



February 17, 2015

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

RE: Comments on Draft College Ratings Framework

Dear Secretary Duncan:

On behalf of the American Association of Community Colleges (AACC), I am writing to provide comments on the U.S. Department of Education's December 19 draft college ratings framework. AACC represents the largest sector in higher education, with more than 1,100 community colleges, and their students.

AACC opposes the proposed federal college ratings system. The system will inevitably carry with it implicit and explicit judgments about the appropriate goals, purposes, and functions of institutions of higher education, and the national government should not be undertaking this role. The federal scheme will of necessity use broad performance categories to rate institutions that will lead inevitably to them being misrepresented. The media's fascination with any sort of number or evaluation, no matter how superficial, is a given. Furthermore, the currently available data do not permit the system as outlined by the U.S. Department of Education (ED) to function effectively on its own terms, even if it were a sound proposition.

The utility of a ratings system to community college students is deeply compromised by the fact that most of them are place-bound and choose to attend their local community college simply because it is their local community college, and, as such, a known and trusted entity. If prospective community college students do in fact make choices between or among institutions, they are as, or more, likely to choose among colleges in their local area, not other community colleges.

The federal government does have an indispensable role in providing clear and relevant information both to consumers and policymakers. And, collectively, the Executive Branch and Congress have made progress in this area. However, it remains deeply disturbing that, for example, the Department of Education is not able to report to prospective students how likely they are to graduate from college when they enter a given institution, or what their earnings might be when they complete a particular program. Presenting this information to the public is a tremendously important role for ED to undertake, and one that it should accomplish before it contemplates establishing a ratings system. (For starters, it should refer to the report on its own Committee on Measures of Student Success, which focused on the shortcomings of current federal measures as applied to community colleges.)

Hopefully the development of a ratings system will spur the administration, working with Congress and the higher education community, to generate more accurate and relevant information. AACC has developed the Voluntary Framework of Accountability (VFA) to generate data on community colleges that is designed to foster ongoing efforts to increase student success. A theme of our comments is that

federal efforts to produce better data on American higher education should reflect the many months of deliberation that inform the VFA.

Generating and making public data on individual college programs will often provide a more helpful unit of comparison/analysis than one based on entire institutions. Although programmatic information may not be part of the ratings scheme, making this information available would clearly benefit prospective students, as AACC's suggestions elaborate.

Discussions of college ratings and data often overlook the fact that this information is only as useful as the role that it plays in actual decision making. There is increasing evidence that much of the college-related data, ratings, etc., that are currently available to prospective students are not penetrating the intended audience and when they do are often misinterpreted. Therefore, the administration and other policymakers need to focus on implementing mechanisms and tools that will provide the needed advising and counseling that will help future students make the optimal choice of college and program. A robust and user friendly website may be essential, but it is not generally sufficient for informed decision making. AACC supports the department's plan to have consumers test proposed website tools intended to support the ratings system. We strongly urge the federal government to ensure that students receive counseling from their institutions on various aspects of attending college, including student aid, while recognizing that additional resources are necessary to support such a mandate.

### **Specific Features of the Draft Ratings Framework**

Below are specific comments on the ratings document. They are offered in the recognition that ED is likely to proceed with its plans to move forward with the system, despite AACC's opposition.

#### **II. Overview of Ratings System**

##### **How the System Will Rate Institutions**

##### **Rating Categories:**

The department is considering using three categories to rate various aspects of colleges: high-performing, low-performing, and those falling in the middle.

##### **AACC Comment:**

AACC takes issue with categorization of this nature, because the categories themselves will lead to simplistic interpretations by the media and other parties, and will be not be of benefit to students or institutions. At a lesser level of concern is the fact that small differences in performance, at the margins of the groupings, could result in institutions being placed in different ratings categories.

As stated, providing relevant data is a key role for the federal government, while evaluating levels of performance based on assumptions about the proper role of an institution is not.

