FEDERAL COMPLIANCE OVERVIEW

Effective for Federal Compliance Reviews beginning September 1, 2020

INTRODUCTION

In order to maintain its federal recognition by the U.S. Department of Education, the Higher Learning Commission (HLC) assures that all candidate and accredited institutions are complying with the expectations of specific federal regulations including, when applicable, Title IV program responsibilities. Compliance with these requirements by both institutions and HLC is necessary to ensure that institutions that participate in Title IV HEA programs remain eligible for federal financial aid. Such compliance also represents a reinforcement of certain important quality assurance goals. HLC policy regarding Federal Compliance requires institutions to meet these requirements in order to gain candidacy, gain initial accreditation and to remain accredited.

Based on feedback from the membership and the Peer Corps and many conversations with representatives from the U.S. Department of Education, HLC significantly streamlined the Federal Compliance process in September 2019. The new process eliminates redundancies related to areas that are already reviewed as part of other HLC requirements and processes and highlights the areas where information is required only for Federal Compliance.

RECENT UPDATES

- Standard Pathway institutions are not required to submit a Federal Compliance Filing for their Year 4 comprehensive evaluation (unless they are newly accredited or recently removed from Probation or Show-Cause).
- HLC still expects institutions to be able to demonstrate Carnegie Unit equivalency in their assignment of credit hours. However, HLC no longer requires them to complete HLC's separate credit hour worksheet for comprehensive evaluations. (Note that the worksheet is still used in the context of new substantive change applications for competency-based education programs.)
- The Title IV Program Responsibilities section of the Federal Compliance Filing by Institutions has been eliminated based on recent changes in the federal regulations. However, institutions are still responsible for remaining in compliance with such requirements. Institutions may be required to submit documentation related to Title IV requirements as an appendix to their Federal Compliance Filing (see Additional Documents on page 6).
- Institutions are not required to solicit third-party comments from members of the public and other stakeholders as part of their Federal Compliance Filing. HLC maintains a form on its website that allows third parties to provided comments about institutions on an ongoing basis. (Institutions are required to participate in HLC's Student Opinion Survey in advance of a comprehensive evaluation.)

- Due to information regularly publicized by the U.S. Department of Education, HLC will follow up only with selected institutions regarding their Cohort Default Rates.

ASSURANCE SYSTEM INTEGRATION

In 2019, HLC created a new Federal Compliance tab in the Assurance System for institutions and peer reviewers. Instructions for submitting institutional materials and writing the peer reviewer report are provided in the system and the Assurance System Manual.

WHEN FEDERAL COMPLIANCE IS REVIEWED

HLC reviews an institution's compliance with federal requirements at multiple points in the accreditation relationship and through various mechanisms. The institution's Federal Compliance Filing is regularly reviewed as part of the following evaluations:

- Comprehensive evaluations for Reaffirmation of Accreditation, regardless of when they occur (including after initial accreditation, or the removal of Probation or Show Cause).
- Comprehensive evaluations for institutions applying for Candidacy or Initial Accreditation.
- Sanction visits for institutions on Probation (except if Probation is extended) and Show Cause.
- Advisory visits arising from questions of compliance with one or more federal requirements.

HLC may also require an institution to submit documentation related to one or more federal requirements, without an on-site evaluation necessarily occurring, whether as part of routine monitoring or under HLC's policy on Special Monitoring.

PROCEDURE FOR INSTITUTIONS

1. Institutions submit the Federal Compliance Filing form and, if applicable, Appendix A before their on-site visit by a team of HLC peer reviewers. The filing form can be downloaded from HLC's website at hlcommission.org/federal-compliance.

   HLC will activate the Federal Compliance tab in the Assurance System six months before the institution's lock date, and HLC recommends that institutions begin compiling the necessary documentation at that point. The Federal Compliance Filing should be uploaded to the system prior to the institution's lock date.

   Institutions submitting documentation related to Federal Compliance as part of HLC processes other than comprehensive evaluations (e.g., advisory visits, interim reports, focused visits, or other requests from HLC) should submit their documentation at hlcommission.org/upload. Select the appropriate submission option from the list provided to ensure the institution's materials are sent to the correct HLC staff member.
2. After the institution's Assurance Filing has been locked and made available to reviewers, a Federal Compliance reviewer will conduct a preliminary evaluation of the institution's Federal Compliance Filing. The reviewer will contact the Accreditation Liaison Officer (ALO) to request a sample of course and program materials. The purpose of the representative sample of materials is to enable the Federal Compliance reviewer to make a preliminary determination as to whether an institution adheres to its credit hour policy. In no event should an institution submit, nor will Federal Compliance reviewers expect institutions to submit, all its course and program materials.
3. The peer review team will finalize the preliminary findings made by the Federal Compliance reviewer during the visit. The team may request additional supporting documentation from the institution as needed while conducting the visit. The team's final determinations regarding Federal Compliance will be included in the team report.
4. The institution will have an opportunity to correct any errors of fact related to Federal Compliance, along with the rest of the draft team report, and once the report is finalized, to respond to all the team's findings. The institution will not receive a separate copy of the Federal Compliance reviewer's initial findings, because while this work represents an integral part of the evaluation, it is a preliminary part of the team's ultimate evaluation of Federal Compliance.

