ENCLOSURE: Western Governors University Comments
May 22, 2017

Dear Mr. Whitman:

Western Governors University (WGU) respectfully, but strongly, disagrees with the findings in the Office of Inspector General’s (OIG) draft audit report. WGU is, and has always been, fully compliant with Department of Education regulations since our founding 20 years ago by 19 U.S. governors. Our innovative learning model, which has the support of the law, the Department, our accreditor, and policymakers, is validated by the outcomes WGU is delivering for our 82,000 students and 81,000 graduates. Given this consistent record of compliance, accreditation, support, and outcomes, we strongly disagree with the findings in the draft audit report.

WGU is accredited by the Northwest Commission on Colleges and Universities (“NWCCU”), one of seven regional accrediting commissions recognized by the Secretary of Education as “a reliable authority as to the quality of education or training offered” by institutions of higher education. This accreditation was reaffirmed in February 2017. The University has been reviewed and evaluated by the Department, regulatory agencies, and other experts in higher education, earning praise and recognition for our academic model and the results we deliver for our students.

The findings in the OIG’s report are based on misinterpretation and misapplication of statutory and regulatory guidance. The OIG has applied an arbitrary definition and antiquated interpretation of instruction and faculty roles that are not substantiated by the distance education provisions of the Higher Education Act of 1965, as amended. The OIG reviewers’ approach may be appropriate for traditional campus-based higher education models, but it is not aligned with law nor consistent with today’s online- and technology-enabled model.

As part of WGU’s competency-based learning model, students study and learn online, on their own day-to-day schedules, with regular and individualized academic support from faculty who serve in disaggregated, or specialized, roles. Student-facing faculty at WGU include Student Mentors, subject matter experts in the program of study; Course Mentors, subject matter experts at the course level; and Evaluators, who review competency assessments and provide feedback. Notably, and quite counter to the reviewers’ analysis, this model increases faculty access and quality academic engagement for students – as evidenced in outcomes and student/graduate surveys.
Furthermore, statutory authority for determining academic staff members as faculty rests with our accreditor, the NWCCU. Congress, through the same Higher Education Act of 1965, as amended, established the legal framework for oversight of institutions participating in Title IV Programs. The institutional accreditor recognized by the Secretary of Education is, by law, assigned responsibility for ensuring the academic quality of a Title IV eligible institution. An essential component of that oversight is the identification of faculty and determination of their qualifications. This NWCCU has done with great care, and most importantly, the NWCCU recognizes, and has always recognized, all of these roles as faculty consistent with its standards.

In the 5 years since the OIG began this audit, WGU has graduated nearly 70,000 working adults; 40% of them are first-generation college graduates. The University is providing a learning model that fits the way students study and learn today, combining technology with regular, individualized faculty support. The efficacy of WGU’s academic model is proving itself every day in retention, satisfaction, and graduate success metrics well above the national averages.

In the attached response to the Draft Report, the University provides detailed evidence that refutes each of the OIG’s findings. On behalf of our students, graduates, and faculty, I urge you to withdraw your findings and conclude this matter.

Sincerely,

/s/

Scott D. Pulsipher
President
Western Governors University

Response to Draft Audit Report

ED-OIG/A05M0009

May 22, 2017
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This document constitutes the response of Western Governors University (the “University” or “WGU”) to the assertions set forth in the Draft Audit Report titled “Western Governors University Was Not Eligible to Participate in the Title IV Programs,” Control Number ED-OIG/A05M0009, dated March 28, 2017 (the “Draft Report”), issued by the Office of Inspector General (the “OIG”) of the U.S. Department of Education (the “Department”) covering the period July 1, 2013 through June 30, 2014 (the “Audit Period”). Our detailed response establishes that the findings in the Draft Report are fundamentally flawed based on misunderstanding of material facts and misapplication of the relevant law, regulation, and guidance from the Department.

**Executive Summary**

WGU categorically refutes any assertion made in the Draft Report that led the OIG to erroneously conclude that the University was not eligible to participate in the programs of student financial aid authorized pursuant to Title IV of the Higher Education Act of 1965 (“HEA”), as amended. Since our first Title IV Program disbursement in 1999, WGU, our programs, our faculty model, and our technology-enabled student experience have been in compliance with all statutes and regulations governing institutions participating in Title IV programs. Furthermore, the quality and compliance of our institution and our programs have consistently been validated by appropriately qualified experts, including our institutional accreditor, the Department, policymakers and legislators. Significantly, in February 2017, our regional accreditor, Northwest Commission on Colleges and Universities (NWCCU), reaffirmed our accreditation we have held since 2003.
The primary finding in the Draft Report incorrectly applies “regular and substantive interaction” provision respecting distance education contained in the HEA. In coming to their factually and legally incorrect conclusion, the OIG reviewers applied an arbitrary definition and antiquated interpretation of instruction and faculty roles that may be more consistent with traditional, campus-based higher education models, but it is entirely inconsistent with today’s online- and technology-enabled models that more effectively serve contemporary students. Thus, we can only interpret the OIG reviewers’ position as a fundamental challenge by the past to innovative models in teaching and learning that define higher education in the 21st century; and, models that are, we hasten to add, entirely consistent with the requirements for Title IV programs.

First, the OIG reviewers’ approach is flawed, resulting in findings not supported by law. Specifically, the Draft Report highlights the OIG reviewers’ use of arbitrary definitions for “instruction”, “instructor”, “regular”, and “substantive” – such as, measures of frequency, or substantive requirements for being “direct” or “live” interactions. Such definitions are not contained in the law. Additionally, the analysis of interactions excluded “asynchronous” engagement, which is specifically included in HEA language.

OIG reviewers only reviewed course materials in assessing whether the courses and programs were designed to provide regular and substantive faculty/student interaction and ignored the many interactions, augmented instruction, supplementary faculty materials, and student engagements that occur between WGU faculty and students. This misguided approach implies a legal standard not contained in the HEA – which makes no requirement that all interactions be written into course materials. And, the OIG recognizes its own weakness in its
reviewers’ analysis – in that, reviewing less than 10% of the University’s courses, the findings “cannot be projected to the universe of all courses”. Thus, it cannot possibly support a conclusion that WGU failed the institutional eligibility requirement.

Second, the OIG reviewers evaluated WGU’s designed and accredited model against their own opinion of what higher education should be, rather than applicable law and regulatory guidance. Specifically, the OIG viewed WGU programs only as a collection of courses, and focused on each course – ignoring that, unlike traditional models where students have a choice of which courses to take, WGU students are required to enroll in a degree program with a set course plan without electives. Given this design, students will interact with all of WGU’s student-facing faculty: Course Mentors, Student Mentors, and Evaluators. Thus, inappropriately and rather narrowly, the OIG reviewers applied the “regular and substantive” standard to each faculty role separately, rather than the students’ academic program experience and faculty interactions in their entirety.