Improvement over time:

The draft seeks input on whether the system should recognize improvement over time, and, if so, which metrics and over what time period should be incorporated.

AACC Comment:

This is a complicated issue, in part because of the multiple functions of the ratings system. While data about changes in an institution's performance (assuming the establishment of useful metrics) over time could be of benefit, there is only a small likelihood of enough of a change to occur in the short term so as to influence decisions about attendance or public support. Furthermore, multi-year data could prove confusing to the intended audience. That said, some past reference point about institutional performance, perhaps 5 years previous, might be a helpful benchmark.

Institutions that will be included in the ratings system:

The ratings system will first apply to two types of institutions: predominantly 4-year institutions that primarily award baccalaureate degrees and above and predominantly 2-year institutions that primarily award associate degrees and/or certificates. Graduate-only and non-degree granting institutions will not be subject to the first version of the ratings.

AACC Comment:

Grouping colleges by whether they are predominantly 2- year or 4-year alone represents only a modest start of the institutional sorting that any comparative scheme would require—as ED has acknowledged—but even this carries with it certain problematic aspects as discussed below.

Institutional Groups:

ED intends to group separately predominantly 4-year and 2-year institutions, due to differences in mission. Thereby, a community college will be usually rated against other predominantly 2-year institutions. ED is also considering taking into account institutional differences, such as program and degree mix and selectivity.

AACC Comment:

The implications of this issue go to the heart of why the ratings system is unsuitable for community colleges. Institutions clearly should be categorized by some major characteristics—including, but not limited to, those ED is considering, such as size, location, student population (including economic backgrounds and level of preparation), and resources, etc. This sorting would partially accommodate the tremendous diversity within the community college sector. However, because community college students are generally not inclined to enroll in institutions that are not immediately accessible, comparisons between similar institutions at disparate locations are likely to be of little interest to them.

While an argument can be made for grouping institutions along the lines suggested above to help policymakers and the public better evaluate institutions, the reality is that there are better means of

evaluating and/or presenting college performance and incentivizing change than the ratings system. This could occur through state level policies, accreditation, or, most importantly, institutionally driven efforts.

#### B. Data

The primary source of data that will be used for the first version of the college ratings system will be federal administrative data or existing federal data collections, including the Integrated Postsecondary Education Data System (IPEDS) and the National Student Loan Data System (NSLDS). In future versions of the ratings system, the ED may consider allowing institutions to use alternative data for certain measures, such as the Student Achievement Measure (SAM) completion/transfer rate.

#### AACC Comment:

The lack of comprehensiveness in the various datasets that ED has identified for use in the ratings system is a serious shortcoming. It stems from the lack of a national unit record data system. The NSLDS is, of course, limited to students who apply for and receive federal aid. This is particularly problematic for community colleges, since only about 60% of the students complete the Free Application for Federal Student Aid (FAFSA), which is the source of the NSLDS data, and, of those who do submit the form, only about 44% receive federal aid. The NSLDS is the planned data source for the student characteristics under consideration for the outcome adjusted measures, but these will not be available for most community college students.

The other major source of information, IPEDS, also has significant limitations. The official institutional completion rate is restricted to full-time, first-time students who start in the fall and complete their program within 150% of the “normal time” at that institution. Most community college students attend part time and therefore are not included in this measure. Other students are not first-time students or do not first enroll in the fall. Some community college students are not degree- or certificate-seeking, and many others seek to transfer to another institution to pursue their degree. Finally, a substantial percentage of community college students take more than 150% of the “normal time” to complete their programs, yet there are absolute successes. (AACC commends ED for planning to implement future additional graduation rate measures for part-time and transfer students.)

As mentioned, institutions should have the opportunity to submit other reliable completion-related data, whether institutional, public (such as from their state), or private, to be incorporated into the ratings framework. This would include the Voluntary Framework of Accountability as well as the Student Achievement Measure. While we acknowledge that this could create some problems for comparability, this does not outweigh the desirability of the system incorporating the most representative data available to a college or state.