PERSONALLY IDENTIFIABLE INFORMATION

When compiling documentation for its Federal Compliance Filing, the institution should carefully consider whether documents containing personally identifiable information (PII) must be included. If the documents must be included for evaluative purposes, please redact the PII where possible. If redaction of the PII will interfere with the evaluative value of the document, please clearly identify the document as containing PII (for example, through a cover page or prominent notation on the document). Institutions are not expected to redact or identify information or documents where the only PII included is employee or Board member names and work contact information.

PII is any information about an individual that allows the individual to be specifically identified. This includes, but is not limited to: name, address, telephone number, birthday, email, social security number, bank information, etc. A document does not include PII if personal information is de-identified (for example, student financial receivables without student names or bank routing information) or is provided in the aggregate (for example, data on faculty qualifications). See HLC's PII Guidelines for more information.

PROCEDURE FOR PEER REVIEWERS

FEDERAL COMPLIANCE REVIEWERS

1. The Federal Compliance materials submitted in advance of a comprehensive evaluation will be accessible once the institution's Assurance Filing has been locked in the Assurance System and released to the reviewers, no later than four weeks in advance of the visit. The Federal Compliance reviewer will receive an email from the system when this occurs. The Federal Compliance reviewer must log into the Assurance System and download the institution's materials from the Federal Compliance tab. (Federal Compliance materials submitted in advance of other types of evaluations will be provided as part of the relevant institutional reports in advance of such evaluations.)
2. The Federal Compliance reviewer contacts the institution's Accreditation Liaison Officer (ALO) to request a sample of course and program materials. The Federal Compliance reviewer will use this sample to make a preliminary determination as to whether an institution adheres to its credit hour policy.
3. The Federal Compliance reviewer conducts a preliminary evaluation of the institution's materials using the Federal Compliance Instructions for Peer Reviewers. The instructions can be downloaded from HLC's website at hlcommission.org/federal-compliance.
4. The Federal Compliance reviewer enters preliminary findings in the Federal Compliance tab of the Assurance System. The findings should include a conclusion for each component of Federal Compliance and a rationale that fully supports the conclusion in all cases, but especially if the conclusion is negative and the Federal Compliance reviewer recommends follow-up. The rationale should clearly explain what improvement is needed as well as how HLC would determine the institution has resolved the issue.
5. At least one week before the visit, the Federal Compliance reviewer completes the draft and notifies the team chair, referring any issues to the team for further exploration and confirmation during the visit.

Note: The Federal Compliance reviewer's role, while limited in scope in comparison to the peer review team, is intended as a preliminary aid to a peer review team's anticipated onsite evaluation, and by definition, his or her findings are inconclusive. The Federal Compliance reviewer's preliminary findings should only be provided to the peer review team, and not the institution.

TEAM CHAIRS

1. HLC will list the Federal Compliance reviewer's name in the visit description on the Evaluation Summary Sheet. Team chairs are encouraged to include the Federal Compliance reviewer in a team conference call prior to the visit, for the limited purpose of discussion related to federal requirements. Team chairs may on occasion also hear from Federal Compliance reviewers if they

have questions in the course of their preliminary review, related to the broader context of the visit.

2. While conducting the visit, the peer review team determines whether the preliminary findings made by the Federal Compliance reviewer accurately represent the institution's compliance with all applicable requirements; requests additional documentation from the institution, if needed; and finalizes what is now to be the team's evaluation of the institution's Federal Compliance in the Assurance System. If necessary, the team adjusts the preliminary findings and rationale provided by the Federal Compliance reviewer and removes any specific instructions addressed directly to the peer review team by the Federal Compliance reviewer.
3. The team chair is responsible for finalizing the Federal Compliance report. It will be included automatically with the draft team report for review by the HLC staff liaison and subsequently, for correction of errors of fact by the institution. The Federal Compliance report also will be included with the final team report when it is submitted in the Assurance System.

POLICIES RELATED TO FEDERAL REGULATION

This section outlines the requirements established by HLC to ensure that it and its affiliated institutions comply with federal regulations. It provides references to HLC policies, as well as an explanation of each requirement and links to related materials, including HLC forms and procedures. The section also notes specific Assumed Practices and Core Components of the Criteria for Accreditation that are related to each requirement and that institutions must ultimately satisfy.

Note: These HLC requirements remain subject to change based on federal regulations. To the extent not prohibited by federal regulations, HLC reserves the right to maintain higher expectations of its institutions without creating unnecessary burden.

