

# FEDERAL COMPLIANCE OVERVIEW

Information for Institutions and Peer Reviewers

Effective for Federal Compliance Reviews beginning September 1, 2016

## Introduction

HLC is required by the U.S. Department of Education to assure that all of its affiliated institutions are complying with the expectations of specific regulations accreditors must enforce as a part of their federal recognition. In addition, HLC is required to review institutions' compliance with their Title IV program responsibilities. Compliance with these requirements by both institutions and HLC is necessary to ensure that institutions accredited by HLC are eligible for federal financial aid.

The U.S. Department of Education continues to define and to implement statutory requirements for accredited colleges and universities in the Higher Education Act. In addition, HLC policy regarding Federal Compliance Requirements for institutions states that institutions must meet these requirements in order to be accredited by HLC. This document reflects those changes in the policies and explanations provided below.

## Procedure

The Federal Compliance Program follows a three-step process:

1. First, institutions must address the federal requirements in the materials they submit to HLC before a visit. The [Federal Compliance Filing by Institutions](#) provides direction to institutions in addressing these requirements. Institutions applying for candidacy or initial accreditation address the Federal Compliance Requirements in their preparations for the comprehensive evaluation visit.

AQIP Pathway institutions address the requirements in the materials prepared for comprehensive evaluations in Year 8. Institutions participating in the Open Pathway must demonstrate that they meet the Federal Compliance Requirements during the Year 10 comprehensive evaluation. Institutions participating in the Standard Pathway must demonstrate that they meet the Federal Compliance Requirements in the Year 4 and Year 10 comprehensive evaluations.

Institutions on Probation or Show Cause address the requirements in their preparations for the sanction visit.

2. Second, HLC expects that institutions make additional supporting information on Federal Compliance available during the visit (or in the Assurance System). While conducting the visit, peer reviewers should verify that the Federal Compliance information they have received is accurate and complete. They should raise any questions they have with institutional representatives.
3. Third, peer reviewers must document that they have conducted a thorough review of the institution's compliance with federal requirements using the [Federal Compliance Worksheet for Evaluation Teams](#). A Federal Compliance reviewer evaluates the institution's Federal Compliance materials in advance of the visit and refers any issues to the on-ground team for further exploration and confirmation. In some cases, HLC does not assign a Federal Compliance reviewer and instead asks that the on-site peer review team conduct the Federal Compliance review as part of its work.

## Federal Regulation Policies

This section outlines HLC's requirements to ensure that HLC and its affiliated institutions comply with federal regulations. It provides the text of applicable HLC policies as well as of other relevant standards and guidelines. In addition, the section contains an explanation of each requirement, links to related materials including HLC forms and procedures, and references to the Criteria for Accreditation Core Components and Assumed Practices that each requirement is relevant to and that institutions must ultimately satisfy in order to receive accreditation.

### Assignment of Credits, Program Length and Tuition

#### Policy Number FDCR.A.10.020

An institution shall 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 of any significant changes in the relationships among credits, program length, and tuition.

**Assignment of Credit Hours.** The institution's assignment and award of credit hours shall conform to commonly accepted practices in higher education. Those institutions seeking, or participating in, Title IV federal financial aid, shall demonstrate that they have policies determining the credit hours awarded to courses and programs in keeping with commonly-accepted practices and with the federal definition of the credit hour, as reproduced herein for reference only, and that institutions also have procedures that result in an appropriate awarding of institutional credit in conformity with the policies established by the institution.

**Federal Credit Hour Definition:** *A credit hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally-established equivalency that reasonably approximates not less than:*

*(1) one hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class student work each week for approximately fifteen weeks for one semester or trimester hour of credit, or ten to twelve weeks for one quarter hour*

*of credit, or the equivalent amount of work over a different amount of time; or (2) at least an equivalent amount of work as required in paragraph (1) of this definition for other activities as established by an institution, including laboratory work, internships, practica, studio work, and other academic work leading to the award of credit hours. 34CFR 600.2 (11/1/2010)*

**Commission Review.** The Commission shall review the assignment of credit hours, program length, and tuition in conjunction with a comprehensive evaluation for reaffirmation of accreditation during the Commission's assurance process. The Commission may sample or use other techniques to review specific institutional programs ensure that it has reviewed reliability and accuracy of the institution's assignment of credit. The Commission shall monitor, through its established monitoring processes, the resolution of any concerns identified during that evaluation with regard to the awarding of academic credit, program length, or tuition, and shall require that an institution remedy any deficiency in this regard by a date certain but not to exceed two years from the date of the action identifying the deficiency.

