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Postsecondary Institution Ratings response (ED-2013-IED-0151)

January 31, 2014

Richard Reeves
National Center for Education Statistics
Attention: Postsecondary Institution Ratings System RFI
U.S. Department of Education
1990 K Street NW., 8th Floor
Washington, DC 20006
(submitted electronically via: www.regulations.gov)

Dear Mr. Reeves:

We are writing in response to the Request for Information To Gather Technical Expertise Pertaining to Data Elements, Metrics, Data Collection, Weighting, Scoring, and Presentation of a Postsecondary Institution Ratings System (PIRS) published in the Federal Register on December 13, 2013, docket number ED-2013-IES-0151. The Institute for College Access & Success (TICAS) is an independent, nonprofit organization that works to make higher education more available and affordable for people of all backgrounds. By conducting and supporting nonpartisan research and analysis, TICAS aims to improve the processes and public policies that can pave the way to successful educational outcomes for students and for society.

TICAS' recommendations for developing a college ratings system for use by consumers include:

- Focus first on designing a system for consumers only rather than attempting to design one system that meets the needs of both consumers and policymakers.
- Apply the ratings system to institutions that primarily grant bachelor's degrees before expanding it to other types of institutions.
- Rate colleges separately on several key dimensions, including affordability, success, and student support, rather than providing just one overall rating for each college.
- Recognize institutions that serve a disproportionate number of low-income students well without adjusting results by institutional or student characteristics
- Allow users to select comparisons groups but always provide national context so it is clear if there is a large gap between the selected group and colleges nationally.

These and other recommendations are discussed in detail below.

Overall Purpose, Timing, and Implementation of Ratings

With student debt at record levels and rising, TICAS welcomes the President's call to provide students and families with better information about costs and outcomes to help them make informed decisions about where to go to college. Students currently lack the information they need to best determine which schools to apply to and attend. With easy-to-understand, comparable information, students and families will be able to better identify colleges that provide the best value and fit their specific needs.

Increased transparency and awareness may also further encourage colleges to keep their costs to students affordable and find ways to better support student success.

Purpose. Building on the President's proposal to develop and implement the ratings system for consumers first before tying it to federal financial aid via Congress, the comments provided here apply only to the development of a student- and family-centered college ratings system that would be linked to the existing College Scorecard. Developing a system to assess colleges for accountability and funding purposes is a separate endeavor. Policymakers and students are two disparate audiences with distinct goals that may not overlap and, in some cases, may conflict. For example, while accounting for a public college's state funding per student might be an important consideration for policymakers' interpretation of net price data, the student needs to know the net price regardless of the underlying factors.

To be clear, we need more accountability for colleges and we must develop measures to reward colleges that prioritize access, affordability, quality, and student success. Our country cannot afford to continue investing in schools that overcharge and under-deliver. In fact, TICAS has developed a proposal to reward colleges that serve low-income students well with more funds and greater flexibility to innovate, while strengthening oversight and accountability measures to prevent waste, fraud, and abuse.[1]

Timing. We recommend that the ratings system initially apply to primarily bachelor's degree granting institutions only, with other types of institutions added afterwards. There is no doubt that students need and deserve better information about costs and outcomes at all types of colleges, and that there is room for improvement at all types of colleges. However, while no data are perfect, the limitations of currently available data are far more pronounced at institutions serving a less traditional student population. For example, key outcome measures such as graduation and transfer rates – essential for measuring success or value – are universally understood to be particularly incomplete for community colleges, *and vastly improved data are currently being developed*.

In summary, our recommendation to begin with a consumer-focused rating system for primarily bachelor's degree granting institutions is geared not towards *limiting* the utility of a ratings system, but rather towards *facilitating* its utility. After the initial ratings system has been developed and refined, the Department will be better positioned to determine how best to expand it to all colleges as well as how it might be revised for accountability purposes.