More importantly, the OIG reviewers’ findings have unilaterally applied their own definition of “instructor”. They decided that Student Mentors, WGU’s program faculty, are not providing instruction, and therefore, ignored interactions with Student Mentors in the determination of “substantive”. Doing so excludes interactions that are integral components of WGU’s educational model, are included in applicable statute and regulation, and are consistent with common academic practice. Notably, they recognize student interactions with Student Mentors as “regular”. Further, this fundamental error completely disregards those qualified and empowered by law to make such decisions – namely, the institution and its accreditor. Congress, through the HEA, established the legal framework for oversight of institutions
participating in Title IV Programs. The institutional accreditor recognized by the Secretary of Education is, by law, assigned responsibility for ensuring the academic quality of a Title IV eligible institution.

Lastly, the findings of the Draft Report fail to apply the regulatory and sub-regulatory guidance afforded higher education institutions by the Department of Education. In particular, in Dear Colleague, GEN-14-23 (Dec. 18, 2014), the Department provided clear guidance in defining required conditions for regular and substantive instructor/student interactions in relation to Competency-based Education (“CBE”) programs – noting that “to ensure regular and substantive interaction” an institution might utilize “a faculty model where no single faculty member is responsible for all aspects of a given course or competency”, as long as in “applying such a model, an institution must ensure that the interaction is provided by institutional staff who meet accrediting agency standards . . . , that the interaction is regular, and that the amount of faculty resources . . . [are] sufficient in the judgment of the accrediting agency”. As noted previously, in February 2017, our regional accreditor, Northwest Commission on Colleges and Universities (NWCCU), reaffirmed our accreditation we have held since 2003.

In compliance with law and regulatory guidance, WGU has been innovating on behalf of students for 20 years – leveraging new, highly engaging faculty models and technology-rich, immersive content to improve quality and expand access of higher education, particularly for working adults not served by conventional campus-based models. Even since the beginning of the OIG’s review in 2012, WGU has graduated nearly 70,000 individuals, who completed their degrees in less time with less cost and less debt, and have higher employment rates, income gains, and overall well-being than the national averages.
Introduction

Western Governors University is an online, nonprofit university founded in 1997 by 19 U.S. governors. These governors saw advancement in technology as an opportunity to expand access to higher education by making it possible to study and learn independent of time and place, as well as to demonstrate competency-based education (CBE) as an effective learning model.

Designed to meet the learning needs of busy adults with financial, family, and career responsibilities, CBE focuses on measuring learning rather than classroom time. CBE recognizes that adults have different levels of knowledge and learning styles, so rather than having fixed course times, students advance as soon as they demonstrate subject matter mastery. Students study and learn online, on their own schedules, with regular, individualized faculty interaction.

Programs and curricula are developed with input from academic and industry leaders to ensure their relevance to employers and the workplace.

WGU’s defining principle is focus on the student—every initiative and decision starts with consideration of impact on students. Student success and support are the focus of all WGU faculty and staff. To provide the high touch, individualized instruction and support necessary for our students’ success, we disaggregated the faculty model into specialized roles: Curriculum Faculty, Course Faculty (referred to as Course Mentors), Program Faculty (referred to as Student Mentors), and Evaluators. The student-facing faculty, Course Mentors, Student Mentors, and Evaluators, not only offer the subject-matter expertise at the course level, but also the program level, and personalize their engagement to each individual student. In third-
party studies and surveys, our students and graduates consistently highlight their engagement with faculty as being the major contributor to their progress and degree attainment.

The success of WGU’s learning model is demonstrated in outcomes—student, graduate, and employer satisfaction levels that are significantly higher than the national average; dramatically lower debt levels decreasing annually; and better employment outcomes for graduates. The outcomes are particularly notable as WGU serves working adults with some college, but no degree. These are individuals failed by the traditional higher education systems, which are limited at meeting these students’ needs of access, affordability, and flexibility. These WGU student outcomes not only fulfill the intent of higher education and align with the design of federal student aid policy, but also confirm that WGU is meeting the needs of society.

WGU is accredited by the Northwest Commission on Colleges and Universities (“NWCCU”), one of seven regional accrediting commissions recognized by the Secretary of Education as "a reliable authority as to the quality of education or training offered" by institutions of higher education.\(^{30}\) WGU has continuously held regional accreditation since 2003\(^{31}\), with such accreditation most recently reaffirmed in February 2017. It is notable that in its seven-year reaffirmation letter, NWCCU commended WGU “on its effective and efficient use of data to continuously improve and enhance the student learning experience,” and the University’s “institution-wide focus on helping students succeed”.

Congress, through the Higher Education Act of 1965, as amended (“HEA”), established the legal framework for oversight of institutions participating in the federal student financial aid programs.\(^{32}\) See 34 C.F.R. Part 602 for regulations governing the Secretary’s recognition of accrediting agencies.

\(^{30}\) Initial institutional accreditation was granted by the Interregional Accrediting Committee (IRAC), formed by four of the regional accrediting commissions to accommodate the multi-regional nature of the University. Subsequently, NWCCU assumed responsibility as WGU’s institutional accreditor.
assistance programs established pursuant to Title IV of the HEA (the “Title IV Programs”). Core to that framework is the explicit delegation to recognized institutional accreditors of statutory authority for evaluating and ensuring the quality of the education provided, and more specifically validating whether, and which of an institution’s academic roles are to be considered faculty. In the case of WGU, that task is the exclusive responsibility of NWCCU. The definition of faculty, and the authority to designate a role as such, is the fundamental argument upon which the review of WGU’s model hinges. If a role is designated faculty by a recognized accrediting agency, then by definition, all academic interactions of that role with students are substantive. Once NWCC has designated an academic role as faculty, the additional requirement is to ensure that interaction between those designated faculty and students is regular.

As a threshold matter, it is important to recognize that WGU is emphatically not an institution offering “correspondence courses”, as that term is defined in the HEA. Dating back to its enactment in 1965, the HEA has distinguished between institutions offering “correspondence courses” and other institutions of higher education, limiting the former’s access to the Title IV Program funds. As the technologies of learning evolved in the decades since the enactment of the HEA, there developed considerable confusion as to what indeed would constitute correspondence study. Therefore, Congress inserted into the HEA a statutory definition of “distance education” as distinct from a “correspondence course”. The explicit intent of this distinction was to allow the provision of distance education without the

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32 Id. § 1002(a)(3)(B); 34 C.F.R. § 600.7(a)(1).
33 Initially, the statute and regulations referred to “telecommunications”, but that term was replaced by “distance education” in 2008.
restrictions imposed on correspondence education. Simply put, an institution offering “distance education” would not henceforth be declared an institution offering “correspondence courses”. The HEA plainly defines “distance education” as “education that uses one or more technologies….to deliver instruction to students who are separated from the institution; and to support regular and substantive interaction between the students and the instructor, synchronously or asynchronously”.34

Over the 25 years since the HEA was amended to recognize distance learning as a regular mode of instruction, and as the technology of distance learning has evolved, both in terms of the capabilities of the internet and the simultaneous evolution of learning technologies, the Department has promulgated regulations and provided sub-regulatory guidance interpreting the 1992 statutory provision. By any reasonable reading of applicable law, regulation, or guidance, WGU is an eligible institution providing competency-based, online education that complies with all of the requirements of law.

