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Transfer of Credit
A Policy Agenda

Michale S. McComis
Associate Executive Director
ACCSCT
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Executive Summary

In today's society which places a premium on postsecondary education, expanded educational access, and the ideals associated with continuous education and life-long learning, the need for greater portability of educational credits has reached an all-time high. This need is experienced on several fronts; however, one area which is in need of an immediate solution is the allowance for transfer of credit between the traditional sector of postsecondary education and the ever emerging private for-profit sector of postsecondary education. More and more students are opting to enroll in and complete programs from this latter sector of education as a means to obtain entry-level skills needed to enter the workforce. However, when these students later seek to continue their education at a traditional college or university, they are often informed that the credit earned from their previous education is not transferable. A universally accepted and enforced policy on transfer of credit is now more than ever required to address the needs of students in the rapidly changing and evolving higher education community. Educational leaders must seek to create fair and effective educational polices which meet the diverse and complex needs of students and which support a student's ability to improve, develop, and advance seamlessly through the higher education system. This white paper puts forth a policy agenda for the transfer-of-credit issues and targets the accrediting community, higher education associations and state and federal laws and regulations.

Transfer of Credit
A Policy Agenda

In today's society which places a premium on postsecondary education, expanded educational access, and the ideals associated with continuous education and life-long learning, the need for greater portability of educational credits has reached an all-time high. This need is experienced on several fronts; however, one area which is in need of an immediate solution is the allowance for transfer of credit between the traditional sector of postsecondary education and the ever emerging private for-profit sector of postsecondary education.[1] More and more students are opting to enroll in and complete programs from this latter sector of education as a means to obtain entry-level skills needed to enter the workforce. However, when these students later seek to continue their education at a traditional college or university, they are often informed that the credit earned from their previous education is not transferable. A universally accepted and enforced policy on transfer of credit is now more than ever required to address the needs of students in the rapidly changing and evolving higher education community.

Denials of credit transfer are unfair to students, inhibit educational advancement, and drive up the cost of postsecondary education by forcing students to take and pay for the same courses twice. At a time when the postsecondary student population is increasing and educational choices are expanding, unduly restrictive transfer-of-credit policies only serve to burden the already increasing demands being placed on the postsecondary education system in the United States.

At the May 5, 2005 House Subcommittee for 21st Century Competitiveness hearing on *College Credit Mobility: Can Transfer of Credit Policies Be Improved?,* Subcommittee Chairman Howard P. (Buck) McKeon (R- CA) noted the following:

> *With data showing more than 50 percent of students attend multiple institutions of higher education, it has become increasingly important for students to have the flexibility to transfer their credits from one school to another. And, with increasing numbers of non-traditional students pursuing higher education for the first time, or returning to school to complete their education, it has become more important than ever that college students are free to transfer from one institution to another without unfairly losing credit for quality courses they have completed (McKeon, 2005).*

Consider as support of these ideas the following inquiry from a student who attended an accredited for-profit postsecondary educational institution:

> *I've been struggling to find a college in order that I may complete a Bachelor degree. I'm trying to find out what college would take a large amount of my credits. I completed an Associate degree in Computer Animation in May 2001 from [School Name]. I don't have much money to spend on school applications which result in the finding that none of my credits are transferable. Already two schools in New York City have turned me down such as the School of Visual Arts and F.I.T. This has*

[1] For the purposes of this white paper, the traditional sector of postsecondary education is defined as two- and four-year institutions which are institutionally accredited by one of the USDOE recognized regional accrediting agencies. The private for-profit sector of postsecondary education is defined as institutions which are institutionally accredited by one of the USDOE recognized national accrediting agencies.

made me discouraged about the school I attended. I ask that you please help me find a school that will gladly take a large amount of my credits or any.

This example, while anecdotal, is representative of the difficulties that many students face when attempting to transfer educational credit from the for-profit postsecondary sector of education to the traditional sector of postsecondary education.

The inability to transfer credits between institutions can be for several reasons; however, this white paper will focus on only one – the source of accreditation. The reason for this focus is because a primary basis given by traditional postsecondary institutions for not accepting transfer credits from for-profit educational institutions is the source of accreditation. A 2001 study by the Institute for Higher Education Policy entitled *Transfer of Credit from Nationally Accredited to Regionally Accredited Institutions* found that "[v]irtually all degree granting, regionally accredited intuitions have their credits generally accepted, while only 18 percent of nationally accredited, degree granting, institutions have their credits generally accepted" (IHEP, 2001, p.13). The main reason cited by regionally accredited institutions for not accepting credits from other institutions in this study was the source of accreditation.

