Competency-based education has been part of the American higher education landscape for decades. It is enjoying a resurgence of interest driven primarily by efforts to redefine quality of higher education in terms of student learning. Competency-based education has the potential to strengthen and improve learning outcomes for all students, particularly those who are not well served by traditional higher education. This approach to teaching and learning affords learners a more transparent pathway for education and employment, alternative approaches to learning, and better student support. It is a more straightforward way to plan, organize, deliver and support student learning across all disciplines.

Efforts are under way to explore how such programs can increase capacity to help more Americans earn meaningful postsecondary credentials. There are many factors that contribute to a supportive environment for the growth of competency-based education. Through experimental sites, for example, the federal government is exploring how federal student aid policies can better include competency-based education. At the state level, there are many areas that can encourage or inhibit the growth of competency-based education programs. State policy, the focus of this paper, is one such area.

What Is Competency-Based Education?

In competency-based education, specific knowledge and skills that students must have in order to receive their degrees are clearly articulated. Students progress through their education as they are able to demonstrate competence in knowledge or skill areas. Authentic, valid and reliable assessments are used to determine whether learning outcomes have been met. These assessments include both objective and performance-based tools. More opportunities for success exist as students either demonstrate proficiency in particular areas and move on or build knowledge and acquire skills in areas they find difficult until they are able to demonstrate competence, at a pace appropriate for their own educational needs. These programs are not exclusively focused on vocational skills; they can include the liberal arts, critical analysis, computational and communication skills.

Faculty members in competency-based education programs often act as coaches, mentors and advisors in addition to designing courses and structuring learning opportunities. Competency-based programs encourage student and faculty engagement and learning outside of lecture-based classrooms. Some competency-based programs use online classes as a strategy for delivering knowledge, but others encourage students to engage in learning through self-directed study, projects and real-world experiences. Faculty members also assess students’ mastery of competencies using papers, projects, assignments and examinations.
Competency-based education programs may not rely on the credit hour, grade point averages or the academic calendar. In traditional college programs, degree requirements are typically defined by the accumulation of credit hours, such as 60 for an associate degree and 120 for a bachelor’s degree; completion of general education requirements and structured study in a major field or discipline; standards for demonstrating satisfactory academic progress, including minimum grade point averages; and the completion of programs within time-specified periods. The student experience is defined by time spent receiving instruction—as illustrated by common references to two- and four-year degrees. Expected learning outcomes often are poorly articulated to students and, as a result, somewhat mysterious. Instruction usually occurs through regular contact with faculty members in seminars, lectures or labs. This instructional model, which relies heavily on in-person delivery, is too costly to achieve the scale necessary to meet student demand for postsecondary education.

Policymakers will likely need to revisit how they finance and regulate higher education to allow competency-based education programs the full range of flexibility required to best serve students. For example, competency-based education may be challenged by academic calendars, credit transfer, academic program approval, tuition and financial aid policies, and the metrics used in outcomes-based funding systems. To build political understanding and will for change, policymakers and higher education leaders must first understand what competency-based education is, what it is not, and what its potential for better serving students could be. For states offering competency-based options in K–12 education, policymakers must understand similarities and differences between how each educational sector describes, delivers and assesses competency-based education, as the policy environment may affect each level of education differently.

Many states are heavily involved in the growth and development of competency-based education. With support from governors and legislators, state-branded versions of Western Governors University, which offers competency-based degrees online in business, education, IT and nursing, have launched in five states: Indiana, Missouri, Tennessee, Texas and Washington state. Changes in state financial aid and other policies have followed. In addition, the Kentucky Community & Technical College System, Northern Arizona University, Texas A&M-Commerce, South Texas College and the University of Wisconsin-Extension are creating or offering new competency-based programs, either online or on campus. This brief highlights issues for policymakers interested in supporting responsible innovation.

**How Do Competency-Based Programs Work?**

Today, most competency-based programs can operate only when systems and policies exist that translate what the program offers back to the familiar currencies of traditional education—standard terms, credit hours and grades. This is partially so these types of programs can function under current regulations and because the back-office and IT systems are often unable to accommodate the practices of “pure” competency-based education. Many competency-based programs set credit hour equivalencies and grade equivalencies (neither of which is essential to competency-based education) for the demonstration of competence. By establishing equivalencies, colleges and universities can categorize students as full- or part-time for purposes of ensuring compliance with state and federal student aid programs. Additionally, some competency-based programs have defined terms that differ from the traditional semester or quarter calendars, such as six-month terms with weekly, rolling admissions. This permits students to advance at their own pace, but within traditional-seeming calendar terms. Such retrofitting, although common to comply with government policies favoring traditional classroom instruction, presents significant challenges for the flexible and individualized focus of competency-based education.
As the number of competency-based programs grows, the policy environment will need to shift in ways that accommodate responsible innovation and experimentation. Some colleges and universities are taking more innovative approaches and have received permission from the U.S. Department of Education to offer financial aid based on the “direct assessment” of learning, rather than on time-based measures of student progress. Colleges and universities proposed ideas to the U.S. Department of Education for experiments that would allow them to test different ways of paying for demonstrated student learning instead of “seat time.” For example, instead of distributing federal student aid based on student enrollment and demonstration of “satisfactory academic progress” each term, these institutions propose releasing federal student aid as students show they are proficient in competencies that a program seeks to develop. This input resulted in the CBE experimental sites initiatives, and the experimental sites are currently operational.

What Are Some Benefits of Competency-Based Education?

