January 31, 2014

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Postsecondary Institution Ratings Response

U.S. Department of Education
Richard Reeves
Program Director, Administrative Data Division: Postsecondary Branch, NCES
Institute of Education Sciences, National Center for Education Statistics

Dear Mr. Reeves,

Thank you for the opportunity to provide comments on the proposed Postsecondary Institution Ratings Systems (PIRS) through this request for information (RFI). The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization that represents nearly 20,000 financial aid professionals at approximately 3,000 colleges, universities, and career schools across the country. NASFAA member institutions serve ninety percent of all Federal Student Aid recipients. Our members work with students and institutional financial aid and enrollment data on a daily basis and are well positioned to provide feedback on this proposal.

We appreciate the Administration's long-standing commitment to improve college access, affordability and transparency for students and families and we agree that consumer information should be helpful, relevant, and easy to understand. As the Administration moves forward with ratings system, we share the following concerns as they pertain to data. These concerns were compiled from institutional researchers from various financial aid offices throughout the country. At a high level, these concerns are related to:

- Limitations of current postsecondary data
- Selection of peer institutions
- Continued focus on new consumer information initiatives without proper consumer testing

We hope the following feedback will contribute to your deliberations and decisions about the development of the ratings system. We look forward to continuing to work with you on these initiatives.

Sincerely,

Justin Draeger
President

Opening Doors of Educational Opportunity

Introduction

The National Association of Student Financial Aid Administrators (NASFAA) appreciates the opportunity to comment on the Department of Education's (ED) request for information (RFI) regarding the development of President Obama's proposed Postsecondary Institution Ratings System (PIRS).

In order to accurately and adequately respond to this RFI, NASFAA convened a discussion group of institutional researchers who work primarily in the financial aid office and financial aid administrators to discuss the ratings proposal. All members of the discussion group come from college campuses and therefore brought a strong understanding of institutional data, the unique nuances of financial aid data, and institutional behavior.

This document contains a compilation of the discussion group's feedback and is broken down into the following categories:

- Current Data and Limitations
- Suggestions for Addressing Data Limitations
- Importance of Input Adjusted Metrics
- Feasibility of "Mission" as a Peer Group Identifier
- Importance of Consumer Testing

Current Data and Limitations

General outcome metrics that currently exist are degrees conferred, one-year retention rates, and graduation rates. They are all available via the Integrated Post-secondary Education Data System (IPEDS). In addition, IPEDS also includes the following information:

- 4 year/6 year graduation rates, by expected family contribution (EFC) or income range
- 4 year/6 year graduation rates, by federal student loan status
- 4 year/6 year graduation rates, by Pell status
- Net price, by income range
- Net price, by Pell status
- Percent of students who borrowed in graduating cohort

Importantly, the most frequently used of these data, retention and graduation-rate information, are tied specifically to only first-time, full-time degree-seeking students. This represents a significant limitation of our current federal postsecondary data. The growth of non-traditional students (e.g. part-time/transfer) suggests that a large portion of current students is not being captured in the above IPEDS data collection. This becomes particularly problematic when considering a change to public policy (such as PIRS) based on these data. Barring the (remarkable) instance wherein a school has zero transfer

students and zero part-time students, these data represent only a partial snapshot of how students at any given institution are behaving.

As a result, the data as they currently exist are inappropriate for both consumer information and accountability purposes. If used in the PIRS, these metrics will likely unduly penalize institutions that have high numbers of nontraditional students. Related, not all students who attend postsecondary education do so with the intent of attaining a degree; while those students may successfully complete desired coursework, they will not represent a "success" under current measures unless they actually graduate. We urge ED to consider these serious data limitations, and recognize the potential for this data to be inaccurate, incomplete, and unhelpful to students.

The group also discussed how current metrics could potentially overlap to better meet the needs of consumers. Perhaps, conceptually, data could be systematically identified and organized within the table below *(Note: this table is for illustrative purposes only, and not to be considered exhaustive).* For example, 4-year and 6-year graduation rates could be placed under Performance*Outcomes, Consumer Information*Outcomes, and Accountability*Outcomes, but would not be considered as an identifier of affordability. Such an approach would facilitate the identification of targeted, relevant information to the consumer, by allowing them to focus only on the metrics that relate directly to their area of interest.

Table 1:

Metric Type	Administrative Focus		
	Access	Affordability	Outcomes
Performance	Sample metric Sample metric, etc.	Sample metric Sample metric, etc.	Sample metric Sample metric, etc.
Consumer Information	Sample metric Sample metric, etc.	Sample metric Sample metric, etc.	Sample metric Sample metric, etc.
Accountability	Sample metric Sample metric, etc.	Sample metric Sample metric, etc.	Sample metric Sample metric, etc.

Suggestions for Addressing Data Limitations

To compensate for lack of quality federal data, the government could consider coordination with the National Student Clearinghouse on college completion data. This would allow the government to identify graduation rates among entering cohorts of students that include students who have transferred out but still complete the degree in a timely fashion. Identifying the difference between

transfer-out and dropout behavior is an important component of a college's effectiveness. However, currently there is no system at the federal level to support such collection of information from all the Title-IV institutions.

