, Management and Program Analyst