**Commission Action for Systematic Noncompliance.** In addition to taking appropriate action related to the institution's compliance with the Federal Compliance Requirements, the Commission shall notify the Secretary of Education if, following any review process identified above or through any other mechanism, the Commission finds systematic noncompliance with the Commission's policies in this section regarding the awarding of academic credit.

The Commission shall understand systematic noncompliance to mean that an institution lacks policies to determine the appropriate awarding of academic credit or that there is an awarding by an institution of institutional credit across multiple programs or divisions or affecting significant numbers of students not in conformity with the policies established by the institution or with commonly accepted practices in higher education.

#### Explanation of This Requirement

HLC's intent is (1) to review an institution's policies regarding the award of credit; (2) to determine whether the institution follows those policies in practice; and (3) to determine whether the allocation of credit by the institution is in keeping with the federal definition of the credit hour and whether an institution with courses in alternative formats has and follows policies that are consistent with commonly accepted practice in higher education in the United States.

Institutions should make sure that they have a policy at the institutional or departmental level that explains how credit hours are allocated to courses and programs. The policy should be in writing and take into account the federal definition of the credit hour, as well as commonly accepted practice in higher education. Such policies are typically expected to distinguish the various levels of learning that the institution offers, such as graduate and undergraduate, and may distinguish among departments or disciplines. An institution's policy should take into account such matters as practica, clinical rotations, compressed terms and distance delivery.

Institutions with fairly standard semester or quarter systems and credit hour allocations are likely to find that looking at their policy on credit hours, catalog and sample syllabi is the easiest approach to documenting compliance. However, institutions that provide instruction through online, alternative, compressed or other formats should also have policies that expressly address how that learning is determined, organized and evaluated, and how the institution goes about determining instructional equivalencies. Such institutions should consider incorporating learning objectives and actual student outcomes in allocating credit hour values.

The institution should be able to demonstrate that it assigns credit hours to courses following institutional policy in a reasonable and systematic way, taking into consideration the instructional time provided to students and the calendar format. Degree programs should have overall credit hour requirements. These credit hour assignments and degree program requirements should fit within the current range of good practice in higher education.

In addition, the institution should set tuition consistently across degree programs. If tuition differs for a particular program or programs, the institution should be able to justify that difference based on costs for offering that degree, the length of the program, or the objectives of the program.

Should the institution plan to make any significant change to credit hour assignments or degree program requirements, the institution is required to seek HLC approval prior to making that change. The institution should review the [application for approval of a substantive change in clock or credit hours](#) on HLC's website for more information.

#### **Related HLC Requirements:**

Core Components 3.A., Assumed Practice B.1.

## **Institutional Records of Student Complaints**

### **Policy Number FDCR.A.10.030**

An institution shall make available an account of the student complaints it has received, its processing of those complaints, and how that processing comports with the institution's policies and procedures on the handling of grievances or complaints.

#### **Explanation of This Requirement**

The institution is free to design a complaint-tracking process that best fits its needs. Whatever approach the institution takes, the institution should show that it has in a timely manner received, tracked and processed student complaints filed since the last comprehensive evaluation or other evaluation in which HLC formally reviewed the institution's Federal Compliance information (e.g., a show-cause evaluation, certain advisory visits, etc.).

Moreover, the institution should be able to demonstrate that it identifies and learns from the information provided in student complaints. The institution and team may also receive student complaints filed with HLC prior to the evaluation visit.

#### **Related HLC Requirements:**

Core Component 2.A; Assumed Practices A.3, A.4.

## **Publication of Transfer Policies**

### **Policy Number FDCR.A.10.040**

Each institution shall determine its own policies and procedures for accepting transfer credits, including credits from accredited and non-accredited institutions, from foreign institutions, and from institutions that grant credit for experiential learning and for non-traditional adult learner programs in conformity with any expectations in the Commission's Assumed Practices. An institution's periodic review of its transfer policies and procedures should include evaluation of their clarity to those who administer them, to the students who follow them, and to employers and other stakeholders. It should also include the consistency of their interpretation and application throughout the institution, as well as their responsiveness to new types of learning opportunities outside institutions of higher education.