Recommendations for Rating College Performance: Key Indicators and Data

We recommend rating colleges on three primary indices: *affordability, student success,* and *student support.*

The ratings should provide useful information to all potential students, but given the persistent disparities in student outcomes based on income, the ratings on student support will give lower income students in particular an indication of how students like them generally fare at a given institution. We do not recommend adjusting the overall affordability and student success measures by income status because this might distort the usefulness of this consumer information for students who are not low income. Hence, we recommend a separate student support index focused on both affordability and success for low-income students. Given these students' particular need for support, how they fare on

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[1] TICAS. 2013. "Using a Student Default Risk Index (SDRI) to Improve Institutional Accountability and Reward Colleges." http://www.ticas.org/files/pub/component/Student_Default_Risk_Index.pdf.

measures of affordability and success may reasonably be interpreted as indications of how well colleges provide the support students need.

Based on currently available data, we recommend the following metrics as the basis for initially rating predominantly bachelor's degree granting institutions on the three indices listed above:

Metrics for Rating Affordability

- *Net price*: Overall net price for grant recipients. This is currently reported by colleges via the Student Financial Aid component of the Integrated Postsecondary Education Data System (IPEDS).
- *Borrowing rate for undergraduates:* Share of undergraduates borrowing federal student loans. This is currently reported via the Student Financial Aid component of IPEDS.
- *Cumulative federal debt at graduation with a bachelor's degree*: Share of BA graduates with federal student loans and average debt for those with loans. The Department is working toward obtaining data on cumulative federal student loan debt at graduation through the National Student Loan Data System (NSLDS), but these data will not be available until late 2014 at the earliest. In the meantime, we recommend that the Department use the best currently available data reported via the Common Data Set (CDS) surveys. For institutions that do not voluntarily report debt data via CDS surveys, we recommend using the most recent sector average (e.g. the average for four-year for-profit colleges) available via the National Postsecondary Student Aid Study (NPSAS) until institution-level data become available and indicating that the school does not currently report this key information. It is important that cumulative debt upon entering repayment *not* be used because it combines data for completers and non-completers. This makes colleges with high drop-out rates look like a good deal, because students who left the school after borrowing for only a semester or two bring the median debt level down. As discussed in the final section of these comments, we recommend collecting total cumulative debt at graduation (including both federal and private loans) via IPEDS, which should eventually replace this metric.

Metrics for Rating Student Success

- *Graduation rates of bachelor's degree seeking students:* These data are currently available via the Graduation Rates component of IPEDS. They should be augmented with the expanded graduation rate data that will be collected on the Outcome Measures component of IPEDS starting in 2015-16 and will include graduation and transfer rates for all students, including part-time and non-first-time students.
- *Student Default Risk Index (SDRI)*: The SDRI is the three-year cohort default rate (CDR) multiplied by the school's borrowing rate. While data improvements would help refine this measure (see the last section), the Department already has the data to calculate this for each school. The borrowing rate data are currently reported via the Student Financial Aid component of IPEDS, and CDRs are calculated by the Department. By incorporating the share of students who borrow loans into the measure, the SDRI more accurately conveys a student's risk of default at a given school than the CDR alone.

Metrics for Rating Student Support

- *Graduation rate for Pell Grant recipients:* Colleges are already required to calculate and disclose graduation rates for Pell Grant recipients. IPEDS should immediately begin collecting these data

> to assess how well colleges are supporting their students who receive Pell Grants. If and when data are available in the National Student Loan Data System (NSLDS) for the Department to calculate more comprehensive Pell graduation rates, those could be used instead.

- *Net price for low-income students:* Average net price by income. This is currently reported via the Student Financial Aid component of IPEDS.

A note about earnings data: We recognize the value of including a representative and independently verifiable outcome measure, such as earnings, in a college ratings system. However, there are key challenges that need to be addressed before earnings data in particular can be meaningfully integrated into such an effort, including whether all programs are best judged by earnings data (as opposed to career education programs where assessments of earnings may be more reasonable), and how and whether to combine the earnings of students in varying programs across the institution in a meaningful way. It is important to note that, from a data perspective, many of the challenges would be easier to solve if there were a national student unit record system that could be linked with federal earnings data.

Measuring College Performance: Ratings and their Display

The ratings and comparisons described below are designed to quickly and intuitively indicate a general level of performance on key dimensions of interest for prospective students. It is also essential that users can always quickly and easily access the underlying data (e.g., they can click on a rating and see the disaggregated metrics) to make their own determinations about which elements are the most important to them.

