ASSOCIATION OF PUBLIC AND LAND-GRANT UNIVERSITIES

February 12, 2015

The Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

Dear Secretary Duncan:

On behalf of the Association of Public and Land-grant Universities, a research, policy, and advocacy organization representing 220 public research universities, land-grant institutions, and state university systems in the U.S., I write in response to the Department's request for public comment on the New System of College Ratings Framework, which was released on December 19, 2014.

Public universities, by their mission and nature, share the administration's goal of improved transparency and accountability. Students and their families, policymakers, the general public, as well as college and university leaders would benefit from having better and more accurate information on higher education outcomes. Further, a stronger Title IV eligibility process would help protect student tuition dollars and taxpayer funding from going to schools that do a poor job of educating and preparing students for life after college while burdening them with significant amounts of debt.

However, there are fundamental and significant technical challenges associated with the development of a federal ratings system. While we were pleased that the ratings framework released in December 2014 mentioned the Department's willingness to consider the Student Achievement Measure (SAM) in future iterations as a progress and completion metric (and we believe that SAM should be included now as an optional metric on the College Scorecard), there is still significant uncertainty about the definitions, data sources, and validity of many of the other metrics proposed for use. Further, it appears that the Department has not yet devised an appropriate means to fairly compare institutions. Given the impending deadline for the rollout and insufficient quality of data, a federal ratings system would produce misleading information and ultimately could incentivize the distortion of institutional priorities.

We believe that the Department would be well-served to shift its focus away from ratings and toward efforts that would truly increase transparency and revitalize the Title IV institutional eligibility process. As APLU offered in our communications with the Department over the last year, we suggest a simpler and more practical approach, which would achieve many of the goals you and the president seek to accomplish. We detail our newly revised proposal in the attachment, "*The Association of Public and Land-grant Universities' College Transparency and Accountability Plan: An Effective Alternative to a Postsecondary Institution Rating System.*"

Again, I want to reiterate our support for the underlying goals and our appreciation for the administration's willingness to work with the higher education community. I hope you will strongly consider our proposal to move toward our shared vision of improving transparency, accountability and student success in higher education.

Sincerely,

Peter McPherson
President, Association of Public and Land-grant Universities

The Association of Public and Land-grant Universities' College Transparency and Accountability Plan

An Effective Alternative to a Postsecondary Institution Rating System

Overview

The Obama administration is rightfully committed to improving the transparency of post-secondary education institutions and assuring the effective use of federal financial aid dollars. Public universities by their mission and nature share the administration's goals of increased transparency and accountability and believe some important reforms are needed. However, the Association of Public and Land-grant Universities (APLU) is concerned with the complexities of the suggested ratings system framework and the practical challenges of implementing it.

APLU believes the focus on ratings detracts from what could be a worthwhile and much-needed opportunity to improve transparency and fix a broken Title IV institutional eligibility process. Therefore, APLU offers an alternative approach to achieve the administration's core objectives without a rating system - the APLU College Transparency and Accountability Plan. This document describes the APLU plan, originally submitted to the Department of Education in January 2014 during the initial comment period on the proposed rating system, and since updated to take into consideration changing circumstances, member input, and new knowledge gained during the past year.

The administration's ratings framework, released in December 2014, includes positive changes to its initial proposal of more than a year ago. For example, the new framework acknowledges the important role the Student Achievement Measure (SAM) could play and offers an improved method of reporting the employment level of graduates.

The administration proposal still leaves many unanswered questions, but implies the use of a complex system that would rate institutions using a number of metrics – some of which are untested or lack a suitably comprehensive data source. Particularly problematic is the use of average net price as one of the metrics, due to the fact that state appropriations play a dominant role in net tuition levels for public institutions. It would be unfair to rate public institutions -- and potentially reduce the level of federal funding available to students -- based on factors largely outside the institution's control.

APLU believes the interests of students should be at the center of higher education improvement and reform, which is why the association supports the concept of increased transparency and accountability at the core of the president's proposal. The goals of reform should be to provide

better information as well as a more effective and fair evaluation and judgment of institutional performance. Students, families, and policymakers should have understandable, accurate information on colleges and universities' outcomes and costs. Institutions' access to federal financial aid should be based on their performance in order to protect students and ensure their tuition dollars -- as well as taxpayer funding -- are well spent. There should be consequences for the very bad performers and rewards for excellent ones.

Before detailing the APLU College Transparency and Accountability Plan, it's important to note that this proposal focuses largely on undergraduate education at four-year institutions. It is essential to recognize that public universities have a range of important contributions in addition to undergraduate education such as graduate education, the creation of knowledge through research, and engagement in regional, state, national and global communities. These complex and interdependent missions are both the excitement and challenge of public universities.

APLU's College Transparency & Accountability Plan

APLU's College Transparency & Accountability Plan provides an effective approach to achieve the goals of transparency and accountability through two key distinct recommendations that avoid the use of ratings. Both recommendations require improvements in the coverage and quality of the data sources that would serve as their foundation. The development of a narrowly defined unit record system with appropriate privacy and security safeguards is particularly important for an accurate representation of progress/completion rates and post-collegiate outcomes. The two recommendations are:

I. Public reporting of a limited set of key measures for undergraduate education using more complete and accurate data in a manner that offers widespread access to students, families, policymakers, and the general public. The information provided should support decision-making and focus on access, affordability, progress/completion, and post-collegiate outcomes. Better data will also help faculty and staff at institutions make more informed decisions about ways to improve educational outcomes.

