



The Education Trust

Closing the gaps in opportunity and achievement, pre-k through college.

**United States House of Representatives
Committee on Education and the Workforce
Subcommittee on Higher Education and Workforce Training**

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Written Testimony of

José L. Cruz, Vice President, Higher Education Policy and Practice, The Education Trust

Chairwoman Foxx, Ranking Member Hinojosa, and Members of the Subcommittee, thank you for the opportunity to testify before you this morning on the importance of data transparency for students, parents, and institutions of higher education.

My name is José Cruz and I am the Vice President for Higher Education Policy and Practice at The Education Trust. The Education Trust is a nonprofit advocacy organization that promotes high academic achievement for all students at all levels — pre-kindergarten through college. Our goal is to close the gaps in opportunity and achievement that consign far too many young people — especially low-income students and students of color — to lives on the margins of the American mainstream.

Higher education has long been heralded as an engine of opportunity in America. Now more than ever, economic demands¹ are making a postsecondary degree the surest way into the middle class. But skyrocketing tuition rates and short-sighted policies that shift more and more financial aid away from those who need it most are rendering the decision to go to college a damned if you go, damned if you don't proposition for too many hard-working students.²

Indeed, college tuition and fees are growing almost twice as fast as health care costs, and about four and a half times as fast as inflation.³ Student loan debt now exceeds \$1 trillion dollars and outpaces credit card debt in this country. Going to college has always been a major financial commitment for students and their families, but given the cost of college today, the consequences of a bad decision have grown exponentially.

Yet we expect students and parents to make this incredibly expensive and consequential decision without all the information they need. If these same students and parents were buying a car, they could compare the price for different models, features, and dealers before making a decision. If they were buying a house, they could visit multiple places and conduct inspections. But when investing the same or more money in education, their access to quality, relevant information to inform that decision is grossly limited.

¹ Georgetown Center on Education and the Workforce report, *Help Wanted: Projections of Jobs and Education Requirements through 2018*, June 2010, available at <http://cew.georgetown.edu/jobs2018/>.

² Demos and Young Invincibles, *State of Young America: Economic Barriers to the American Dream*, Nov. 2011, available at http://www.demos.org/sites/default/files/publications/SOYA_Stories_0.pdf.

³ Darcie Harvey analysis of Bureau of Labor Statistics, Consumer Price Index - All Urban Consumers, 1982-2011 and American Community Survey, 1982-2009.

This is no way to increase the number of people with postsecondary credentials and ensure that we fill the workforce shortages we know are looming.⁴ If the United States is going to continue to be a leader and competitor in the global marketplace, we need to ensure that as many students as possible are prepared to seek postsecondary education. But we also need to make sure they do it in a manner that benefits them and the country. One way to do this is to improve the data and information about institutions that is available *before* students make a decision about where to enroll.

Current Data Systems

Fortunately, current federal databases provide a foundation upon which to build a data system that would better inform parents and students, help decision makers develop effective policies that benefit students, and help institutions operate more efficiently. Enhancing these databases would also allow consistency and data quality to be maintained.

National Student Loan Data System (NSLDS)

The National Student Loan Data System (NSLDS) currently compiles data on *federal* student loans, but not on *private* student loans. Additionally, NSLDS does not include a flag to indicate whether a particular student has completed her program of study. By expanding this data system to include information on private student loans (submitted by lenders or servicers) and a completion indicator (already being developed), NSLDS could provide much more useful information about the debt levels incurred by student completers. It could also provide better information about whether students tend to incur more debt with private loans or with federal loans. If provided to students in a usable, understandable format, these data could help them make more informed choices about their financial-aid packages.

Integrated Postsecondary Education Data System (IPEDS)

Beyond NSLDS, there is another federal database with a treasure trove of information, the Integrated Postsecondary Education Data System (IPEDS). IPEDS is the primary source of information for the College Navigator system students can access for information about institutions. Yet the data IPEDS collects are incomplete. Expanding this system, unlike expanding NSLDS, would require additional reporting by institutions. I believe the value of this information to students and their families — as well as to institutions themselves — far outweighs the limited additional reporting burden.

First among these pieces of data should be outcomes for the full range of students currently enrolling in institutions of higher education. IPEDS only tracks graduation rates for first-time, full-time students. This misrepresents the diversity of our nation's postsecondary student body, which increasingly includes part-time students like working parents and second-time students like people going back to school after losing a job or those who started, stopped out, and returned after a couple years. These students, and their experiences, are not captured in the IPEDS graduation rates. Nor are transfer students. But all of these groups are significant segments of our postsecondary population. To have a true picture of an institution's ability to support its students through graduation, students (and institutions) need information on the graduation rates of all — not just some — of the college's students.