Ratings and Comparisons. For each of the three indices, the metrics would be combined to generate a composite rating (e.g. 1-100) for that index. For example, a college might earn a 35 for its affordability, a 70 for student success, and a 50 for student support. These ratings would always be displayed.

We recommend that these ratings be put in context by showing whether the institution is 'high', 'medium', or 'low' on each index (with some indication of where the institution's rating falls within that part of the range).

While it is certainly not the only way to proceed, there is merit to the way similar information is displayed for some elements on the current College Scorecard (pictured below), in which institutions are distributed evenly among the three categories ('high', 'medium', and 'low').
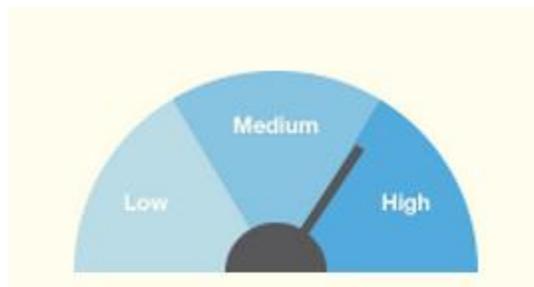
An advantage of this approach is that it does not require any subjective definition of 'high' or 'low.' The categories are simply the top third, middle third, and bottom third of institutions. It is also easy for consumers to understand. A potential downside of this approach is that even as colleges increase their ratings, they might remain in the same category if they do not improve relative to other colleges—all colleges cannot be measured as medium or high even if they all were performing adequately by some

definition. Conversely, they may move up a category even if their score stays the same simply because the performance of other colleges has declined. Other ways to divide colleges for comparison could include setting specific thresholds for acceptable or questionable performance, which could be modified over time to account for shifts in performance. No approach is perfect, and the tradeoffs among them must be considered carefully. However, to facilitate the development of a ratings system in a timely way, we recommend at least initially building upon the Scorecard's approach.

Comparing Performance: User-Driven Comparisons, Not Pre-Determined "Peer Groups"

As detailed above, we do not recommend that either the ratings or the specific metrics used to create the ratings be adjusted to account for student or institutional characteristics. Such adjustments distort what a prospective student may expect if he or she attends that institution, effectively sets different standards and expectations for different students and schools, and may reinforce the current disparities in student outcomes in higher education. Schools enrolling low-income students have an obligation to serve them well, and should not be rewarded for serving them poorly. While more selective colleges, on average, have higher student outcomes, at every level of selectivity, colleges serving the same kinds of students have very different results.[2]

While we oppose altering or adjusting the metrics and ratings based on any student or institutional characteristics, a tool designed to facilitate students' choice of institution should allow them to filter the universe of institutions in ways that align with their selection process. This could be accomplished by providing users with a set of primary filters that would include:

- Predominant credential awarded. This is a key difference between institutions and should be the default comparison when the ratings are expanded beyond predominantly bachelor's degree granting institutions (although the user should be able to de-select it if desired).
- Selectivity. Users should have the option of comparing institutions that accept a similar share of applicants, e.g., 0-33% of applicants accepted, 34-66%, 67-100%, or open access.
- Region. Users should have the option to look only at schools within a certain number of miles from a specific location, or within a state or set of states.

We recommend these primary filters because they are attributes that are likely to align with how a prospective student might select a college: what degree do I want to attain, what are my odds of getting in, and how far away am I interested in going. While other, additional filters could be considered, comparison groups should *in no case* be defined by characteristics that bear little resemblance to how a prospective student is likely to consider colleges (e.g., sector or Carnegie classification) even though they might reflect important distinctions between institutions and be useful for creating institutional peer groups for non-consumer information purposes.