1. ASSIGNMENT OF CREDITS, PROGRAM LENGTH AND TUITION

POLICY NUMBER FDCR.A.10.020

Explanation of This Requirement

Notwithstanding changes in federal regulations effective July 1, 2020, HLC will continue to review institutions' assignment of credit hours.

Institutions should make sure that they have a policy or set of policies and procedures for assigning credit hours for all types of courses, disciplines, programs, credential levels, formats, regardless of modality.

Institutions should be able to articulate the processes and structures in place to demonstrate how they adhere to the policy(ies) for assigning credit hours (e.g., by reference to course approval guidelines and processes, course proposal forms, curriculum committee reviews, program review, registrar's class scheduling procedures etc.).

Institutions that provide instruction through online, alternative, compressed or other formats should also have policies that address how learning is determined, organized and evaluated, and how the institution determines instructional equivalencies.

In addition, the institution should be able to justify tuition variations for a particular program or programs based on costs for offering that degree, the length of the program, or the objectives of the program.

HLC's intent is (1) to review an institution's policies regarding the award of credit in relation to the types of courses, disciplines, programs, credential levels and formats offered, regardless of modality; (2) to determine how the institution ensures it is adhering to those policies; and (3) to review the institution's process for verifying length of academic period and compliance with credit hour requirements through course scheduling.

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 substantive change requirements related to clock and credit hours on HLC's website for more information.

Related HLC Requirements

Core Component 3.A.
Assumed Practice B.1.

2. INSTITUTIONAL RECORDS OF STUDENT COMPLAINTS

POLICY NUMBER FDCR.A.10.030

Explanation of This Requirement

The institution is expected to demonstrate that it utilizes a systematic complaint- tracking process that best fits its needs. This process should contemplate any formal complaint the institution receives, regardless of the subject matter. Whatever approach the institution takes, the institution should demonstrate that its process effectively allows student complaints to be received, tracked and handled in a timely manner.

While under certain circumstances the institution and team may receive copies (or other notification) of student complaints filed directly with HLC prior to the evaluation visit, institutions are not required to supply any student complaints as part of demonstrating compliance with this requirement.

Related HLC Requirements

Core Component 2.A.
Assumed Practice A.3. and A.4.

3. PUBLICATION OF TRANSFER POLICIES

POLICY NUMBER FDCR.A.10.040

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. Also, the information the institution provides should list the specific credits that articulate through the agreement (e.g., general education only, pre-professional nursing courses only, etc.) and include whether the articulation agreement anticipates that the institution under HLC review does the following:

1. Accepts credits for courses offered by the other institution(s) through the articulation agreement.
2. Offers courses for which credits are accepted by the other institution(s) through the articulation agreement.
3. Both offers courses and accepts credits with the other institution(s) in the articulation agreement.

Related HLC Requirements

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

4. PRACTICES FOR VERIFICATION OF STUDENT IDENTITY

POLICY NUMBER FDCR.A.10.050

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 must use some number of approaches to verify student identity—which may include, but need not be limited to, for example, a secure login and pass code, proctored examinations, or other technologies and practices—as long as the institution can demonstrate the effectiveness of its approach(es). 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.

Related HLC Requirement

Core Component 2.A.

5. PUBLICATION OF STUDENT OUTCOME DATA

POLICY NUMBER FDCR.A.10.070

Explanation of This Requirement

The institution must disclose student outcome data in a manner that is easily accessible to the public. These data should be available on the institution's website and should be clearly labeled. 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 departmental level or both, but the institution must disclose student outcome data that address the broad variety of its programs. Additionally, if an institution uses student placement rates in any marketing or recruitment content, it must also disclose these data.

Related HLC Requirement

Assumed Practice A.6.

6. STANDING WITH STATE AND OTHER ACCREDITING AGENCIES

POLICY NUMBER FDCR.A.10.090

Explanation of This Requirement

An institution must disclose to HLC any change in the status of 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. The expectation is that the disclosure will fairly and accurately represent the institution's relationship and will proactively inform HLC of any negative action that significantly qualifies that status (e.g., sanction). An institution is not required to disclose routine monitoring imposed by other accrediting agencies to satisfy this requirement.

Related HLC Requirements

Core Component 2.A.
Assumed Practices A.7. and C.4.

ADDITIONAL DOCUMENTS

If applicable, the institution should provide any action letters issued by the U.S. Department of Education that articulate a rationale for any negative actions and any reports issued by the institution demonstrating the institution's improvement efforts in response to such communications. Negative actions include limitation, suspension or termination actions by the Department; letter of credit requirements, fines or heightened cash monitoring imposed by the Department; or other negative findings on the basis of any OMB Circular A-133 (Single Audit) submitted by the institution. This documentation should be included in the institution's Federal Compliance Filing as Appendix A.