The draft document does not cite a data source for earnings information. ED is using Social Security Administration (SSA) data for its earnings information under the gainful employment regulations, and this is very likely the best source for generating the needed data. AACC strongly supports using SSA data in this and related contexts.

## C. Metrics

The draft ratings plan proposes potential metrics for access, affordability and outcomes. AACC comments accompany each these proposed metrics.

**Access Metrics** – Four access metrics are presented: (1) percentage of students receiving Pell; (2) expected family contribution (EFC) gap; (3) family income quintile; and (4) first-generation college status.

### AACC Comment:

AACC supports measuring students' diversity, particularly in terms of socioeconomic characteristics and whether they are first-generation college students. However, ED should consider other important factors under the access rubric, including academic preparation; preparation has a powerful impact on students' path through college as well as nature of the education that the institution must provide. Preparation can be measured in a number of ways, including enrollment in developmental education or whether the student tested into developmental education. AACC's VFA measures developmental education progress and could be used as a model for this measure. EFC and first-generation status and other socioeconomic information is available from FAFSA, though, as mentioned earlier, the form is not completed by a large number of community college students.

**Affordability Metrics** – Two affordability measures are presented in the draft : (1) average net price and (2) net price quintile. A third, average loan repayment, is not being included in the college ratings system because "there are several drawbacks to the measure that make it ill-suited for college ratings."

### AACC Comment:

AACC suggests using multiple measures of affordability, including tuition and fees, instead of a single net price measure. For community colleges, published tuition and fees is an important driver of enrollment decisions and should be presented discretely. Low tuition serves as a beacon of access for students and families.

Furthermore, community college students are predominantly independent and usually work, often to support families. Consequently, they have very different living expenses than students who are of traditional college age and pay room and board. Given this, assumptions about living expenses and student budgets based on net price can be misleading. Another shortcoming of net price is that it is greatly influenced by state student aid and appropriations, which institutions cannot control. Therefore, it remains important for tuition to stand alone as a highly relevant data item.

**Outcomes Metrics** – ED presents five specific outcomes measures and asks for comments about performance over multiple years and intermediate measures. The department also addresses outcomes that are not being considered for this version of the college rating system: (1) completion rates; (2) transfer rates; (3) labor market success; (4) graduate school attendance; and (5) loan performance outcomes.

### AACC Comment:

The outcomes measures under consideration may be the most controversial college ratings metrics. These comments are specific to each outcomes metric:

*Completion rates* – While AACC supports ED’s plan, via IPEDS, to expand graduation rates to include part-time and transfer students, AACC urges ED to also consider using persistence measures for the rating. This is an important feature of AACC’s VFA. Possible persistence or progress measures include a given number or percent of credit hours earned, and retention from one term to the next or from one year to the next. Second, as outlined above, the 150% of normal time to complete a program is an unduly restrictive timeframe to measure community college students’ actual student success. A more appropriate measure and one used by the National Student Clearinghouse (NSC) and the VFA is completion within 6 years.

*Transfer rates* – AACC urges the department to calculate its completion rate by including all transfers-out, rather than just for those subsequently enrolling in 4-year institutions. In today’s “swirling” higher education system, the assumed hierarchy of institutions that informs the ED’s proposal is far off the mark. This is perhaps best reflected in the fact that, according to the National Student Clearinghouse, 52% of all transfers-out from 4-year public colleges next enroll in 2-year public institutions, and the corresponding figure at 4-year private colleges is 41%.

*Labor market success, such as short-term “substantial employment” rates and long-term median earnings* – AACC agrees that the economic or workforce benefits of postsecondary education is an important outcomes measure and commends ED for “exploring a variety of employment outcomes measures that can provide critical employment information that appreciate those differences (i.e., institutional missions, student bodies and costs) in ways that are sensitive to educational, career, work force, and other variables.” The actual data or measures that are being considered are not divulged, but, as stated, the source for earnings information should be the Social Security Administration, as for the gainful employment regulations.