The filter settings would not affect a school's rating, but it would affect whether the rating was considered 'high', 'medium' or 'low' in relation to institutions that meet the filter criteria. In cases in which a filtered universe of institutions becomes too small for useful comparisons to be made, users should be prompted to remove or broaden filters to allow comparisons. However, users should always be provided with national context so they will know if there is a significant gap between the schools in their filter and schools overall. In this way, consumers would be able to see which of the institutions that meet their criteria rate highest on each index, but also see whether the institutions as a group fare well

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[2] See for example, The Education Trust, "Intentionally Successful: Improving Minority Student College Graduation Rates," July 2013. Available at www.edtrust.org/sites/edtrust.org/files/Intentionally_Successful.pdf.

or poorly compared to others. For example, an open-access public four-year institution may be placed in the high end of the comparison range for all three indices when compared only to other open-access institutions, but place in the low end on one or more of the indices compared to other four-year colleges.

Similarly, allowing consumers to select and compare specific institutions to each other could be a powerful feature, so long as it does not serve to normalize poor performance. For example, a student considering three specific colleges should be able to see which rates highest among them on each of the indices, but should also see how the three selected colleges compare to other colleges.

Recognizing Colleges Serving Low-Income Students with Distinction

In addition to rating colleges on the three indices described above, we recommend recognizing institutions that are not only supporting their Pell Grant recipients well compared to other institutions, but also doing so while enrolling a higher than average proportion of such students. For example, one school may do a good job of graduating lower income students, but such students may only comprise one percent of the student body, while another school may achieve similar outcomes while enrolling a much higher proportion of low-income students. This difference is important to recognize without altering the institution's rating on the 'student support' index, which remains an accurate reflection of the experience of the low-income students who attend that school. This distinction could take a binary form such that an institution attains or does not attain a particular level of distinction (manifested by a seal or a star), or it could take the form of multiple ranked categories such as bronze, silver, or gold levels of distinction.

Displaying College Ratings: External Models and Consumer Testing

There is a wide array of ratings systems designed to provide consumer-friendly information on multiple aspects of complex products and services. Although none of the examples discussed below comes close to capturing the complexity and importance of the decision about whether and where to go to college, each has useful features that may be helpful to consider. We strongly recommend that all elements of the ratings system be consumer tested to ensure that information is presented in the most effective way, including for low-income and first-generation students.

Common Sense Media (http://www.commonsensemedia.org/) is a free resource that produces independent reviews and ratings of media for children of all ages, including games, apps, television, movies, and more. Their ratings provide helpful examples of ways to distill complex information, in this case about media and child development, into informative but digestible components, which vary depending on the type of product being rated. Additionally, users can click on various elements and see how the rating is determined in each case, so that any given user can focus more deeply on the questions that are most important to them. Below are five examples of how Common Sense Media has constructed and displayed various ratings (the website provides the full interactive experience). While we are not recommending these as specific approaches, we offer them as examples of different ways to visualize complex information.

● ON: Content is age-appropriate for kids this age.

● PAUSE: Know your child; some content may not be right for some kids.

● OFF: Not age-appropriate for kids this age.

● NOT FOR KIDS: Not appropriate for kids any age.

Positive messages	●●●○○	Language	○○○○○
Positive role models	●●●○○	Consumerism	●○○○○
Ease of play	●●●●○	Privacy & safety	○○○○○
Violence & scariness	●○○○○		

Expand to see more details

●●●●● **Best**: Really engaging, excellent learning approach.
●●●●○ **Very Good**: Engaging, very good learning approach.
●●●○○ **Good**: Pretty engaging, good learning approach.
●●○○○ **Fair**: Somewhat engaging, OK learning approach.
●○○○○ **Not for Learning**: Not recommended for learning.
○○○○○ **Not for Kids**: Not age-appropriate for kids; not recommended for learning.

★★★★★ The best!

★★★★☆ Really good

★★★☆☆ Just fine

★★☆☆☆ Disappointing

★☆☆☆☆ Don't bother

Hipmunk (http://www.hipmunk.com/) is another free online tool that excels in presenting multivariate comparisons filtered by user-selected criteria. This travel-oriented site has created an 'Agony' index for flights that gives an overall indication of how a particular flight compares when you combine multiple criteria (price, length, and layovers).

Zappos (http://www.zappos.com/) is an online clothing and shoe store that stands out for the ease with which a consumer can select and adjust criteria (which always stay visible) to narrow down the universe of products that are most likely to be of interest to them. Go online to see full list of criteria to choose from on the left-hand side.