The terms "regionally accredited" and "nationally accredited" are derived from the recognition status given by the United States Department of Education (the Department or USDOE) which has authority to recognize accrediting agencies for the purpose of administering the federal student financial aid programs (Title IV funding) as authorized by the Higher Education Act of 1965. Recognition by the Department serves to acknowledge that an accrediting agency – regional or national – is a reliable authority for determining educational quality. Each accrediting agency recognized by the Department has a statement of scope which defines the parameters of accreditation authority. The following are two examples of USDOE scope statements:

> ***Accrediting Commission of Career Schools and Colleges of Technology (ACCSCT):*** *Scope of recognition: the accreditation of private, postsecondary, non-degree-granting institutions and degree-granting institutions, including those granting associate and baccalaureate degrees, that are predominantly organized to educate students for occupational, trade and technical careers, and including institutions that offer programs via distance education.*

> ***Southern Association of Colleges and Schools, Commission on Colleges (SACS)****: Scope of recognition: the accreditation and preaccreditation ("Candidate for Accreditation") of degree-granting institutions of higher education in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia, including distance education programs offered at those institutions* (United States Department of Education, 2001).

The Department's recognition of an accrediting agency, overall, is an acknowledgement that the agency is a reliable authority for establishing educational quality and assessment standards and all institutional accrediting agencies – regional and national – must follow the same recognition criteria. The Department's recognition makes no distinction as to the reliability of one agency over another and does not distinguish a regional accrediting agency as superior to a national accrediting agency.

The only distinction worth noting is that, as the two example scope statements provided above demonstrate, the scope of recognition for SACS, a regional accrediting body, includes the term "institutions of higher education" whereas the statement for ACCSCT, a national accrediting agency, does not. The term "institution of higher education" has a specific definition in the Title IV federal regulations which means that an institution must be, among other things, a public or private ***nonprofit*** educational institution (United States Department of Education, 2001, 34 CFR §600.4.).

This difference, however, does not serve to distinguish the reliability of one accrediting agency over another in terms of the quality of substantive standards, policies, procedures or the ability to evaluate and recognize the quality of education within the institutions it accredits. Therefore, the use of the Department's regional verses national recognition designators as the sole determinant in making transfer-of-credit decisions is meritless and arbitrarily limiting.

The reliance upon the source of accreditation for transfer-of-credit decisions also runs counter to guidelines provided by several higher education associations. According to the American Association of College Registrars and Admissions Officers (AACRAO), transfer of credit between institutions fundamentally should involve the following three considerations:

1. The educational quality of the institution from which the student transfers;
2. The comparability of the nature, content, and level of credit earned to that offered by the receiving institution; and
3. The appropriateness and applicability of the credit earned to the programs offered by the receiving intuitions in light of the student's educational goals (AACRAO, 1998, p. 158)

The American Council on Education (ACE), the AACRAO, and the Council on Higher Education Accreditation (CHEA) issued in September 2001 an updated *Joint Statement on the Transfer and Award of Credit* (originally published in 1978) indicating that polices and procedures for the transfer of credit "should provide maximum consideration for the individual student who has changed institutions and objectives" (ACE, 2001). Facilitating less restrictive transfer of credit has become of paramount importance because of the changing nature of higher education in the United States and the growth of educational access and opportunities to students outside of traditional colleges and universities. As articulated in the *Joint Statement*, the need for guidelines for transfer-of-credit decisions has "been brought about, in part, by the changing nature of postsecondary education" (ACE, 2001).

The *Joint Statement* and CHEA's *Statement to the Community: Transfer and the Public Interest* clearly posit that institutions and accreditors need to assure that transfer decisions are not based solely on the source of accreditation (ACE, 2001, CHEA, 2000). The distinction between regionally accredited institutions and nationally accredited institutions is often used improperly and only serves to discriminate against students who attend for-profit postsecondary educational institutions.

Even with all of this guidance from the higher education community, regionally accredited institutions continue to make transfer-of-credit decisions based solely upon the source of accreditation. The following are examples of the struggle one student encountered when attempting to have his credits transferred from a nationally accredited institution to a regionally accredited institution.

From Houston Baptist University:

"[School Name] is not accredited by the Regional Accrediting Bodies which Houston Baptist accepts. No, we would not accept course credit from it."

From the University of Dallas:

"Please note that the University of Dallas does not accept credits from [School Name] due to our accreditation standards."

From Texas Tech University:

"Because [School Name] is not accredited through one of the Regional Accrediting Bodies, Texas Tech University would not award transfer credit for any courses completed there."