Collecting and reporting these data is doable. The 22 public higher education systems that participate in the Access to Success (A2S) network have for five years now been annually submitting data on the graduation rates of both their part-time and transfer students. I will talk a bit more about A2S later, but I

⁴ Georgetown Center on Education and the Workforce report, *Help Wanted: Projections of Jobs and Education Requirements through 2018*, June 2010, available at <http://cew.georgetown.edu/jobs2018/>.

note here that it is possible to come up with consistent definitions that capture graduation rates beyond only those of first-time, full-time students. It is also worth noting that the A2S systems developed these definitions on their own.

Institutions should also report, not merely disclose, graduation rates for Pell grant recipients and Stafford loan borrowers. Currently, IPEDS collects graduation rates overall and by race, ethnicity, and gender, but it does not collect that data by income. Thus, low-income students trying to decide which institution offers them the best chance of earning a degree or credential have no way of assessing how well an institution does for students like them. Reporting these data should be relatively easy as institutions already know their students' financial-aid status. Reporting could be done by that status — one rate for Pell recipients, another one for those students who don't receive Pell but receive subsidized Stafford loans, and one for students who receive neither Pell nor subsidized Stafford loans. As a comparison, A2S systems currently report graduation rates by Pell recipient status. What's more, institutions already are required to *disclose* graduation rates for Pell grant recipients, so reporting these rates in a consistent manner to IPEDS should not create an undue burden.⁵

Additionally, for programs below the bachelor's degree, graduation rates should be disaggregated by the degree sought, rather than the length of the degree, and institutions should report their transfer rates, disaggregated by level of receiving institution. At present, students get very limited information about two-year institutions' graduation rates — they don't know whether institutions are more successful at conferring associate degrees or certificates. Nor do they know the rates at which these institutions are able to generate transfers to four-year colleges or other two-year schools. Without such information, it's impossible for students to make wise and informed choices. Again, A2S systems report the transfer rates from community colleges to two-year and four-year institutions.

Also, as noted above, students need more detailed and accurate information about college costs and student debt levels. As college costs rise, students should have a sense of how much they will actually have to pay for school and the kind of debt they will incur either if they graduate from an institution or if they don't complete. The new net price data, which are broken down by family income level and reported to IPEDS, are a step in the right direction. However, these data omit many students. For example, any student who does not receive Title IV financial aid is not included. IPEDS also does not report the source of grant aid received by students of different income levels, information that would be helpful for policymakers trying to determine whether and to what extent states and institutions are supplementing federal higher education investments.

Finally, just as students need information about cost and debt, they also need data on how easy or difficult it will be to repay that debt. Students should have access to comprehensive and consistent data — not just disclosures — about the job placement rates and average earnings of graduates from the institution they are interested in attending. And for those programs where it is appropriate, students should have access to information about what percent go to graduate school and what percent pass licensure exams.

⁵ These data also are vitally important for research. For instance, the recent report *Priced Out: How the Wrong Financial Aid Policies Hurt Low-Income Students* (The Education Trust, June 2011), looks at the four-year college options available to low-income students, as measured by access, affordability, and student success. While the data allow investigation of access and affordability (net price) for low-income students, outcome measures are only available at the aggregate level, rather than specifically for low-income students. With better data, such as graduation rates by financial-aid status, a report like *Priced Out* could provide a much more nuanced picture of the interaction between net price, graduation rates, and access for low-income students.

Current Federal Efforts

Reporting vs. Disclosure

For the previously described information to help students, it must be disclosed by institutions through links in conspicuous places on their websites so students and their families have ready access to it.⁶ It also must be reported and collected in one user-friendly location and made available in a usable and understandable manner so students, policymakers, and institutional leaders can access the data and incorporate it into their decision-making processes.

The existing mechanism for making these data available to students, College Navigator, is by no means perfect. A simplified version of that tool, or more user-friendly tools developed by technology entrepreneurs, would certainly be beneficial. However, even making these additional data components available in College Navigator would be better than not having them exist or having them exist four layers deep on an institution's website.

Consumer Protection

There have been some efforts to try and make more data available to students in a usable manner. The administration's scorecard⁷ and its financial-aid shopping sheet, for example, both attempt to offer students more information about institutions in a simplified manner. These tools are good steps in the right direction, but they have limitations. The scorecard, for instance, gathers a good amount of basic information in one place. But in only one page, it cannot provide a comprehensive view of any institution. For instance, the scorecard does not include outcome measures like student loan debt and earnings potential because they are not currently calculated — although, as noted, they could be by using federal data sources. And the graduation rates on the scorecard are not disaggregated by race and ethnicity, an addition that could also be made with existing data. Finally, it does not provide meaningful benchmarks on other, similar institutions that could be used to measure an institution's performance.