An institution shall demonstrate that it has transfer policies that are publicly disclosed and that such policies include a statement of criteria established by the institution regarding

transfer of credit earned at another institution. An institution shall also demonstrate that it publishes a list of institutions or programs with which the institution has established articulation agreements to receive and send credit.

### Explanation of This Requirement

The institution must disclose its transfer policies to students and to the public. Its policies should contain information about the criteria the institution uses to make transfer of credit decisions. The institution must also list information about its articulation agreements with other institutions. The information the institution provides should include any program-specific articulation agreements in place and should clearly identify program-specific articulation agreements as such. Also, the information the institution provides should include whether the articulation agreement anticipates that the institution under HLC review (1) accepts credits from the other institution(s) through the articulation agreement; (2) sends credits to the other institution(s) through the articulation agreement; (3) both offers and accepts credits with the institution(s) in the articulation agreement; and (4) what specific credits articulate through the agreement (e.g., general education only; pre-professional nursing courses only; etc.).

In addition, its transfer policies must also meet the requirements for the description of transfer policies outlined in 34 CFR §668.43(a)(11) of the Code of Federal Regulations, which is reproduced here for reference:

*(11) A description of the transfer of credit policies established by the institution which must include a statement of the institution's current transfer of credit policies that includes, at a minimum—*

*(i) Any established criteria the institution uses regarding the transfer of credit earned at another institution; and*

*(ii) A list of institutions with which the institution has established an articulation agreement.*

### Related HLC Requirements:

Core Component 2.A; Assumed Practice A.5.D.

## Practices for Verification of Student Identity

### Policy Number FDCR.A.10.050

An institution offering distance education or correspondence education, as specified in the federal definitions reproduced herein solely for reference, shall have processes through which the institution establishes that the student who registers in the distance education or correspondence education courses or programs is the same student who participates in and completes and receives the academic credit.

#### Definitions:

*Distance education/course means education that uses one or more of the {following} technologies (i) to deliver instruction to students who are separated from the instructor; and (ii) to support regular and substantive interaction between the students and the instructor, synchronously or asynchronously. The technologies used may include: (i) the internet; (ii) one way and two way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices; (iii) audioconferencing; or (iv) videocassettes, DVDs, and CD-Roms, if the videocassettes, DVDs or CD-Roms are used in conjunction with any of the technologies listed in clauses (i) through (iii).*

*Correspondence education/course means: (1) Education provided through one or more courses by an institution under which the institution provides instructional materials, by mail or electronic transmission, including examinations on the materials, to students who are separated from the instructor. (2) Interaction between the instructor and the student is not regular and substantive, and is primarily initiated by the student. (3) Correspondence courses are typically self-paced. (4) Correspondence education is not distance education. 34CFR 602.3 (11/1/2010)*

**Institutional Practices.** In verifying the identify of students who participate in class or coursework the institution may make use of a variety of methods at the option of the institution, including but not limited to: (1) secure login and pass code; (2) proctored examinations; and (3) new or other technologies and practices that are effective in verifying the identity of students. Such methods must have reasonable and appropriate safeguards to protect student privacy. Institutions must notify students at the time of registration or enrollment of any projected additional student charges associated with the verification of student identity such as separate fees charged by proctoring services, etc.

**Commission Review.** The Commission will review an institution's student identity verification protocols when an institution requests permission to add programs in distance delivery as well as during a comprehensive evaluation. The Commission will also require that institutions submit information about student identity verification protocols on the Commission's Institutional Update.

### Explanation of This Requirement

Institutions must verify the identity of students who participate in courses or programs provided through distance or correspondence education. The institution may use a variety of approaches to verify student identity, such as those mentioned in the policy. Additionally, if the method by which the institution verifies student identity will incur a cost to the student (such as a fee for a proctored exam), the institution must disclose that cost to the student at the time of registration or enrollment. The institution must also demonstrate that it is making reasonable efforts to protect student privacy in verifying student identity.

Note that the definitions of distance and correspondence education for the purpose of verifying student identity are the federal definitions and are quoted in the HLC policy for reference.

#### Related HLC Requirement:

Core Component 2.A.