While there are indeed distinctions between institutions accredited by regionally recognized accrediting agencies and nationally recognized accrediting agencies, these distinctions do not warrant such arbitrary treatment of credit transfer decisions. First, there is the distinction that, generally, regionally accredited institutions are nonprofit whereas institutions accredited by a national accrediting agency are for-profit (although this is not exclusively the case). Second, regionally accredited institutions tend to be focused on awarding degrees in liberal arts education such as English, math, history, art, and the social and natural sciences or professional/technical education in fields such as engineering, law, education, medicine or business. Institutions that are accredited by a national agency tend to be focused on career and technical oriented education in fields such as the traditional trades, allied health, occupational business practice, multimedia and graphic design, recording and industrial arts, and computer and electronics science and may not always lead to a degree. Third, the educational programs offered in private for-profit institutions place emphasis on very specific career and technical educational outcomes with fewer "general education subjects" (i.e., English, math, and social and natural science) whereas programs offered at traditional educational institutions may place a greater emphasis on general education subjects. (This notwithstanding, national accrediting agencies have standards which require that a minimum of 25% of a degree program must include general education subjects.)

Due to these distinctions, regionally accredited institutions claim that the education provided by nationally accredited institutions is not as academically rigorous as their own and thus not equivalent and eligible for transfer of educational credit. Regionally accredited institutions typically do not give students an opportunity to demonstrate otherwise and instead have transfer-of-credit policies which simply assume that credits earned at nationally accredited institutions are not equivalent. This, however, is an arbitrary assumption not based in fact and serves only to cause hardship on thousands of students each year.

These types of arbitrary transfer-of-credit policies which require students to unnecessarily repeat coursework have an economic impact on individual students, education funding, and the taxpayers who provide many of the dollars used for education funding. Moreover, the inability to transfer credit discourages students from pursuing continuing education due to the time, effort and cost associated with repeating coursework. Some believe that economics are a driving force behind restrictive transfer-of-credit policies due to the tuition revenue lost when transfer credits are accepted.

Regional accreditors and their accredited institutions argue that institutional autonomy is a cornerstone of the American higher education system and that an institution should be allowed to make whatever decision relative to transfer of credit as the institution sees fit. This argument has merit except when the source of accreditation is the sole determinant in transfer-of-credit decisions because it relies upon arbitrary assumptions and does not give students or non-regionally accredited institutions an opportunity to demonstrate the equivalency of coursework.

The issue is not that an institution should be required to accept credits from all other institution. Instead, all institutions faced with transfer-of-credit decisions should look at several factors before making these decisions. Students should be given the opportunity to present course syllabi, course descriptions and other supporting documentation in an effort to make a case for equivalency. The arbitrary assumption that nationally accredited institutions are non-academic or academically less rigorous thus rendering their credit un-transferable only serves to create unfair and discriminatory transfer-of-credit policies and practices which needlessly harm students.

Policy Agenda

The Accrediting Community

As posited in the *Joint Statement* and CHEA's *Statement to the Community*, source of accreditation should not be the sole determinant of transfer-of-credit decisions. CHEA seeks to have the higher education community use its recognition as an additional indicator of the validity and reliability of an accrediting agency's effectiveness in quality assurance. However, although CHEA has issued its *Statement to the Community: Transfer and the Public Interest* which clearly posits that institutions and accreditors should not base transfer-of-credit decisions solely on the source of accreditation, CHEA has not made this a substantive criterion for an accrediting agency's recognition by CHEA. If CHEA would commit to the position that transfer-of-credit decisions are not to be based solely on the source of accreditation and make it a substantive criterion for CHEA recognition, accreditors would be required to establish standards which prohibit this practice among its accredited institutions.

CHEA's commitment to this position, however, is not necessary for accrediting agencies to independently establish their own standards prohibiting restrictive transfer-of-credit policies. The Accrediting Commission of Career Schools and Colleges of Technology, and other nationally recognized accrediting agencies, have promulgated transfer-of-credit resolutions which can be incorporated into the substantive standards.

Accrediting standards which would require institutions to use fair and non-restrictive transfer-of-credit policies would also shift the burden of accountability for transfer-of-credit decisions from solely being placed upon the sending institution to a shared accountability between both the sending and receiving institutions. Currently, accountability for transfer of credit is placed wholly upon sending institutions in that these institutions must demonstrate the equivalency of credit to a receiving institution. By setting standards which prohibit restrictive transfer-of-credit policies, an accrediting agency could also hold accountable receiving institutions for policies and practices related both to acceptance and denial of credit transfer.