The discussion surrounding data limitations have also re-opened conversations about the potential need for a student unit record data system. Prior to the release of a ratings system would be the most appropriate time to revisit this issue and thoughtfully discuss the pros and cons of moving to a unit record system.

Importance of Input-Adjusted Metrics
NASFAA's discussion group discussed the importance of grouping institutions by their predicted outcomes based on institutional and entering student characteristics. This would allow institutions to be judged relative to the demographic of students they serve, commonly referred to as an "input-adjusted" metric or evaluation. Predicting outcomes based on institutional and entering student characteristics would offer a more targeted classification than simply grouping institutions by sector or even Carnegie Classification. For example, we recognize that even two separate 4-year public institutions in the same region may serve very different student populations. Adjusting metrics to clearly defined student cohorts and predicted outcomes will allow for institutions to be rated on relative rather than standardized success.

A strong example of an input-adjusted metric is the use of a predicted graduation rate. Could a calculation be done using student demographic information (e.g., socioeconomic status, race) to determine the institution's predicted graduation rate? The predicted rate could serve as that school's expected benchmark and they would be evaluated based on how close their actual graduation rate is to their predicted rate. As with most input-adjusted metrics, this would still incentivize schools to improve rates, but would not unfairly penalize them through unrealistic comparisons or inadvertently incentivize them to simply stop admitting at-risk students. To provide another example, one that mirrors the Washington Monthly report, PIRS could use data to identify persistence as a function of incoming academic quality data, socioeconomic status data, race/ethnicity data, endowment per student, net price data, and institution type. Such data may be available through the National Student Loan Clearinghouse.

The group also suggested that the federal government consider establishing metrics whereby institutions would be rated on a set of common input-adjusted metrics, but then have flexibility to select from another set of metrics to highlight their unique students and institutional missions. Consider the following example: Let's say there are 50 possible metrics upon which an institution could be rated. The government would select 10 appropriate "common" metrics across the board for all institutions that generally address access, affordability, and outcomes. However, institutions would also have the flexibility to pull another 5 metrics from the remaining 40 metrics that it considers to best reflect the institution and its students. This could provide valuable context to the standardized ratings done by the

federal government.

From an implementation standpoint, much of the data that could be used for input-adjusted metrics can be found through federal sources outside of IPEDS, including NSLDS, FSA, CPS, and IRS. To bolster what already exists, information on socioeconomic status of students (e.g., number Pell eligible, number in expected family contribution bands, number receiving need based aid) along with additional high school preparation metrics (average high school GPA, average number of AP courses, average years of math, average years of lab science) could be added to the existing IPEDS collection to create predictive outcome metrics from the entry variables and institutional characteristics. Additional institutional burden must be strongly considered with such a move.

Finally, the federal government should make use of the information it already has available. For example, the government already collects income information through the Social Security Administration. With that data, for example, ED could potentially do both an initial and a long-term return on investment (ROI) analysis for students. There is room for inter-agency collaboration on the data front, and we urge ED to work with other agencies to make the most effective use of existing data.

Feasibility of "Mission" as a Peer Group Identifier
Missions vary greatly among institutions, even within sector, and finding a way to incorporate mission to the ratings will be a challenging task. While mission may ultimately be one factor used to compare institutions, it will be critical for the PIRS to establish *several* controls to group institutions or provide prediction of outcomes based on apples-to-apples institutional and student characteristics.

As an example, PIRS could use institutional mission as the first-level analysis and then move down to types of programs offered, followed by student-related characteristics. The first-level could look at mission statement, coded for themes, such as: sector; special-population serving institutions like Historically Black Colleges and Universities (HBCUs), Hispanic-Serving Institutions (HSIs), Tribal Colleges and Universities (TCUs); urban or rural; regional location; or Carnegie Classification. The next layer down could be program level, looking specifically at: degrees by major; program length; remedial courses; non-credit courses; endowment per student; tuition; financial aid; and selectivity. Student background could then be considered through the examination of academic preparation; need for remediation; socio-economic status; age; aspirations or intent for going to college; part-time status; Pell Grant receipt; and dependency status.

Importance of Consumer Testing
Finally, and arguably most importantly, there needs to be a close examination, through consumer testing, of what type of information students and families find most helpful, relevant, and timely. Any new proposal for consumer information will be an exercise in futility without statistically sound, quantitative and qualitative data that shows what information students and families really require to make informed choices. For example, last year, NASFAA conducted consumer testing on financial aid

award letters, and after interviewing students and families, found that they preferred very specific information on an award letter that is not included on ED's Shopping Sheet.

While those findings are related to award letters, we believe that model is transferable to other forms of consumer information. We have repeatedly, and unsuccessfully, urged ED to conduct (and offered to partner) detailed consumer testing on recent initiatives such as the College Scorecard, Shopping Sheet, and College Cost Comparison Worksheet before making them public. With this effort, we encourage ED to involve students and families early on to ensure that information is relevant and useful.

Conclusion
We are confident that the Department of Education will take every precaution when creating a metric system that will apply to a diverse set of institutions that operate under varying missions. Again, we are pleased to provide these comments for consideration and acknowledge the federal government's effort to improve the college-going process for future students and parents.