Consumer Reports (http://www.consumerreports.org/cro/index.htm) is a subscription review and ratings service for a wide range of products, from cars to coffee makers. It also serves as a good model for providing objective information in comparative context. In the screenshot below, you can clearly see an array of similar products and quickly deduce that some are priced high but perform poorly based on an overall composite score, and also see a general indicator of performance for several key features.

Improving College Ratings: Better Data

The Department can and should move forward with a ratings system now, but there is no doubt that having better data would help make it more robust and useful. Our top recommendations of data to collect and use in the rating system are listed below. A national student unit record system would facilitate the calculation of much of these data, likely with less burden on institutions than collecting each of the data points individually.

- *Adopt common identifiers for colleges across all data sets:* The Department should finish and publish the previously announced crosswalk and mapping tool for integrating IPEDS and FSA data, as well as provide additional tools to help data users merge data from IPEDS, FSA, OPE (and other federal data on colleges such as DoD/VA). The Department should also work toward adoption of common identifiers and common rules for adding/changing/deleting identifiers. Currently, some financial aid data such as Cohort Default Rates (CDR) are reported using different identifiers and, in many cases, different groupings of campuses within each institution, which hampers the ability of consumers and researchers to find relevant information about a particular college, and can actually result in misleading information.

- *Improve graduation rate data:* Augment current graduation rate data with expanded data that will be collected on the Outcome Measures component of IPEDS starting in 2015-16. These data are expected to include more comprehensive graduation and transfer rate data for students within 6 years and within 8 years of enrollment at degree-granting institutions. These data will be reported separately for four student cohorts:
  - Full-time, first-time students
  - Part-time, first-time students
  - Full-time, non-first-time students
  - Part-time, non-first-time students

- *Collect graduation rate for Pell Grant recipients:* Collect these data for first-time, full-time (FTFT) cohorts in IPEDS immediately, which will add no additional burden to colleges since it is already a required disclosure. This sub-cohort should be added to the expanded cohorts listed above as well.

- *Collect cumulative debt at graduation:* Add cumulative student loan debt at graduation questions to IPEDS immediately (for both federal and private loans, and for bachelor's degree, associate's degree, and undergraduate certificate completers). The Department could eventually drop the federal loan questions if and when better data are available from NSLDS. (See discussion under "Metrics for Rating Affordability" above.)

- *Collect net price by living status:* Add total dollars of grants to FTFTs (in-state/in-district for public colleges) for each living status ("on campus" vs. "off-campus" vs. "off campus with family") to the IPEDS net price section. Currently, net price data are based on a combination of students in each living status. Since students may be weighing the options for where to live as they decide where to go to college and how to pay for it, having net price data disaggregated by living status would help inform their decision-making. Further, different colleges have very different mixes of students by living status, which affects the overall net price figures reported. Disaggregating net price by living status would allow for better apples-to-apples comparisons of the actual cost of attending different colleges, given your choice of where to live.

- *Calculate and publish the number of federal loan borrowers by college.* The Department should publish the unduplicated number of federal loan borrowers by college, as opposed to borrower counts for subsidized and unsubsidized loans separately. Borrower counts reported by institutions to IPEDS are unduplicated, but they only include undergraduates. Better borrower counts would facilitate a more precise calculation of colleges' borrowing rates for all students, to be used as part of colleges' SDRI calculations.

- *Collect more comprehensive private loan data:* In addition to collecting cumulative debt at graduation data that include both federal and private loans as discussed above, use IPEDS to collect annual data for all undergraduates (number with loans, average amount per borrower) for all student loans, *and* data on private (non-federal) student loans, in addition to existing data on federal student loans. Additionally, add all private (non-federal) loans to NSLDS or an equivalent system so consumers can see all student loans in one place and to provide policymakers with data on private loan usage by school.

Thank you for providing the opportunity to provide these comments. Please feel free to contact Jessica Thompson at jthompson@ticas.org or 202-223-6060 if you have questions or would like further details about any of the recommendations included here.

Sincerely,

Lauren Asher
President