It is important to recognize that WGU does far more than merely operate within the four corners of applicable law. It is achieving exceptional measurable outcomes for tens of thousands of learners while charging tuition that is significantly lower than what is common for comparable high-quality institutions and programs. Tellingly, in the context of the OIG findings challenged here, the Gallup study found that a very significant driver of the remarkable success of WGU in serving the needs of its students is the unique academic team that works with students from the day they enroll until the day they complete their studies. It is ironic that it is the nature of this unique academic team that forms the basis for the OIG’s unsupportable

conclusion that much of WGU’s program should be classified as passive correspondence study and therefore WGU students should not be eligible to participate in the federal student grant and loan programs under Title IV of the HEA.

**FINDING NO. 1: Western Governors University Was Not Eligible to Participate in the Title IV Programs**

In the Draft Report, the OIG concludes that more than 50% of WGU’s regular enrolled students were enrolled in correspondence courses during the 2013-2014 award year, and therefore, the University was not eligible to participate in the Title IV Programs for the 2014-2015 and 2015-2016 award years. For the reasons discussed below, the University strongly disagrees with this Finding.

**WGU Response to OIG Finding No. 1**

The OIG’s analysis in the Draft Report is fundamentally flawed and not consistent with the applicable statutory and regulatory requirements; in fact, under applicable law, *none* of the courses the OIG reviewers erroneously determined to be correspondence courses are properly so characterized. They are, in fact, distance education courses as expressly contemplated by the HEA, applicable Department regulation and guidance, and common practice.

The legal requirement applicable to institutional eligibility relied upon by the OIG for its conclusion provides as follows:

[A]n educational institution . . . does not qualify as an eligible institution. . . if—(1) For its latest complete award year— (i) More than 50 percent of the institution's courses were correspondence courses as calculated under paragraph (b) of this section; [or] (ii) Fifty percent or more of the institution's regular enrolled students were enrolled in correspondence courses. 34 C.F.R. § 600.7(a)(1)

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35 The University reserves all arguments available to it and does not, by providing this response to the Draft Report, forego any additional analysis, argument, or response to any report or finding issued by the OIG.
The key to this provision is the determination of whether specific courses in which WGU students enrolled constitute distance education courses or correspondence courses. The definition of “distance education” provides:

*Distance education* means education that uses one or more of the technologies listed in paragraphs (1) through (4) of this definition to deliver instruction to students who are separated from the instructor and to support regular and substantive interaction between the students and the instructor, either synchronously or asynchronously. The technologies may include—

1. The internet;
2. One-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices;
3. Audio conferencing; or
4. Video cassettes, DVDs, and CD–ROMs, if the cassettes, DVDs, or CD–ROMs are used in a course in conjunction with any of the technologies listed in paragraphs (1) through (3) of this definition. 34 C.F.R. § 600.2

The definition of a “correspondence course” provides:

1. A course provided 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. Interaction between the instructor and student is limited, is not regular and substantive, and is primarily initiated by the student. Correspondence courses are typically self-paced.
2. If a course is part correspondence and part residential training, the Secretary considers the course to be a correspondence course.
3. A correspondence course is not distance education.\(^{36}\) 34 C.F.R. § 600.2

In undertaking its review, the OIG reviewed 102 of the University’s 980 courses and determined that 69 of the courses it reviewed (68%) were correspondence courses and, that

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\(^{36}\) As the converse of the third prong of the definition of correspondence course, a course or program that is within the definition of distance education cannot be classified as a correspondence course.
37,899 of 61,180 regular students attending WGU with terms starting in the 2013-2014 award year were enrolled in at least one of these 69 courses. The OIG, therefore, concluded that the University did not meet the eligibility requirements of 34 C.F.R. § 600.7.

As an initial matter, before even discussing why the OIG’s conclusions in this finding are substantively unsupported, it is important to note that it is unclear how the OIG reviewers made the determination that 37,899 students were actually enrolled in at least one of these 69 courses designated by the OIG as correspondence courses. The OIG used a judgmental sample to select courses to review that had a high student count relative to the entire population. Its review encompassed only 69 out of 980 courses, or 7% of the courses offered by WGU. The student numbers themselves, independent of the question of correspondence courses versus distance education, may be skewed in that some students may have been counted more than once, and the numbers may have included students who transferred course credits from other institutions for the 69 courses. In fact, a majority of the 69 courses deemed by the OIG to be correspondence courses are general education for which many WGU students receive transfer credit. The Draft Report did not include a listing of unduplicated students enrolled in this course to support their conclusion that 37,899 students were, in fact, enrolled in at least one of the 69 courses. Further, it is useful to note that the OIG, in its Draft Report, discloses a weakness in its own analysis, stating: “Because [the OIG] judgmentally selected the programs and courses, our sampling results might not be representative of the courses [the OIG] did not review. Therefore, our results cannot be projected to the universe of all courses.” (Draft Report, at p.
29) To the extent that the OIG by its own admission judgmentally reviewed only a tenth of WGU’s courses, and may not have correctly categorized the student enrollments, it cannot possibly support a conclusion that WGU failed the institutional eligibility requirement.

Further, in reaching its flawed conclusion, the OIG claims that its reviewers undertook the following analysis to determine if the 102 courses reviewed were distance education or correspondence courses. First, the OIG states that its personnel reviewed course outlines, pacing guides, and calendars for live events referenced in the course outlines and pacing guides for evidence that the University designed each of the 102 courses in a way that its reviewers considered as meeting the prong of the Title IV definition of distance education, which requires a course to be designed to offer “regular and substantive interaction between students and instructors”. Importantly, the OIG further explains that because the Title IV regulations do not define the terms “instructor,” “substantive,” or “regular,” it used its own subjective interpretation of the meaning of those terms to assess whether the University designed the 102 courses to offer regular and substantive interaction between students and instructors. The Draft Report further states that its personnel reviewed the school’s course design materials for evidence of interaction that was: (1) “with someone who instructs or provides knowledge about the subject matter of the course,” which the OIG defines as the instructor, (2) “relevant to the subject matter,” which the OIG conflates with “substantive”, and (3) occurring with what OIG personnel concluded to be “reasonable frequency” considering the school-suggested length of the course, thereby constituting “regular”.

As a highly effective institution organized by the founding governors not to be bound by traditional conventions and terminology, WGU does not, in fact, have a typical faculty structure,
certainly not when compared to traditional, campus-based, time-based education with a single instructor standing in front of rows of students in an auditorium. The OIG reviewers reached their own conclusions as to which WGU academic employees should be considered “instructors”. They accomplished this task by reviewing the University’s descriptions of employee roles against those that the OIG defined as valid, and concluded that only those academic roles designated as Course Mentors and Evaluators, not those designated as Student Mentors, could, in the opinion of OIG reviewers, “reasonably” be considered “instructors”.