## Title IV Program Responsibilities

### Policy Number FDCR.A.10.060

An institution shall demonstrate that it complies if required with the Title IV program responsibility requirements of the Higher Education Reauthorization Act as most recently amended. Therefore, institutions will provide for Commission review any documents concerning the institution's program responsibilities under Title IV of the Act, including any results of financial or compliance audits and program reviews, audits reports by the Office of Inspector General of the U.S. Department of Education, and any other information related to its fulfillment of its Title IV responsibilities.

**Default rate.** An institution shall make reasonable efforts to ensure that its students do not take on excessive debt either through federal or private loans. An institution shall also demonstrate that it is appropriately fulfilling its Title IV responsibilities to manage its student loan program, to

minimize student default on such loans, and to provide accurate information to the U.S. Department of Education when required in conjunction with its loan program. Therefore, an institution will submit to the Commission information about its participation in federal and private loan programs as well as its three-year Title IV default rates and any default reduction plans provided to the U.S. Department of Education.

### Explanation of This Requirement

The institution is expected to provide HLC with information regarding each of the components listed below:

1. General Program Responsibilities
2. Financial Responsibility Requirements
3. Default Rates
4. Campus Crime Information, Athletic Participation and Financial Aid, and Related Disclosures
5. Student Right to Know/Equity in Athletics
6. Satisfactory Academic Progress and Attendance Policies
7. Contractual Relationships
8. Consortial Relationships

The institutional staff members compiling this information should work with the financial aid office and the chief financial officer or comptroller.

## Required Information for Students and the Public

### Policy Number FDCR.A.10.070—Public Information

#### Required Information for Students and the Public

An institution demonstrates that it makes available to students and the public fair, accurate and complete information in catalogs, student handbooks, and other publications that include, at a minimum, information about the institution's calendar, grading, admissions, academic program requirements, tuition and fees, and refund policies.

### Explanation of This Requirement

Institutions should disclose certain information to students and members of the public in publications that are readily available to these constituents and in clear language.

#### Related HLC Requirements:

Core Component 2.A, 2.B; Assumed Practice A.5.

## Advertising and Recruitment Materials and Other Public Information

### Policy Number FDCR.A.10.070—Public Information

#### Advertising and Recruiting Materials and Other Public Information

An institution's public information including its advertising and recruiting materials shall evidence the same fairness and accuracy the Commission expects in an institution's catalog and other documents for students.

#### Disclosure of Affiliation Status

If the institution chooses to reference its accreditation status in advertising and recruiting materials or other document or location, that disclosure will accurately explain its status with the Commission and the academic programs, locations and other institutional activities included in its accreditation.

It will accompany that reference with information on how to contact the Commission. It shall provide the Commission's address and telephone number or it may use the Commission's website address in lieu of this information. Electronic materials shall use the Commission's collective membership mark.

The Commission reserves the right to issue a public statement or Public Disclosure Notice (PDN) correcting any incorrect or misleading information the Commission determines that an institution has publicized about its accreditation status, recent actions by the Commission or other information.

#### Explanation of This Requirement

An institution must provide clear and accurate information in its advertising and recruiting materials, including information about its relationship with HLC and other accrediting agencies. In any place where the institution discloses its relationship with HLC, the institution must also provide contact information for HLC. Institutions must use HLC's Mark of Affiliation in at least one place on their websites.

#### Related HLC Requirements:

Core Component 2.B; Assumed Practice A.5, A.7.

## Review of Student Outcome Data

### Policy Number FDCR.A.10.080

An institution shall demonstrate that, wherever applicable to its programs, its consideration of outcome data in evaluating the success of its students and its programs includes course completion, job placement, and licensing examination information.

#### Explanation of This Requirement

Institutions must demonstrate that they collect and review information about how students perform in courses in a program and whether, subsequent to the successful completion of the program, students are able to obtain employment in the field in which they studied or pass required licensing exams. Institutions must also demonstrate that they use this information to determine whether they are successful in meeting their missions and educational objectives.

#### Related HLC Requirements:

Core Components 4A–C; Assumed Practice C.6., C.7.

## Publication of Student Outcome Data

### Policy Number FDCR.A.10.070

#### Information about Student Achievement

An institution's information for students and the public shall include information regarding student achievement. This information shall include student retention rates, completion rates or other information appropriate for the mission of the institution and its goals for students.

