

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

Dear Mr. Reeves,

With this letter, the higher education associations listed below wish to respond to the call for comment issued by the Department of Education on the plan to rate colleges and universities during its development period. We also strongly urge the department to open a public comment period after it has formalized a ratings plan and before such an instrument is fully adopted.

The August announcement of President Obama's "Plan to Make College More Affordable: A Better Bargain for the Middle Class," and his instruction to the department to develop a rating system to help students and parents select a suitable college has touched off a robust discussion within the higher education community, and many ACE members and colleague association have commented individually already on the plan.

For the past five months, we have conducted extensive discussions with our member institutions to solicit their advice about the desirability and efficacy of such a system and to identify the central considerations of any potential federal rating system. As part of this process, we have also have spoken at length with leading higher education researchers and policy analysts about the development and implementation of such a plan. We wish to be clear that as associations representing diverse higher education institutions, we do not support a rating system. However, because the department is gathering input on the construction of such a system, we consider it important to share the results of our conversations about its potential key elements.

Our discussions started with a clear understanding that many Americans are deeply concerned about their ability to finance a high-quality postsecondary education for themselves or their children. Almost every college and university has already taken steps—such as freezing tuition, increasing need-based student aid, outsourcing services, reducing the time-to-degree, expanding the use of technology to deliver instruction and student services, implementing articulation agreements, and rethinking the use of online courses—to mitigate rising prices. We are pleased that several of the initiatives included in the president's plan—like the First in The World Fund and ensuring affordable student loan repayment options for all borrowers—will encourage such efforts.

We are especially pleased that the president recognizes the very central role that state governments must play in keeping college affordable. For the last 25 years, public universities have seen a steady decline in state funding. In 2013, public colleges in 48 of the 50 states had lower levels of state support than they did before the Great Recession and were, simultaneously, educating more students. In many cases, state governments explicitly cut operating support for public institutions and increased tuition to make up the revenue shortfall. Between FY09 and FY14, state support for institutions of higher education dropped by 4.1 percent nationally, and as much as 21.8 percent (Nevada), 33.3 percent (Arizona) and 34.4 percent (Louisiana). The profound cutbacks in state aid have also taken a toll on aid available to students attending private colleges and universities, and undermine the significant role played by these institutions in the education of state residents.

However, the centerpiece of the President's plan—the Postsecondary Institutions Rating System (PIRS) —is a topic of considerable controversy and concern. Many question whether rating colleges is an appropriate role for the federal government to play, and most believe it is nearly impossible for the federal government to do such a thing with any degree of reliability or validity. Throughout the extensive network of campus officials and research specialists with whom we have consulted, there is unanimous agreement that any tool designed to be useful to students and parents in their college search should be grounded in reliable and valid data, and presented with the appropriate context to accurately reflect institutional performance. Lacking such information, distorted results are inevitable and students and institutions will be harmed.

One central concern is that any federal rating system which evaluates colleges and universities based on a few quantifiable indicators will, in essence, treat all higher education institutions as if they were doing the same thing and educating identical student populations. The great diversity of institutional missions is widely and properly regarded as one of the great strengths of American higher education. But this diversity—illustrated by the different missions of music conservatories, Talmudic schools, community colleges, Christian colleges and research universities—makes it exceptionally difficult to construct a single rating system as a proxy for “value” that will work equally well for all schools. Many college and university leaders are skeptical that a single indicator can fairly sum up any institution without further narrative information and interpretation.

In addition, we heard a great sense of frustration expressed that the ratings will exacerbate the biased view of higher education as a private good, a commodity, rather than something that benefits society as a whole. On any measure of social wellness that demographers can devise, college graduates are better off than those who did not pursue postsecondary education. In some cases, there will be clear benefits that accrue to the individual who receives them—such as greater career satisfaction and better health. In other cases the benefits will return to the public in important and desirable ways—such as increased civic participation, contributions to the growth and stability of the middle class, and bolstering the national economy, while making fewer demands on the public purse. In none of these cases are these benefits easily quantifiable and it is therefore difficult to account for them in a rating system.

Finally, any rating system, regardless of who develops it, has the potential to create perverse incentives that will skew student and institutional behaviors. To cite but one example, a heavy

reliance on graduation rates could all too easily undermine access by reducing the willingness of institutions to admit students with marginal qualifications.

In addition to these broader concerns, our discussions with campus officials identified a number of more specific concerns with a potential federal rating system. While we plan to elaborate on these overarching concerns in our ongoing discussions with our department colleagues, we would like to take this opportunity to share some of the feedback we have gathered in regard to practical considerations in the development of the PIRS.

First, the stated reason for developing a rating system is to provide potential students with information about the “value” and “affordability” of each and every institution. It is critically important that the Department of Education define these terms clearly and specifically before implementing a rating system since the definition will determine which schools receive high (and low) ratings.

At present, at least five magazine publishers rate colleges and universities by “value.” But the results differ considerably. *Forbes* ranks the US Military Academy as the best value; *Kiplinger* picks University of North Carolina at Chapel Hill (UNC) as the best public value and Yale University as the best private value; *Princeton Review* chooses UNC as the best value for a public university and Williams College for the best private college value; *US News* selects Harvard as the best national university for value, Amherst College for the best liberal arts college for value, and eight others based on region; and the *Washington Monthly* identifies Amherst as the best value. So while many of the magazines already include multiple categories when picking best values, only one institution appears on all five’s top tier value lists: UNC. An institution that will be free to attend until this fall—Cooper Union—only appears on two of these lists.