In conducting their analysis, the OIG reviewers therefore unilaterally determined that an interaction was substantive only if the course design materials described student interaction with a Course Mentor or required an individual submission of a performance task for which an Evaluator provided the student feedback. In doing so, the OIG reviewers excluded a variety of forms of what WGU and its recognized accreditor have long considered substantive interaction between students and instructors, and are disregarding written guidance from the Department. Specifically, the OIG reviewers excluded (1) any contact with Student Mentors on the OIG reviewers’ assumption that such Student Mentors are not faculty and do not provide instruction; (2) objective assessments that students submitted for evaluation because, in the opinion of the OIG reviewers, feedback on objective assessments was computer-generated only, did not incorporate instructor guidance, and did not facilitate synchronous or asynchronous interaction between students and instructors; (3) recorded webinars, videos, and reading materials if the course design materials did not require the students to watch the webinars or videos and then interact with an instructor; and (4) all student-initiated contacts. It is notable that nowhere in law, regulation, or guidance are these distinctions mentioned. The
Draft Report simply created its own framework against which to evaluate WGU, and then unsurprisingly, given the OIG reviewers’ demonstrated bias against non-classroom-based instruction, found it wanting.37

Finally, the OIG reviewers considered whether student interaction with instructors could “reasonably” be considered regular. The OIG reviewers reportedly looked at the course design materials for the 102 courses and counted the number of substantive interactions planned for each course. On that basis, the OIG reviewers concluded that there was no evidence in course design materials that planned student interactions with Course Mentors and Evaluators could be considered as occurring with “reasonable frequency” (that is, “regular”), given the school-suggested pacing of the courses. Stated more succinctly, the OIG reviewers first found that the only evidence of regular interaction of student contact is with Student Mentors and, second, that since Student Mentors did not provide instruction, there was no regular interaction. Expressed another way, the OIG did find “regular” interaction, but with a category of WGU faculty that the OIG reviewers (as distinct from WGU itself or its accreditor) decided were not faculty.

The OIG’s application of the regulations and its conclusions are, simply put, erroneous and without factual or legal basis. The entire basis for Finding No. 1 lies in the OIG reviewers replacing the appropriate academic determinations of the University and its accreditors with OIG’s own opinion of the proper definition of the words “regular”, “substantive”, and “instructor”. As will be fully established below, the interaction between students and faculty in

37 The OIG even admits its bias in this regard, by stating in the Draft Report: “We have previously identified distance education programs as presenting challenges to the Department and school officials because little or no in-person interaction between school officials and a student presents difficulties in verifying the student’s academic attendance.” Draft Report, at p.5. The OIG does not appear to recognize the value of distance education and its bias in favor of campus-based education is clear.
the University’s courses is regular and substantive, and those persons serving as Student Mentors are, without any question, WGU faculty.

**WGU Educational Model of Regular and Substantive Interaction**

In reviewing the University’s courses to determine if the interaction between students and faculty was regular and substantive, the OIG reviewers discounted key interactions that are clearly included by the applicable regulations and common academic practice, and in fact are integral components of WGU’s educational model. The primary difficulty is that the OIG reviewers evaluated WGU’s designed and accredited academic model against its own opinion of what higher education should be, rather than against applicable law and regulatory guidance.

Specifically:

1) The OIG reviewers viewed the WGU program as only a collection of *courses*, so it focused only on what was happening within each course. This represents a fundamental flaw in the OIG reviewers’ analysis. Unlike at traditional colleges and universities, WGU students are required to enroll in a degree “program” with a set learning plan, without electives. Stated differently, WGU students *cannot* enroll in individual courses. Every WGU degree program contains a defined set of competencies that students must demonstrate mastery of to graduate. These competencies are the same for all students in the program. Courses are a component of the process that enables students to master the requisite competencies, but it is the mastery of the competencies that constitutes the overall program requirements. It is that overall mastery that is the province of precisely those faculty that the OIG reviewers chose to ignore. While the OIG reviewers correctly identified WGU Course Mentors as course experts, providing instruction *within* a course, it
missed the point that WGU Student Mentors are an equally important faculty component in the WGU model; they are the “program” experts that guide and direct students through the process of gaining mastery of the competencies necessary to the successful completion of the entire program by supporting students in their learning, actively providing pacing direction, guiding them to Course Mentor support, evaluating students’ readiness to take competency assessments, and generally providing augmented instruction, guidance, and assistance throughout the entire program.

Most notably, given the requirement to enroll in a degree program, students, by design, must interact with all of WGU’s student-facing faculty: Course Mentors, Student Mentors, and Evaluators. This fact is ignored in the OIG reviewers’ analysis, in that the reviewers considered each role separately in determining regular and substantive interaction, rather than considering the students’ academic program experience in its entirety.

2) The OIG reviewers only recognized “regular and substantive interaction with an instructor” when they saw direct instruction. They applied the classroom model to what is emphatically not a classroom-based model. Once again, the OIG fails to recognize other important and substantive interactions between faculty and students, which are at least as important as direct instruction. These include contextualizing what they are learning to their own work and career aspirations, helping students develop good study habits and time management, modeling professional roles and values, analyzing and managing student progress to keep students on track (pacing), and providing a listening ear and professional advice. These are roles of the Student Mentor, which the OIG ruled outside
its definition of “regular and substantive interaction with an instructor”, but which are an integral – indeed essential – part of the WGU educational model.

3) The OIG limited what it counted as regular and substantive interaction to what the OIG personnel found in the WGU course outlines; however, WGU is explicit in its educational model that significant interactions between faculty and students regularly take place that are not spelled out in the course syllabus. There is nothing in law or regulation that suggests that all interaction must be spelled out in a syllabus or course outline. In fact, recognizing that every student comes to higher education knowing different things and learns in different ways and at different rates, both Student Mentors and Course Mentors (collectively referred to as “Faculty Mentors”), as a regular part of their job, provide a range of individualized supplemental materials to students that the Faculty Mentor himself/herself creates to meet student needs, which may include additional electronic documents, new websites with academic related content, short videos on difficult concepts, recorded webinars, and other educational resources.

Further, Faculty Mentors use computer analytics to identify students who appear to be having difficulty mastering the competencies, and proactively reach out to these students, both through phone (synchronously) and email (asynchronously) to provide additional help and guidance. The WGU model specifically does not limit interactions to “scheduled events” since it is impossible to schedule when each student will need extra help. The WGU mentoring model is built on analytics and unscheduled events that nevertheless provide substantive interaction on a regular basis. These interactions are
captured in Faculty Mentor notes, which the OIG reviewers did not count as interactions between students and faculty.