State and Federal Initiatives

It bears repeating that the policy goal articulated herein is not to compel regionally accredited institutions to accept transfer credits from nationally accredited institutions, but instead to keep any institution from using source of accreditation as the sole determinant in transfer-of-credit decisions. Students should always be given the opportunity to demonstrate comparability and applicability of prior earned educational credit to continuing educational goals. The state and federal governments can assist in facilitating more open transfer-of-credit policies in this regard. Some states already do this in by requiring state institutions to accept credits from other institutions, to include community colleges, within the state college system. These policies, however, do not address the matter of transfer of credit between regionally and nationally accredited institutions and thus more can be done.

At the state level, licensure is typically required of all institutions seeking to operate in that state. Because a function of the state educational oversight authority in the triad (oversight by the state government, federal government and accreditation) is consumer protection, state regulations should require that in order for any institution to be licensed to operate in that state, the institution must have a fair transfer-of-credit policy which does not use source of accreditation as a sole determinant of acceptance. In this way, the state authority will help to protect student interests and will help to prevent the use of state educational assistance grants and scholarships from being allocated for a student to take the same or similar course twice.

At the federal level, the Higher Education Act of 1965 (HEA) should be amended to expressly prohibit restrictive transfer-of-credit policies for institutions which participate in the Title IV federal student financial assistance program (i.e., Pell Grants, federally subsidized loans, SEOGs, etc.). The Title IV regulations set forth eligibility criteria for institutions which seek to participate in student federal financial assistance programs. These criteria compel institutions to operate in certain ways and to adopt certain policies if they want to participate in Title IV (United States Department of Education, 2001, 34 CFR § 600). Included within these criteria, stemming from amendments to the HEA, should be a prohibition against the denial of transfer of credit based solely on the source of accreditation of the institution from which the student is transferring as long as the institution's accrediting agency is recognized by the USDOE.

Also at the federal level, an accrediting agency must petition approval from the Department for recognition as a reliable authority on educational quality and to act as a gatekeeper to Title IV funds. Again, this process sets forth several criteria and requirements which an accrediting agencies must demonstrate operationally in order to receive that recognition (United States Department of Education, 2001, 34 CFR § 602). If the Congress were to amend HEA to prohibit restrictive transfer-of-credit policies, then the Department's regulations could also be revised to prohibit accrediting agencies from adopting or enforcing standards or policies that restrict transfers of credit between institutions accredited by agencies recognized by the Secretary of Education. In addition, the Department could require accrediting agencies to adopt standards which require its accredited institutions to adopt fair and non-restrictive transfer-of-credit policies.

The policy instruments suggested here include state licensing criteria, Title IV regulations as part of the Higher Education Act of 1965 as amended, and the CHEA recognition criteria for accrediting agencies. The institutions or agencies which would be targets for these policy initiatives include state legislatures and licensing agencies, the United States Congress as it seeks to reauthorize HEA, the USDOE as negotiated rulemaking establishes the regulations from the reauthorization of HEA, and the Board of Directors for ACE, AACRAO, and CHEA.

A National Agenda

First and foremost, a national agenda should be established and led by the national trade association for postsecondary career and technical education, the Career College Association (CCA), along with the Council of Recognized National Accrediting Agencies (CRNAA). These agencies would be responsible for meeting with their constituents and building partnerships with other national associations such as CHEA, ACE, and AACRAO in an effort to establish a workable and mutually acceptable set of policy initiatives such as those described in this paper. However, even without the support of CHEA, ACE and AACRAO, CCA and CRNAA should work together to establish a transfer-of-credit agenda which paves the way for greater inclusivity nationally.

At the federal level, CCA and CRNAA should work together more drafting and distributing HEA reauthorization proposals and meeting with key members of Congress to discuss reauthorization proposals for HEA in regard to the transfer of credit issue. *The College Access & Opportunity Act* (H.R.609) includes a provision *that earned credits could not be denied based solely on the accreditor of the institution where the credits were earned, so long as the accreditor is recognized by the U.S. Secretary of Education.* This provision has been supported by nationally recognized accreditors such as ACCSCT and regional accreditors such as the Higher Learning Commission for the North Central Accreditation of Colleges and Schools ("NCACS"). Additional coalition building to support this provision, however, is a necessary component to ensure its appearance in the final version of HEA. This same type of cooperation is also necessary for meeting with USDOE officials as the regulations associated with HEA are discussed both before and during negotiated rulemaking.