Competency-based programs can help students make greater sense of their academic journeys by creating clearer pathways to degrees based on well-defined learning expectations. This form of education can help ensure quality by focusing on rigorous assessment of students’ acquisition of the knowledge and skills they will need to face future challenges. These programs also can limit the academic swirl and cycle of failure many students experience, partially because these programs allow students to progress at their own pace—accelerating their learning when appropriate, but also decelerating to spend time on difficult concepts. This flexibility may be more appealing to currently underserved students. The transparency and rigorous assessment also benefit employers, as they have more clarity about what graduates know and are able to do.

There are also potential cost benefits to competency-based education. Such programs can curb or reduce the accumulation of taxpayer-subsidized credit hours beyond those needed to earn degrees—a major source of public expense in higher education. In addition, some newer competency-based programs have been designed from the outset as affordable, lower-cost alternatives to traditional academic instruction, with price points of $5,000 to $6,000 a year, compared with a traditional four-year program that can average more than $10,000 per year. Flexible assessments enable students to demonstrate proficiency without having to adhere to traditional academic calendars, allowing them to progress more rapidly if they are capable. When this is possible, the public and students spend less money and reap benefits sooner as graduates find employment and are able to participate more fully in their communities.
What Can Be Done to Support Responsible Innovation?

State policymakers should pay careful attention to how policies at all levels affect the design and implementation of competency-based programs. Creating opportunities for responsible experimentation at the state level will require collaboration among state legislatures, regional accreditors, the federal government, higher education systems and public colleges and universities. Stakeholders at each of these levels should give special consideration to provisions and language that might stifle the growth of competency-based education. Such language might include the use of time-based measures, academic calendars and inflexible or overly prescriptive language that does not support nontraditional academic delivery. These issues may be present in:

- Funding systems that are not flexible enough to support innovative learning-centered options for students to earn degrees, certificates and other credentials of value;

- Financial aid policies geared toward standard definitions of “satisfactory academic progress” that do not take into account new ways of measuring learning progress, such as competencies completed as a proportion of the overall program;

- State transfer articulation agreements that rely specifically on the courses or credits rather than learning;

- Tuition-setting policies that do not take into account cost differentials of different types of education; and

- Definitions of postsecondary institutions or program approval processes that are not broad enough to include, or place undue burden on, providers outside the traditional brick-and-mortar academic institutions.

Many of the statutes, rules and regulations within each of these policy areas use language, definitions and concepts that are not relevant to competency-based education. These include “credit hours,” “full-time enrollment,” “courses” and “grade point average.” In order to be more inclusive of competency-based providers, policies could:

- Measure progress for funding purposes based on demonstrated mastery of a reasonable number of competencies instead of credit hours;

- Support the ability of colleges and universities to charge tuition at flat rates or by the competency or bundle of competencies, allowing students to pay directly for learning;

- Explore differential tuition for programs that cost less to deliver than traditional classroom-based instruction, rather than tying tuition rates to credit hours; and

- Encourage student transfer among institutions based on measures of learning rather than credits accumulated.
A key feature of competency-based education is the opportunity for students to begin their program at any time and progress according to their needs. This makes it a challenge to rely on traditional academic calendars (in many states and per federal guidelines, between July 1 and June 30) or set times to count enrollment for funding purposes. Policymakers should consider ways to explore:

- Decoupling institutional funding from the academic calendar to avoid undercounting of students enrolled in competency-based programs with multiple start/stop dates; and
- Providing students with financial aid that is not tied to the traditional academic calendar. Students participating in competency-based programs often do not enroll in time to meet financial aid deadlines. By the time they apply for state aid, funds are often depleted.

Statutes with detailed definitions and provisions may not allow institutions the flexibility to develop and scale competency-based programs. Policies can encourage competency-based education in a number of ways.

- They can create temporary equivalencies in definitions and formulas that rely on the credit hour and traditional academic calendars until sustainable policy options that support cutting-edge approaches can be developed.
- They can minimize constraints on institutional definitions and requirements, such as requiring a physical presence in the state and the regional accreditor to be used. Competency-based education programs may not be place-bound, which means that students from one state could enroll online, in an institution that is not within their state or accredited by their state’s regional accreditor.
- They can make use of decentralized tuition-setting authority to evaluate and set reasonable tuition rates, especially for lower-cost competency-based programs.

In addition to paying careful attention to how policies directly affect students and the design of programs, policymakers and other state stakeholders can work more generally to encourage innovation in their state.

- They should be cognizant of the “back-office” challenges that competency-based providers face. For example, programs that collect student information need to be designed to allow institutions to report data required for funding formulas and determine student financial aid eligibility. In considering how to create a supportive environment for innovation, all stakeholders should work to keep clear communication channels open.
- They should work with institutions and systems to create clear communication plans and strategies to educate other stakeholders and the public about the benefits of competency-based education.
- They should form partnerships with industry to align competency-based programs with economic demand in a state.
QUESTIONS FOR POLICYMAKERS

• What are your state higher education attainment goals? Which students are you targeting to increase the percentage of your residents with an education beyond high school?

• What efforts are under way in your state to better serve residents who need further education beyond high school?

• Does your state offer competency-based education at the K–12 level? If so, how widespread are these offerings, and which students are served?

• What do you know about competency-based education at the college level and how it differs from traditional campus-based and online instruction?

• How aware are you of what colleges and universities within your state are doing to design and offer competency-based programs?

• If your state has competency-based programs for K–12 and higher education, in what ways are these programs aligned?

• How does competency-based education challenge assumptions about what higher education should look like?

• What public investments, policies and political issues would need to be addressed in your state to support and scale affordable, high-quality competency-based education?