Additionally, when a Faculty Mentor prepares a lesson to guide a student through a concept and calls to guide the student through the lesson, it is clearly interaction, but it would not be listed in the WGU course of study since it is individualized to the student. Further, when the Faculty Mentor prepares this interactive lesson and shares it asynchronously with all or many students, the students’ use of this lesson would not be counted by the OIG reviewers as interaction with an instructor, unless there was live interaction (synchronous rather than asynchronous).

In the same way, the OIG reviewers count as interaction direct feedback on assessments from Evaluators, but does not count the equally valuable feedback students receive on objective assessments through detailed coaching reports. These reports are developed by Faculty Mentors and highlight concepts that are not yet understood, identifying where students need to focus their study.

With this more complete description of the WGU academic delivery model, the University argues that unlike correspondence courses, the interaction between students and faculty at WGU is unquestionably regular and substantive and is primarily initiated
by the University through its NWCCU-recognized faculty.38 Certainly, WGU students are
“not left to ‘educate themselves’”.39

WGU Rebuttal to OIG Institutional Eligibility Testing

As discussed fully below, WGU vehemently disputes the OIG’s “institutional eligibility
testing”. The OIG reviewers have applied their own arbitrary definition of what constitutes
“interaction between a student and an instructor”, counting only direct instruction as
interaction and ignoring all other forms of interaction between faculty and students. This
interpretation has no basis in either law or regulation, is contrary to the affirmative
determination of WGU’s institutional accreditors, and is contrary to good educational practices.
More succinctly, it is plainly wrong.

In the description of the process it followed, entitled “Institutional Eligibility Testing –
Review of All Courses for Three Programs,”40 the OIG work papers state as follows:

We consider a course to be distance education if the course design offered three or more
live events or required three or more individual submissions of performance assessments
or tasks to Taskstream for feedback (or any combination of three or more of these). We
consider three or more live events offered or individual submissions of performance tasks
to Taskstream to be substantive and regular interaction with a student. . . . A course is
distance education if it provided substantive, regular interaction with an instructor; or if it
required three or more performance assessments or tasks (individual submissions for
evaluation) or a combination of live events and required performance tasks adding to
three or more. (Emphases added)

38 We would note that the definition of distance learning does not limit “regular and substantive” interaction to
instructor-initiated contact. Rather, the applicable definition of a correspondence course says the course work is
“primarily initiated by the student”. Student-initiated contact is only one indicator that a course might be
 correspondence. It is not a required factor in the definition of correspondence courses and likewise does not
require a determination that a course is not distance education.
 Education, June 9, 2015, by Herman Bounds, Director, Accreditation Group.
40 This document was provided to the University during the course of the audit at the time the University was
provided a preliminary opportunity to provide factual corrections to exception reports that constitute the initial
summary of the findings that the OIG expected to include in the Draft Report.
The first clear error by the OIG reviewers was to unilaterally determine that only Course Mentor interactions or individual submissions of performance tasks for which an Evaluator provided feedback would count as substantive interaction, and that a certain number of such events was required to constitute regular and substantive. There is nothing in the law, regulations, or published guidance that defines what constitutes or that requires a particular number of interactions to be regular and substantive.

An even more significant error arose because of the similarly arbitrary ways the OIG reviewers declined to consider various kinds of substantive student / instructor interactions as previously described. Specifically, the OIG reviewers counted only live interactions in determining whether such interaction was regular and substantive. The description of what the OIG reviewers counted was revised between the exception reports provided to the University earlier in the process and issuance of the Draft Report. However, the ultimate determination of what counts for the OIG reviewers’ purposes is the same. In the applicable exception report, the first interaction counted by the OIG reviewers was what it described as “live events”, which it further defined to be “cohorts and webinars”. In the Draft Report, the OIG reviewers articulated this factor to equate to interaction with Course Mentors, which would include “webinars and meetings with groups of students to discuss issues, solve problems, and share research”, Draft Report, at p. 13. Similarly, in the Draft Report, the OIG reviewers counted individual submission of a performance task for which an Evaluator provided feedback as an interaction. Based on careful review of the Draft Report, it seems the OIG reviewers chose only to consider synchronous (“live”) interactions. However, the statutory and regulatory language is absolute in specifically encompassing asynchronous (i.e., time-shifted) modes of instruction to
satisfy the need for regular and substantive interaction in the delivery of instruction to students who are separated from the instructor. Indeed, the applicable regulation cited by the OIG reviewers, as well as the statutory language upon which the regulation is built, specifically allows for interaction that is provided “either synchronously or asynchronously”. See also 20 U.S.C. § 1003(7). The OIG reviewer’s definition of interaction takes into account only “live” events, i.e., synchronous events, therefore disregarding the option of asynchronous education defined in statute and regulations.

A review of the courses determined to be correspondence by the OIG reviewers and the Draft Report establishes that the OIG’s analysis completely ignored significant components of student-faculty interaction. Specifically, the OIG reviewers rejected as interaction: (1) objective assessments that students submitted for evaluation because the feedback was computer-generated; (2) recorded webinars, videos, and reading materials if there was no related instructor interaction (as instructor is defined by the OIG reviewers); and (3) contact with Student Mentors. Because the Draft Report recognizes that interaction with the Student Mentors is regular (Draft Report, at p. 16), the fundamental error of this Draft Report is that the OIG reviewers have decided that Student Mentors are not providing instruction, and, therefore, failed to include interactions with Student Mentors in the determination of “substantive”.

This fundamental error flies in the face of the determinations by those qualified and empowered by law to make such decisions: the institution and its accreditor recognized by the Secretary as the arbiter of institutional academic quality. Specifically, Student Mentors are unambiguously considered by both the University and its accreditor, the NWCCU, to be “faculty”. The determination of an institution’s eligibility to participate in the Title IV Programs
is based on the concept of shared responsibilities. The institutional accreditor recognized by the Secretary of Education is, by law, assigned responsibility for ensuring the academic quality of the educational programs provided by an eligible institution. Importantly, NWCCU recognizes, and has always recognized, WGU Student Mentors as faculty consistent with its standards. In fact, NWCCU’s 2013 Report of the 3-year peer evaluation of the University unambiguously states that the “[t]he use of faculty members as Student Mentors to monitor the progress of students through degrees appears to be an extremely useful mechanism for promoting retention and completion”, (emphasis added). It is absolutely clear that Student Mentors are faculty as defined by the University and the NWCCU.

In fact, the Draft Report recognized that NWCCU considered Student Mentors to be faculty. Draft Report, at p.16. The OIG reviewers’ unilateral classification of the roles of academic personnel is in direct contravention of the exclusive authority granted WGU’s institutional accreditor by the HEA and applicable regulation as the entity imbued with academic oversight. The OIG reviewers’ insertion of its own uninformed and legally unsupportable opinion as to what activities should be treated as academic in nature and its blithe rejection of interactions with Student Mentors is a perfect example of the OIG seeking to control the nature of academic activities, when those activities should occur, who should carry them out, and on what schedule. 20 U.S.C. § 1232a provides:

No provision of any applicable program shall be construed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision or control over the curriculum, program of instruction, administration, or personnel of any educational institution, school, or school system.