The different results are entirely attributable to differing definitions of “value.” To *Forbes*, value is the result of student satisfaction, post-graduation success, student debt, graduation rate, and nationally competitive awards. However, *US News* sees “value” as a function of the ratio- between quality (defined as reputation, retention, faculty resources, selectivity, financial resources, graduation rate, and alumni giving) and net price, as well as need-based aid and average discount. The only data point they have in common is graduation rate, so it is little wonder that they reach very different conclusions.

Second, there are widespread concerns about the accuracy of the data that the federal government has available to build a rating system. Several of the data points that the Department is likely to include in a rating system—such as retention and graduation rates, default rates and earnings data—are flawed. The Department of Education’s retention and graduation rates, for example, count as a dropout any student who transfers from one institution to another, regardless of whether they complete their education at another institution. This means that many students are counted as a dropout by the institution where they began their education, even though they went on to graduate elsewhere. Default rates are generally accurate where a significant percentage of students borrow, but for schools where few students borrow, they provide a very misleading impression. For example, in FY 2011, one California community college with 12,500 students had, according to the

Department of Education, a default rate of 33.3 percent. However, this college only had three borrowers, one of whom defaulted. Finally, any earnings data available to the Department of Education will be based on just those students who received financial aid, who may not be representative of the earnings of all students who attended the institution.

In addition to the inherent limitation of the data noted above, the Department of Education does not have complete information for many schools. For example, of the nation's 4,900 degree-granting institutions currently listed on the White House College Scorecard, nearly 500 do not show a graduation rate and nearly 400 lack a retention rate. It is not clear why this information is missing, but the absence of this data will greatly complicate the effort to develop meaningful and accurate ratings.

Third, there is widespread concern about the process that the Department will use to select "peer groups." While we strongly support the intention to compare colleges and universities against similar institutions, there is absolutely no agreement on how to construct such groups. To cite one example, Berklee College of Music, the Franklin W. Olin College of Engineering and Hampshire College are, at one level, comparable institutions: they are four-year private, not-for-profit colleges located in Massachusetts. But they have fundamentally different missions.

Similarly, community colleges in Florida and California are, in many ways, like community colleges in New Hampshire and Vermont. But the former have very low tuitions because of comparatively generous state support while the latter have substantially higher tuition because they lack the same level of state aid. Putting these institutions into the same peer group for purposes of rating them on "value" and "affordability" will clearly disadvantage the New Hampshire and Vermont colleges for something out of their control.

Beyond the many questions and technical challenges that surround the development and implementation of a proposed rating system, rating colleges and universities is a significant expansion of the federal role in higher education and breaks new ground for the department. Moreover, it is extremely important to note that a federal rating system will carry considerably more weight and authority than those done by others. Given the significant implications of this effort for schools, we believe the department should publish its intended formula (or formulas) and proposed peer groupings and invite comments and suggestions on them before it actually assigns ratings. We believe such a step will provide very useful insights and information as this process continues.

As the department is aware, several higher education organizations have been involved in their own efforts to develop and share information about the educational experience on individual campuses and in some cases, efforts to improve the undergraduate student learning experience. The efforts include the Voluntary Framework for Accountability by the American Association of Community Colleges; the Student Achievement Measure project managed by the Association of Public and Land-grant Universities (APLU); the Voluntary System of Accountability operated by APLU and the American Association of State Colleges and Universities; the Association of American Universities' recent survey of undergraduate student educational objectives and assessment; the University & College Accountability Network initiative designed and implemented by the National Association of

Independent Colleges and Universities; the National Survey of Student Engagement, headquartered at Indiana University's Center for Postsecondary Research and Planning; the Center for Community College Student Engagement, within the Community College Leadership Program at the University of Texas, Austin; and the Collegiate Learning Assessment, developed by the Council for Aid to Education. While the focus of these instruments differs, their creation required the organizations that developed them to wrestle with the same issues of data quality and availability among a diverse set of institutions that the Department is currently facing. All of the associations involved in this effort would be happy to share detailed information about their process and the challenges that they faced.

Thank you again for the chance to offer our views on this important issue.

Sincerely,



Molly Corbett Broad  
President

MCB/lw

On behalf of:

American Association of Colleges for Teacher Education  
American Association of Colleges of Osteopathic Medicine  
American Association of Collegiate Registrars and Admissions Officers  
American Association of Community Colleges  
American College Personnel Association  
American Council on Education  
American Dental Education Association  
American Physical Plant Administrators  
Association of American Medical Colleges  
Association of American Universities  
Association of Community College Trustees  
Association of Governing Boards of Universities and Colleges  
Association of American Colleges and Universities  
Association of Jesuit Colleges and Universities  
Association of Research Libraries  
College and University Professional Association for Human Resources  
Council for Higher Education Accreditation  
Council of Independent Colleges  
EDUCAUSE

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Hispanic Association of Colleges and Universities

National Association for Equal Opportunity in Higher Education

National Association of Student Financial Aid Administrators

Thurgood Marshall College Fund

UNCF