#### Explanation of This Requirement

In fulfillment of the Council for Higher Education Accreditation's (CHEA's) standard of accountability for accrediting organizations, HLC requires its affiliated institutions to demonstrate that they make student outcome data easily accessible to the public. These data should be made through the institution's website and should be clearly labeled as such. Any technical terms in the data should be defined, and any necessary information on the method used to compile the data should be included. Data may be provided at the institutional or department level or both, but the institution must disclose student outcome data that address the broad variety of its programs.

## Standing With State and Other Accrediting Agencies

### Policy Number FDCR.A.10.090

An institution has a responsibility to remain in good standing with each state in which it is authorized or licensed as well as with any other institutional or programmatic accrediting agency recognized by the U.S. Department of Education by which it is accredited or pre-accredited up to the point that it voluntarily withdraws from such relationships. An institution shall fairly represent to the Commission and to the public its history or current or previous status with other institutional or programmatic accrediting bodies and with each state in which it is authorized or licensed.

An institution shall disclose to the Commission any pending or final state actions that affects the institution's legal status or authority to grant degrees or offer programs and any pending or final actions by an accrediting agency to withdraw accredited or pre-accredited status, impose a sanction or deny an application for such status. Such disclosure shall take place at the time of the action by the other entity and on the Commission's Institutional Update as well as in preparation for a comprehensive evaluation by the Commission.

**Commission Review.** If another such accrediting agency or if a state has taken any of these actions, the Commission will undertake a prompt review of the institution and the related action.

With regard to an applying institution, the Commission, through its decision-making processes and subject to the limitations in the Eligibility Requirements, will carefully weigh these matters in reaching its own decision to grant candidacy or accreditation. If it chooses to grant candidacy or initial accreditation to such an institution, it will provide the Secretary of Education a written explanation of why that action is appropriate within thirty days of taking the action.

With regard to an accredited institution, the Commission will determine whether additional review or Commission action, including sanction or withdrawal of accreditation, is appropriate. The Commission may undertake its review in any way provided for in Commission policy.

## Explanation of This Requirement

An institution must disclose to HLC its relationship with any other specialized, professional or institutional accreditor and with all governing or coordinating bodies in states in which the institution may have a presence. Information about those relationships should inform HLC reviewers in evaluating the institution's capacity to meet the Criteria for Accreditation.

### Related HLC Requirements:

Core Component 2.B, Assumed Practice A.7, C.4.

## Public Notification of Opportunity to Comment

### Policy Number FDCR.A.10.070—Public Information

#### Public Notification of Opportunity to Comment

The Commission shall seek comment from third parties about institutions being evaluated for accreditation or candidacy. As part of the comprehensive evaluation, institutions shall publicize the forthcoming evaluation in accordance with established Commission procedures regarding content, dissemination, and timing.

## Explanation of This Requirement

HLC seeks public comments on institutions as part of its comprehensive evaluations. The institution is responsible for publishing a notice about the visit to its constituents and instructing constituents that they can send comments to HLC. (See HLC's [Procedure on Third-Party Comments](#).) HLC staff members will collect the comments and forward them to the leadership of the institution and the evaluation team. The comments are intended to encourage participation in the accreditation activity from multiple constituents and typically form only a basis for further inquiry about appropriate issues from the team. Decisions made by the team should rest on information gained from the visit itself.

## Competency-Based Programs, Including Direct Assessment Programs, and Faculty-Student Engagement

### Policy Number FDCR.A.10.020—Assignment of Credit Hours

*See page 2 for policy text.*

#### Explanation of This Requirement

On an ongoing basis, peer reviewers must verify for any competency-based education programs (including credit-based, direct assessment or hybrid programs) offered by an institution and previously approved by HLC that students and faculty communicate on some regular basis that is at least equivalent to contact in a traditional classroom, and that in the tasks mastered to assure competency, faculty and

students interact about critical thinking, analytical skills, and written and oral communication abilities, as well as about substantive matters such as core ideas, important theories, current knowledge, etc. In addition, peer reviewers must also verify that the credit hour equivalencies for these programs are appropriate, and credit hour information about these programs should be included on the [Credit Hour Worksheet](#).

Additional guidelines for institutions interested in ensuring that competency-based education programs are eligible for Title IV are provided in the [Competency-Based Education Programs application](#) available from HLC's website.