Even before the enactment of the HEA, the entirety of the Executive Branch of the federal government has been expressly prohibited from interfering in an institution's curriculum
decisions. Indeed, this is the foundational principle undergirding the allocation of academic oversight to independent, non-governmental accrediting commissions. While the Secretary is empowered to establish standards for the recognition of accrediting bodies, he or she is expressly forbidden from setting standards for the exercise of their academic discretion. The OIG recommendation that Federal Student Aid substitute its academic judgment for that of WGU’s recognized accrediting commission would clearly violate this prohibition.

There can be no doubt that WGU faculty include both Student Mentors and Course Mentors. WGU students are assigned a Student Mentor the day they start at the University. That Student Mentor works with the student on a weekly or bi-weekly basis until the student graduates. Student Mentors provide direct, comprehensive, program-level and competency-specific guidance. Student Mentors have at least a master’s degree as well as professional expertise, and provide a breadth of academic assistance that spans the student’s entire academic program, including program guidance, course selection, help with learning resources, pacing of course content, goal setting, and assessment preparation and feedback. Student Mentors have a scheduled weekly or bi-weekly call with students as well as ongoing communication through email, text, or additional phone calls that may be initiated by either the Student Mentor or the student as needed. In addition, students have a Course Mentor for every course, who is the subject matter expert for that course. Most Course Mentors have a terminal degree plus significant professional experience. Course Mentors provide students with one-on-one instructional support via phone or email, as well as group webinars and cohort experiences (either synchronous or asynchronous), and also engage students in discussions through “course communities and message boards”. Importantly, in addition to scheduled
events identified in course materials, both Student Mentors and Course Mentors use computer analytics to identify and proactively initiate contact with students who are struggling and need extra help. Faculty Mentors are also readily available to respond to student requests via phone, email, or text.

Complementary to the roles of Faculty Mentors, students’ competency assessments are graded by a separate group of Evaluator faculty, generally also with terminal degrees, who provide substantive, competency-specific feedback. Students also receive substantive feedback from objective assessments through automated coaching reports developed by assessment faculty that provide course and competency specific feedback to students. Assessment feedback is reviewed and discussed with Student Mentors and, as needed, with Course Mentors, to assist in the students’ mastery of competencies.

The only appropriate way to view the University’s faculty is to consider all classifications of faculty as one faculty unit. Contacts with Student Mentors and Course Mentors alike must be included in the determination of whether the interaction with students is regular and substantive. Indeed, the Department of Education has specifically recognized the concept of disaggregated faculty. In Dear Colleague, GEN-14-23 (Dec. 18, 2014), the Department published the following Q and A:

**Q10** What are the required conditions for regular and substantive interaction between students and instructors for CBE programs, including direct assessment programs?

**A10** We do not consider interaction that is wholly optional or initiated primarily by the student to be regular and substantive interaction between students and instructors. Interaction that occurs only upon the request of the student (either electronically or otherwise) would not be considered regular and substantive interaction.
Some institutions design their CBE programs using a faculty model where no single faculty member is responsible for all aspects of a given course or competency. In these models, different instructors might perform different roles: for example, some working with students to develop and implement an academic action plan, others evaluating assessments and providing substantive feedback (merely grading a test or paper would not be substantive interaction), and still others responding to content questions.

Such a model may be used to ensure regular and substantive interaction between students and instructors. However, in applying such a model, an institution must ensure that the interaction is provided by institutional staff who meet accrediting agency standards for providing instruction in the subject matter being discussed, that the interaction is regular, and that the amount of faculty resources dedicated to the program is sufficient in the judgment of the accrediting agency. Interactions between a student and personnel who do not meet accrediting agency standards for providing instruction in the subject area would not be considered substantive interaction with an instructor.

In addition to counting both Course Mentors and Student Mentors in the determination of regular and substantive interaction, the OIG must understand the significant degree of interaction that is required by the University. Students and their Faculty Mentors are required to maintain frequent communication with each other. To ensure that this communication takes place, Faculty Mentors contact students at least as often as detailed in the applicable University protocols. Specifically, during the first term, the Student Mentor and student meet at least once each week for a substantive discussion about engaging learning and assessments until the student achieves on-time progress (OTP), i.e., the students’ progress reflects that they are meeting on-time progress toward graduation. After the first term, for students who meet OTP, Faculty Mentors and students meet at least once every two weeks for a substantive discussion about engaging learning and assessments. For students on financial aid warning or termination, the Faculty Mentor and students meet at least once each week for a substantive discussion about engaging learning and assessments until the student achieves OTP.
The OIG reviewers further erred by only counting live events as interaction and ignoring recorded webinars and videos. By completely ignoring recorded webinars and videos, the OIG has read asynchronous learning out of the distance education definition. As noted above, 20 U.S.C. § 1003(7) provides that regular and substantive interaction between the student and the instructor may be provided synchronously or asynchronously. Certainly, therefore, the University’s utilization of asynchronous internet-based webinars and other technology-facilitated academic delivery models qualifies as interaction. In addition, the OIG reviewers also ignore other types of interactions including interactive learning, coaching reports, instant grading feedback, course communities, program communities, e-mail exchanges between faculty and students, and other learning materials specific to the students’ academic needs. Furthermore, the University uses, but the OIG reviewers ignore, interactive curriculum such as adaptive learning techniques, gaming technology, online business simulations, and nursing lab medical mannequins as very practical and effective methods of interactive learning. Given that these interactions are designed and overseen by WGU faculty and delivered asynchronously over the internet, they also constitute regular and substantive interaction. Advances in learning science, combined with new technologies and data analytics, create highly individualized learning pathways that increase, rather than decrease, student-faculty interaction, as well as increasing knowledge acquisition and program completion.

The OIG’s argument is also flawed in that it counts only those synchronous events and performance tasks that were included in the written “course of study”. For their review, the OIG was provided a .pdf version describing the courses that were offered during the 2013-2014 award year. Due to the nature of the .pdf version of the courses, the OIG relied only on the
content that was written in the course of study and did not have the benefit of reviewing the
course within the course delivery platform that included calendars, student communities,
announcements, and other support resources that would have been used by Faculty Mentors
to support students beyond just the content listed in the .pdf version of the course. Essentially,
the OIG made its determination by reviewing the equivalent of a syllabus and disregarded all
other forms of Faculty Mentor communication and learning resource support. There is no
regulatory requirement that all content covered in a course must be listed in the syllabus.