AACC further thinks that:

- SSA data are preferred to individual state unemployment insurance data or other sources, primarily because of their comprehensiveness.
- Such information is most useful if reported at the program and not the institutional level.
- Local economic conditions should perhaps be taken into consideration when presenting these outcome measures. States and even municipalities have different minimum wages, unemployment and employment rates, occupation demand, etc. However, this is clearly data that would be far too nuanced to be used for any type of ratings system—this information should be provided primarily to inform student choice.
- The percentage of an institution’s (or individual program’s) credit population on which that data are based should be provided to give a proper context for the measures. This is particularly important for community colleges, given the fact that a relatively small percentage of students (when compared to other sectors) apply for and receive Title IV aid.

*Graduate school attendance* – “A measure of graduate school attendance rates of former students within a period, like ten years, from entry into a school’s undergraduate program.” This is not highly relevant to community colleges, although many former community college students ultimately receive advanced degrees. We note that it is inconceivable how data for calculating this measure would be available without a student unit record system. In fact, several of the other measures would only be possible or greatly enhanced if the data were obtained from a student unit record system.

*Loan performance outcomes* – According to ED, this would entail “relatively simple metrics like the percentage of students repaying their loans on time.”

At first blush, a repayment metric may appear preferable to a loan default rate as consumer-oriented information for assessing whether students “will be able to handle their financial obligations after attending a specific school.” The simplicity of these metrics may in fact be their shortcoming as well as their benefit. Without knowing what percent of students at an institution take out loans, neither of the rates—repayment or default—is particularly useful. Moreover, without knowing which loans are subject to repayment at a particular time period and what percent they constitute of all loans, again there would be no context for the prospective student to meaningfully interpret the data. These are extremely important as only a small minority—about 17%—of community college students take out federal loans.

*Performance over multiple years* – AACC welcomes ED’s openness to incorporating multiple years of data for each metric, which would address the volatility associated with differences in the student groups whose performance are being measured.

*Intermediate measures* – AACC agrees that intermediate outcomes measures are important as fewer students follow linear academic and career paths.

*Outcomes not considered for metrics at this time* – AACC has undertaken a major effort to create a framework for identifying and measuring post-collegiate outcomes, and agrees that the data to measure many outcomes, particularly non-economic, such as civic engagement and public service are not available and far from ready to be measured.

#### How It Fits Together:

ED is seeking feedback on whether performance ratings should be presented for individual metrics or whether the metrics should be aggregated into an institution’s performance measure. To help frame the comments, ED posed a number of questions:

- Would having a single overall institutional rating rather than ratings for each metric be less or more confusing to prospective students?
- Would either approach make it easier to assess the performance of institutions?
- Would a middle-ground approach, such as combining related metrics into a single rating dimension, be more useful, and, if the latter, what metrics would be useful to combine for the purpose of guiding consumer choice and institutional accountability?



AACC Comment:

The more the ratings framework departs from providing a single number that purports to evaluate colleges, the better. For that reason, we support the broadest possible disaggregation of metrics, data, etc. The most helpful outcome of the ratings system would be for ED to provide, in a clear format, data that are of interest to various stakeholders. In all contexts, the data provided should be displayed more prominently than any rating, whatever framework ED ultimately uses.

D. Adjusting Outcomes for Student and Institutional Characteristics

Acknowledging that outcomes measures may be influenced by student and institutional characteristics and other factors, ED has invited comments on adjusting outcomes for student and institutional characteristics. Specifically, ED is seeking comments on which student and institutional characteristics should be taken into consideration when rating various outcomes, and also on how they should be weighted.