At the state level, state associations such as the Florida Association of Postsecondary Schools and Colleges (FAPCS) and the California Association of Private Postsecondary Schools (CAPPS) can carry the national agenda to the states and be responsible for lobbying for the state level transfer-of-credit policies described in this paper. State associations for career schools will be well served to engage in this issue through the state legislative and regulation development processes as a means to establish greater educational opportunities for both educational institutions and the students they serve.

Lastly, grassroots coalitions should be established and asked by the national and state level and associations to campaign and lobby legislative bodies, organizations and individual legislators and policymakers in an effort to demonstrate the scope of the issue.

The grassroots outreach will help to demonstrate the urgency and widespread nature of the problems associated with unfair and restrictive transfer-of-credit policies throughout the nation.

Partnerships are important. The United States Congress, state legislatures, and federal and state policymakers will be more likely to accept proposals which enjoy wide support. Thus, the partnerships with CHEA, ACE and AACRAO are important because the postsecondary higher education community can be much more effective for a broader array of students if united on such issues as transfer of credit. A variety of interested parties, led by CCA and CRNAA, can be responsible for contacting the Board of Directors of each of these organizations as a mechanism to build bridges and to show how the evolution of the postsecondary educational community in the United States is a corollary to the associated trends in continuing education and life-long learning. Trotting out real-world examples of the harm caused by restrictive transfer-of-credit policies may be useful, if only anecdotal, and help policy makers and legislators see the ultimate effect of these policies.

In 2002-2003 the private for-profit postsecondary community along with the national accreditation community came together to change the criteria used by EDUCAUSE for the administration of the .edu domain. Specifically, in 2002 when EDUCAUSE took over the administration of the .edu domain from the United States Department of Commerce, it required that an institution had to be accredited by a regional accrediting agency in order to make application for the utilization of that domain. Through much effort and lobbying, EDUCAUSE changed its criteria to require instead that institutions must be accredited by an accrediting agency which is recognized by the USDOE in order to make application and receive a .edu domain. This is a good corollary to the type of effort needed for the transfer-of-credit policy agenda described herein (ACCSCT, 2003).

In addition, other organizations at the national level, such as the United States Department of Defense, the American Bar Association, and the National League of Nurses as well as state level organizations such as the Florida Commission for Independent Education and Oregon and Arizona State Boards of Nursing have embraced national accreditation as a reliable authority for assessing quality education.

To touch again briefly on the economics of arbitrarily restrictive transfer-of-credit policies, there can be a positive economic impact for both state and federal authorities as well as for the traditional higher education sector. Specifically, federal student financial assistance dollars and state educational grant dollars would not be spent twice for students to enroll in similar courses twice (English 101 for example). Receiving institutions which develop and adhere to fair and non-restrictive transfer-of-credit policies may lose tuition revenue by not requiring a student to repeat already completed coursework. However, these same institutions may also realize increased enrollment as more students from nationally recognized accredited institutions take advantage of transfer the credit opportunities. Increased student enrollment will most likely act to offset and eclipse any tuition revenue lost through the acceptance of a greater number of transfer credits and there would be a more efficient use of existing tuition funding resources.

Other outcomes for this policy agenda would be a reinforced acceptance of the ideals associated with continuous education and life-long learning. The employment community places a premium on credentialing as well as expanded skills and knowledge bases of employees. Thus, by opening additional opportunities for educational advancement, the postsecondary sector would be providing a greater service to students and their other associated constituents.

Conclusion

It is the duty of educational leaders to design and implement educational policies which support and positively affect the on-going development and growth of students and to support societal infrastructure. Education is a cornerstone of development and must be conceived in such a way as to serve a broad array of student needs as well as society as a whole. Students who choose career and technical educational options should be given every opportunity to expand their horizons and to participate in the life-long learning and continuing education goals which are important societal aspects of the new American marketplace. Thus, polices in the American higher education system – such as the transfer-of-credit policy agenda described herein – are in need of change to bring about these desired results. The current transfer-of-credit policies of many regionally accredited institutions are arbitrary and discriminatory – particularly toward students who choose career and technical education options – and serve more the perceived economic needs of those institutions as opposed to the real needs of students.

The American higher education system can do more to further the ideals associated with continuous improvement and life-long learning. Educational leaders must recognize that in order to support the nation in the highly competitive, global marketplace in which we live, a strong, highly educated and highly trained workforce dedicated to continuous improvement is necessary. Educational leaders must also recognize that student needs are as diverse and complex as the world in we live. Accordingly educational leaders must seek to create fair and effective educational polices which meet those diverse and complex student needs and which support a student's ability to improve, develop, and advance seamlessly through the higher education system.

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