The OIG’s arguments are further flawed in that its original exception reports showed that
it only counts performance assessments in which there were three or more individual tasks to
be submitted for evaluation.\(^41\) All performance assessments, regardless of the number of tasks
included in them, often require multiple iterations and Evaluator feedback to get to a final
submission that will receive a passing grade. In fact, the more complex single task assessments
are more challenging and require greater support and more iterations than smaller, less
complex tasks. Counting the number of tasks is arbitrary and has no basis in application of
statute or regulation. Furthermore, the OIG reviewers discounted all computer-based
assessments, including pre-assessments and the larger final objective assessments, determining
incorrectly that such assessments do not require Faculty Mentor or Evaluator interaction. In
fact, all computer-based pre-assessments and objective assessments at WGU include
substantive, real-time coaching reports for students. The coaching report is developed and
maintained by the faculty on the program development team, in conjunction with the Faculty

\(^{41}\) This understanding is based on the workpapers provided to the University as it prepared its response to the
exception reports. Given significant changes between the initial exception reports and the Draft Report, the
University will need to review a complete set of the OIG workpapers to ensure that the information provided to
the University is complete.
Mentors and Evaluators, to provide robust feedback to students that identifies areas of weakness and directs the student to specific learning resources for competency gaps. In other words, this computer-based feedback must count as interaction, based on the disaggregated faculty model. However, even further, these coaching reports are reviewed with the students in meetings with their Student Mentors, providing yet another instance of student / instructor interaction.

For the reasons discussed above, Finding No. 1 is entirely without merit. While it is illuminating as an exposition of the OIG’s preferences for what it considers appropriate for the conduct of competency-based online distance education, it has no bearing on WGU’s eligibility to participate in the Title IV Programs.

**FINDING NO. 2: Western Governors University Disbursed Title IV Funds to Students Before the Students Were Eligible to Receive the Funds**

In the Draft Report, the OIG concluded that the University did not define its academic year and payment periods in accordance with federal requirements. It reached this conclusion based on its determination that the University failed to provide the required number of weeks of instructional time in its academic year and that its programs were self-paced. Based on these assumptions, the Draft Report asserted that the University should have disbursed Title IV Program funds consistent with the requirements governing non-term programs. From that conclusion, the Draft Report determined that the University was not properly disbursing Title IV Program funds or adjusting Federal Pell Grant awards consistent with the Title IV requirements related to non-term educational programs.
WGU Response to OIG Finding No. 2

The University strongly disagrees with this finding. In reaching its conclusions, the OIG tested nine students enrolled in the institution’s three largest educational programs to determine the number of weeks of instructional time included in the courses and the number of weeks of instructional time completed by the students. The student records were reviewed to determine if WGU students participated in 52 weeks of instruction over two six-month payment periods. The OIG reviewers used the same methodology to determine instructional weeks as was used to determine what activities constitute interaction. The OIG’s analysis is fundamentally flawed because the OIG reviewers counted only weeks in which the student participated in an OIG determined qualifying activity and excluded all other weeks in the term.

The OIG reviewers also conclude that the University’s courses are self-paced42 and uses that as a basis to assert that the University should be operating on a non-term calendar. The OIG is simply wrong: WGU courses are not self-paced. Students are given a pacing guide, published by WGU and referenced by the OIG, and are expected to complete a certain number of competency units each term. In addition, a key role of the WGU Student Mentor is to guide the pace of academic progress with individual students to ensure course completion by a certain date so that the student makes on-time progress toward graduation. There is some flexibility in the pacing because WGU’s model is based on outcomes, i.e., mastery of outcomes, rather than seat time, which means, by its very nature, students will move through the content at different rates. Because WGU’s educational model requires students to truly demonstrate

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42 The definition of distance education does not prohibit such courses from being self-paced, and the definition of correspondence study does not state that all self-paced courses are correspondence or that all correspondence courses are self-paced.
competencies, students must be able to vary pacing in the required timeframe to allow for their individual competency development. However, that does not mean that the course of study is “self-paced”. Pacing is clearly established and actively managed by the University through the Student Mentors.

Further, as established in the response to Finding No. 1, the OIG’s methodology is flawed and outside the scope of its authority. If this flawed methodology were applied across the board to all institutions participating in the Title IV Programs, most would be found to be non-compliant. The Draft Report applies the test of instructional weeks on a student-by-student basis. Stated another way, the OIG requires that each student participate in each week of the academic period. However, students at most campus-based institutions do not participate in academic activities in each week of their term. The determination of instructional time must measure the weeks of instruction available to the student and not the actual weeks in which the individual student participates in the available instruction. In fact, in Finding No. 1, the OIG specifically recognized that the definition of distance education requires that courses must be designed “to offer regular and substantive interaction between students and instructors”. There is no requirement that each student participate in each week of offered instruction. Based on an appropriate analysis, the University offered instruction in enrolled courses for the entire 26-week term and 52-week academic year.

The OIG’s analysis is in stark conflict with what is standard industry practice, and with the guidance provided by the Department on the determination of an instructional week in a competency-based education program, as noted in the 2015-2016 FSA Handbook, pages 2-23 and 2-24:
A school must ensure that the instructional materials and faculty support necessary for academic engagement are available to students every week that the school counts toward its defined payment period or academic year. Educational activity in a CBE program includes, but is not limited to:

- participating in regularly scheduled learning sessions (where there is an opportunity for direct interaction between the student and the faculty member);
- submitting an academic assignment;
- taking an exam, an interactive tutorial, or computer-assisted instruction;
- attending a study group that is assigned by the institution;
- participating in an online discussion about academic matters;
- consultations with a faculty mentor to discuss academic course content; and
- participation in faculty-guided independent study (as defined in 34CFR 668.10(a)(3)(iii)).

Further, in DCL GEN-14-23 concerning competency-based education programs, the following questions and answers were provided to institutions:

**Q8** Does each student have to engage in educational activity every week in a CBE program?

**A8** While it is expected that students will generally be academically engaged throughout an educational program, there is no requirement that the institution be able to document academic engagement for each student for every week of instructional time.

**Q6** Is there a specific calendar format- standard term, nonstandard term, or nonterm -that CBE programs must use?

**A6** All CBE programs, including direct assessment programs, could be offered as nonterm programs. A CBE program may also be offered as a standard or nonstandard term program; however, to be offered as a standard or as a nonstandard term program, a CBE program must require students to start and finish competencies within established term dates.

As noted above, the University is not obligated or required to document that each student was academically engaged each week of the term as the OIG suggests in this Finding. The
appropriate standard requires the University to make the instructional materials available to students throughout the term and requires students to start and finish competencies within established term dates, which the University clearly does. The University has a sufficient number of instructional weeks to meet the payment period and academic year definitions established by the University. As such, the University appropriately awarded and disbursed Title IV Program funds to students based on the requirements governing disbursements for non-standard terms, which are substantially equal in length.

Therefore, Finding No. 2 in the Draft Report is without merit or basis.

FINDING NO. 3 - Western Governors University Did Not Always Comply With the Requirements Governing the Return of Title IV Funds

In this Finding, the Draft Report asserts that the University did not properly withdraw and perform a return of Title IV funds ("R2T4") calculation for certain sampled students who withdrew, earned zero competency units, or both.