AACC Comment:

Much helpful work has been done on identifying both institutional and student factors that, to some extent, explain disparities in institutional performance. Regression analyses have proven to be powerful tools in this context. We appreciate ED's efforts to try to ensure fairness in the ratings system by taking into account these factors. The department may want to support further research in this area.

However, the complexity of the undertaking suggests that these adjustments should not be undertaken at this time, as they would lend the ratings scheme an aura of precision that it could not actually possess given a variety of factors, including limits on currently available data and the complex nature of institutions, students, and programs. If the department is determined to proceed with a ratings system, it would be preferable to categorize institutions based on broad groupings of student and institutional characteristics, rather than to attempt to impose a complex regression-based measure with questionable validity and reliability issues.

E. College Ratings Websites and Transparency Tools

Existing models of consumer-friendly ratings tools:

AACC encourages the federal government to examine carefully the measures used by other extant models of accountability. This includes AACC's own Voluntary Framework of Accountability (VFA), which is intended to generate data to accurately reflect institutional performance and inform students and institutional leaders about community colleges. State performance-based funding plans, which are growing in sophistication and nuance (despite their ambiguous impact on student outcomes) should also be consulted.

Consumer customization

AACC concurs with the principle of consumer customization, given the complexity of the information being presented. Information that is not clearly understood is more harmful than if it were ignored.



For example, the disclosures accompanying the gainful employment regulations scheduled to take effect this July are well beyond the ability of prospective students to grasp their intended significance.

#### Additional information provided by institutions

In this section, ED seeks comments about the desirability of institutions presenting additional information on the same website as that captured by the ratings system. Specifically, ED asks whether this approach would be helpful to students and institutions and whether it would be helpful, in addition to open-ended information, to enumerate standard categories and if so, what categories should be included.

AACC supports having institutions provide comparable information, but disagrees with the department that some of it should be used in a ratings system.

### III. Next Steps

AACC wishes to unequivocally state its strong opposition to linking college ratings with institutional federal student aid eligibility. This policy would simply compound the shortcomings of the ratings system. It could well limit access to postsecondary education and it is difficult to conceive how it could be implemented fairly. We urge the administration to rethink this proposal.

To reiterate, the ratings system is predicated on the assumption that students decide which college to attend based on a few pieces of data (however important those data may be in certain contexts), when, overwhelmingly, community college students choose to attend their local community college precisely because that's what it is: a conveniently located, affordable, accessible, flexible institution of higher education with a wide array of program offerings. Rating—and, by extension, ranking—two superficially similar community colleges in different regions, even in different parts of the same state, is highly unlikely to influence decisions about institutional choice. Distance education has altered this reality only to a limited degree. Furthermore, the ratings system is not designed to address individual programs offered by different institutions, which would be particularly relevant for distance education students.

Assuming it moves ahead with the ratings scheme, AACC further encourages ED to ensure that the ratings system does not incentivize institutions to educate fewer underserved students. To influence ratings, institutions without the open admission available at community colleges may implement more selective policies, thereby serving fewer students. In turn, community colleges may experience increases in their enrollments of underserved, less-prepared students and reductions in their successes and ratings. No one wants this outcome.

AACC also urges the department to redouble ongoing efforts to do what it can to ensure that students receive a robust counseling system composed of an array of entities such as high schools, institutions of higher education, public organizations, foundations and others.

Finally, although we do not think that a federal ratings system is a viable concept, we urge the department to delay its implementation until the many issues that the system presents are at least partially addressed. It is inconceivable that major conceptual and data-related issues can be satisfactorily resolved in just a few months.

Thank you for your consideration of AACC's comments. For more information, please contact David Baime, senior vice president for government relations and policy analysis, [dbaime@aacn.edu](mailto:dbaime@aacn.edu), 202.416.4500.

Sincerely,

A handwritten signature in black ink, reading "Walter G. Bumphus". The signature is written in a cursive style with a large, stylized "W" and "B".

Walter G. Bumphus  
President and CEO

Cc: Theodore Mitchell  
Jamienne Studley