The shopping sheet⁸ — if used by all institutions to which a student is admitted — does allow for comparisons. That is its goal. However, its use is voluntary. Whether a student has access to uniform, comparable information on the cost of individual colleges depends wholly on whether an institution feels it is important to make its data understandable and comparable for students. We believe there is a lot of value in these standardized letters and that institutions should use them. But since their use is voluntary at the moment, their usefulness is limited.

Non-Federal Reporting Efforts

When we talk about additional reporting, whatever the context, the issue of burden on the organizations tasked with that reporting always arises. Rightfully so. We should be cognizant of the effort required to produce additional reporting. But we cannot let the fact that some effort is required be the sole determinant in the conversation. If reporting arms students with the information they need to make good decisions and provides institutions insight into how they are doing and where they need to improve, then it is hard to make the argument that such reporting is too burdensome. Rather, it is indispensable.

⁶ Kevin Carey and Andrew P. Kelly, *The Truth Behind Higher Education Disclosure Laws*, Education Sector and The American Enterprise Institute, 2011.

⁷ <http://www.whitehouse.gov/sites/default/files/image/college-value-profile.pdf>

⁸ http://collegecost.ed.gov/shopping_sheet.pdf

Further, the decision a student makes about whether and what kind of postsecondary education to pursue will have consequences for the rest of her life. Research has shown that there will be consequences for her future income, employment status, and even civic participation.⁹ Thus, we need to make sure that her decision is as well-informed as can be.

Fortunately, current efforts demonstrate that it is possible to both report additional, useful data and to do so in a way that is not overly burdensome. The Access to Success Initiative, which I mention above, represents 22 public higher education systems, 312 two-year and four-year campuses, and 3.5 million students. It is a concerted effort to help public college and university systems boost both the enrollment and success of low-income students and underrepresented students of color.¹⁰ The participating A2S systems developed, and for several years have been reporting under, a set of metrics, protocols, and tools that track overall enrollment and completion rates; and track these measures for many of the students, such as low-income, part-time, and transfer students, who are missing from or invisible in higher education data systems like IPEDS. Further, although many of these data points are missing from IPEDS, they are available in databases like the state longitudinal data systems. The federal government is well-situated to serve as a central repository for these key outcome measures — it simply needs to gather the information from existing sources.

Moreover, that these 22 public higher education systems have agreed on common definitions means it is possible to do, and that many institutions are already doing it. There are also other initiatives, like Complete College America and Achieving the Dream, that are working with states and institutions not in the A2S network to collect data beyond what IPEDS currently collects. Some of those initiatives, again like Complete College America, use the same definitions as the A2S institutions. Beyond these outcome metrics, Complete College America and Achieving the Dream also report on progression metrics to better understand student pathways through college and to help institutions identify and address choke-points that serve as barriers to student success.

A tool like Ed Trust's College Results Online uses IPEDS data but puts it in context,¹¹ allowing students to compare schools before making enrollment decisions. This free, easy-to-use interactive tool lets students examine and compare graduation rates, student demographics, and enrollment information from four-year colleges across the nation. College Results Online reveals that some colleges do a much better job of graduating students than others. It also shows that at many colleges, significant gaps exist in graduation rates between white students and students of color. But it also provides powerful examples of colleges that prove that low graduation rates and high loan default rates — especially for diverse students — are not inevitable.

Conclusion

There is a lot of room for improving the data available to students and families about higher education institutions. But there is a relatively easy path forward. The addition of a few key pieces of information into existing federal databases — many of which can be gathered from existing sources — could complete the half-drawn pictures of institutions students currently see when making enrollment decisions, help

⁹ Sandy Baum, Jennifer Ma, and Kathleen Payea, The College Board, *Education Pays 2010*.

¹⁰ The Education Trust, *Replenishing Opportunity: The 2012 Midterm Report of Public Higher Education Systems in the Access to Success Initiative*, May 2012, available at http://www.edtrust.org/sites/edtrust.org/files/Replenishing_Opportunity_2.pdf; *Technical Appendix* available at http://www.edtrust.org/sites/edtrust.org/files/publications/files/A2S_2012_Appendix.pdf.

¹¹ [College Results Online](#) uses IPEDS graduation rate data, but contextualizes the data through peer groups, evaluating how institutions perform relative to other like institutions. These peer groups are developed through an algorithm that takes into account 14 factors that research shows are correlated with graduation rates.

institutions track progress and identify areas that need improvement, empower the federal government to better assess the return on taxpayer investment, and enable federal and state governments to design better incentives to improve institutional performance.

We have no time to waste. Today, low-income students are expected to contribute 72 percent of their annual household income for one year of a four-year degree. They face more hurdles when pursuing higher education and are less likely to graduate. This at a time when almost half of our K-12 students are low-income and our youngest generation is just barely better educated than their parents. Data transparency for students, parents, and institutions of higher education has never been more critical.