WGU Response to OIG Finding No. 3

The University respectfully disagrees with four of the instances cited as the basis for this Finding and is still researching one instance. As an initial matter, it is important to note that the OIG reviewers did not consider the concerns cited in this Finding No. 3 to rise to the level of a finding in any of the correspondence prior to the Draft Report. Specifically, the concerns raised in this finding were identified as no more than a reference in the “Other Matters” category, which includes items that the OIG wants to make note of, but that do not rise to the level of a finding. The University only learned that the OIG reviewers decided to convert this issue to a finding when the OIG was prepared to issue the Draft Report. The OIG’s last-minute decision to
make this issue a finding received only limited explanation by the OIG reviewers, and one must wonder how significant it can be, given the OIG reviewers prior treatment of the issue. Because this issue was not a finding previously, the individual student-level detail was not provided by the OIG and reviewed by the University until after the receipt of the Draft Report. Due to this short response period, the University only had a limited amount of time to conduct the research to formulate this response.

Based on the limited research that the University had time to conduct on the five students included in this Finding, the University determined that the OIG reviewers considered the regular and substantive interactions with Student Mentors in its methodology to determine if students should have been withdrawn. Specifically, the OIG reviewers utilized Student Mentor contact logs in reviewing the files of three of the five students cited as a basis for this finding. At the same time, the Draft Report excluded the Student Mentor contact activity in the determination of the withdrawal date for another of the five students. The inconsistency in treatment with respect to the students in this Finding demonstrates the OIG’s confusion on the appropriate use of the faculty-student interactions in calculating R2T4.

For three of the five students included in the Finding, the OIG cites the University’s internal policy for the withdrawal of students who are not in contact with faculty for 20 days. However, in applying this policy, the OIG misstates the terms of the policy and misunderstands the rational for the policy. The University is not attendance taking. As such, it is not required to maintain a process to determine the student’s day-to-day activity. Nonetheless, the University has developed a policy to facilitate and monitor regular and substantive interaction between students and faculty. This policy has an element of flexibility with respect to a student who has
a temporary interruption that exceeds 20 days and allows the University to reverse a withdrawal for students who subsequently reestablish contact with their faculty. In fact, unlike the treatment by the OIG reviewers in this Finding, the University’s policy states that the student “may” be administratively withdrawn and not “must” or “will” be administratively withdrawn for lack of contact with their faculty. The driving force behind this internal policy is to allow the University to identify students who have actually withdrawn while avoiding penalizing students, like three of the five students cited in this finding, for a temporary interruption in their studies during the term.

Attendance is not required at WGU and the regulations regarding the identification of the withdrawal of students who cease to attend during the term are not applicable. The University’s “Communication Protocol” policy is an institutional policy that is subject to application by faculty and staff who have direct contact with students and can make an appropriate assessment of the student’s enrollment status. Each of these three students had a temporary interruption that exceeded 20 days, but each student reengaged and completed the term. On that basis, the University did not consider these students to be withdrawn, and they should not be included in this Finding.

One of the five students included in this Finding was cited for having an incorrect withdrawal date identified by the University. This student notified her Student Mentor by email of her desire to withdraw and the date of this email was identified by the University as the student’s withdrawal date. The OIG incorrectly considered a subsequent phone call with the Student Mentor on the following day as the date of withdrawal. Additionally, WGU is still in the
process of researching the interaction and academic activities of the remaining student in this Finding, including review of the University’s 2014 academic archives.

As a standard operating principle, the University continuously reviews its Title IV operations, including its R2T4 processes, to identify potential areas of improvement in the systems and processes utilized in the administration of Title IV Program funds. In fact, the Chicago Case Team of the U.S. Department of Education conducted a program review covering the 2015-2016 award year focused specifically on the determination of last date of attendance and the use of this date in the completion of the R2T4 calculation. On April 25, 2017, the case team issued an Expedited Final Program Review Determination Letter, which closed the program review with “no significant findings identified” and no further action required by the University.

Additionally, as part of the University’s ongoing system improvement initiatives, the University is in the process of implementing a more automated process for the identification of unofficial withdrawals, which will be implemented during the 2017-2018 award year. This automated process will further improve the adherence to the University’s withdrawn student processing policies and procedures and ensure the timely identification of students who have unofficially withdrawn and the accurate determination of the withdrawal date.

As with Findings No.1 and No.2, and as highlighted in the above response, there is no basis for this Finding No. 3 in the Draft Report.

Closing

A defining principle at WGU is focus on the student – each initiative and decision starts with our students. Student success and support are the focus of all faculty and staff. In its 20-
year history, WGU has produced more 81,000 graduates from its Health Professions, Teachers, Business, and Information Technology Colleges. WGU is the proof of concept – clearly meeting the definitional requirements of distance education and providing an exemplar for the higher education community.

As WGU has driven innovation in improve quality and expanding access of higher education, we have always done so in full compliance with statutory, regulatory, and accreditation standards. Further, our outcomes are irrefutable:

- National Survey on Student Engagement highlights WGU students’ quality of interaction with faculty, exceeding national averages.
  - 72% of WGU students rated the quality of interactions with faculty as very good or excellent, versus the national average of 60%.
  - 83% of WGU students said that WGU provides academic support for students (quite a bit or very much) versus the national average of 73%.

- 78% year-one retention, compared with the national average of 74%.

- Gallup studies emphasize our graduates’ recognition of WGU’s academic rigor, satisfaction with Mentors, employment levels, and overall well-being. This survey also notes that 91% of our graduates believe WGU was worth the cost, vs. 67% nationally.

- Harris Poll Online survey highlights of WGU graduates:
  - $19,100 increase in income within four years of graduation.
  - 88% full-time employment (vs. 71% nationally), 87% employment in field of study (vs. 82% nationally).

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86% of WGU graduates satisfied with academic support, compared to the national average of 81%.

- Harris Poll of employers of WGU graduates:
  - 94% report that WGU graduates exceed their expectations.
  - 100% report that WGU graduates were prepared for their jobs; 75% say they were extremely well prepared.

- WGU students graduate with an average of $16,862 in student loans, less than half the national average exceeding $37,000. More notably, WGU’s responsible borrowing initiatives, in the last four years alone, have reduced annual student borrowing by 41%.

The overarching purpose of the Higher Education Act and the Department of Education is to ensure high quality education and effective use of federal dollars. Ultimately, results matter – and WGU outcomes demonstrate a high quality, affordable higher education with positive student learning outcomes, student satisfaction and retention well above the national average, high graduate success, high graduate employment and income gains, and employer and alumni satisfaction.

Given that a) the OIG’s findings are neither substantiated by law, nor supported by regulatory guidelines or accreditation standards; b) that WGU has consistently complied with all law and accreditation standards; and c) WGU’s model is fulfilling the overarching purpose of the HEA in improving quality and expanding access to higher education, we respectfully request that the OIG withdraw its findings and conclude this matter.