II. A more robust institutional accountability system that fairly evaluates institutional performance for the allocation of Title IV funding to better protect student and taxpayer expenditures. Such a process should include a limited set of meaningful outcomes, adjusted for the college readiness of the student population served.

Improving Transparency

Accurate and relevant information regarding undergraduate education should be made widely available so that students, their families and the public can make individual judgments on institutions based on their own priorities rather than those of the federal government. The administration's College Scorecard is a reasonable medium for presenting the data in a straightforward, understandable manner - although the source data for the Scorecard must be

improved to be relevant and beneficial to students and families. The number of core, required data elements should be small, with the possibility of links to additional contextual information on institutions' websites or other sources (e.g., the Voluntary System of Accountability's College Portrait).

Considerable effort must also be made to ensure such information reaches students. The administration could explore requiring institutions that receive federal aid to post a link to the transparency information on their university websites. Other possibilities for increasing awareness of such data could be partnering with high schools, college access organizations or social media campaigns.

We suggest that a limited number of measures be used, including the following. (Further examination and discussion is needed to determine the final set of metrics, i.e., how to best include measures of access and success for underrepresented and disadvantaged students.)

- *Student progress and completion rates*: In lieu of the current graduation rates reported on the College Scorecard, institutions should have the option to utilize their Student Achievement Measure (SAM) outcomes. SAM offers a more realistic picture of student progress and completion by including transfer students, part-time students, full-time students, and the outcomes of students who enroll in multiple institutions. The Department of Education acknowledged the value of a SAM-like metric in its proposed rating framework.
- *Median net price by income level*: The out-of-pocket costs to attend a college or university vary greatly among students from different financial backgrounds. Providing an estimate by income would be particularly useful for students from low-income and disadvantaged backgrounds.
- *Post-collegiate employment and other outcomes*: The employment rate of former students at appropriate time intervals (e.g., five or ten years) is useful information for students and their families. Employment rates should be supplemented with student enrollment in graduate and professional programs as well as military service. APLU would also support a measure of the proportion of students whose wages are above an income floor, but not a simplistic calculation of average earnings directly out of college that could steer institutions away from offering programs in professions that don't typically pay well.
- *Loan repayment rates*: Metrics that measure student repayment of federal loan debt can be helpful in assessing whether an institution is successfully preparing students for their future careers and lives without undue debt burden. The cohort default rate that the Department of Education currently reports is too easily gamed and of decreasing value to consumers as an indicator given the rise of income-driven repayment options.

Increasing Accountability

The broken Title IV institutional eligibility system must be fixed to protect students and taxpayers from committing money to institutions that don't do right by their students. Institutions that are chronic very poor performers and burden students with debt without improving their career and life prospects should be identified and subject to greater scrutiny and the possibility of sanctions that could include the loss of access to federal financial aid.

The following accountability measures are recommended when determining institutional eligibility for Title IV resources. As with the transparency measures, further examination and discussion is needed to determine the exact metrics and appropriate data sources – particularly as Title IV funding includes aid to graduate and professional students as well as undergraduates. The disaggregation of data or additional metrics may be required to ensure that appropriate comparisons and judgments are made.

- *Student progress and completion rates:* The rates used to judge the educational success of an institution's students should be comprehensive and include the outcomes of transfer students, part-time students, full-time students, and students who enroll in multiple institutions, such as their SAM outcomes.
- *Post-collegiate employment and other outcomes:* Employment rates, enrollment in an advanced level of education, and military service are indicators of the quality of the education provided by an institution. While we oppose the use of median or average earnings reported immediately after graduation, APLU would support a measure to indicate whether student wages are at least above an income floor as the administration proposed in its ratings framework.
- *Loan repayment rates:* The new income-driven payment options make repayment rates a key component of a robust accountability system. In addition to examining whether or not a student is making timely payments, there should be further exploration of methods that analyze the amount of federal loan debt to determine if institutions are burdening students with too much debt that is unlikely to be fully paid off. The appropriate consideration of student debt and repayment for both undergraduate and graduate students will be necessary.

Given the diversity of students enrolled in postsecondary education, institutional outcomes cannot be evaluated without taking into consideration the level of preparation and entering characteristics of an institution's student body. In order to fairly compare all institutions, APLU recommends the creation of a student readiness adjustment, which would account for varying factors of an institution's student body. Such an adjustment method would enable policymakers to judge institutions on a more equal playing field.

After adjusting for student readiness, very low performing institutions would be subjected to closer scrutiny and the possibility of sanctions that could result in partial or full withdrawal of future Title IV funds. (Note that the current "all or nothing" eligibility determination process appears to be part of the reason that very few institutions are currently penalized.) Any sanctions would need to be carefully constructed to minimize any negative impact on current and future students – for example an institution could be required to cover the loss of Title IV funding.

The same process outlined above could be used to identify institutions performing much better than expected with their underrepresented or disadvantaged students (e.g., Pell grant recipients) for recognition or reward - such as additional dollars to further support the success of such students.

With this approach to accountability, APLU believes that the federal government would be able to much more effectively ensure students and their families are well-informed about institutions and are protected – along with taxpayers – from very poor performing schools.

###