EDUCATION
REFORM NOW

February 16, 2015

The Honorable Arne Duncan
Secretary of Education
United States Department of Education
400 Maryland Avenue, SW
Washington, DC 20202
collegefeedback@ed.gov

Dear Mr. Secretary:

We write regarding the President's proposed college ratings system on behalf of Education Reform Now. For the last several years, we have worked with and studied a variety of college rating systems and relevant databases. Most recently, we published *Tough Love: Bottom Line Quality Standards for Colleges* making use of both.

Our employer, Education Reform Now, is a non-partisan, non-profit public policy organization committed to ensuring all students access a high-quality public education regardless of race, gender, geography, or socioeconomic status. Our organization believes that Americans of all ages – from cradle to grave – deserve full and fair access to quality education opportunities.

As requested, this letter provides comments to the college ratings system framework published on December 19, 2014. Overall, we are broadly supportive of the general concept and need for a federal college ratings system. Despite improvements over the past 50 years since the passage of the Higher Education Act of 1965, the American higher education system calcifies economic inequality rather than acts as an engine of socioeconomic opportunity. College access for students from low-income families has improved, but the gap in degree completion rates between those from low and upper income families has grown (bottom income quintile as compared to top income quintile). Rising net prices, driven by state funding cuts to higher education, have outstripped growth in wages for the poor, working-class, and even middle-income families. The result is heavier debt burdens, especially among low-income families, that are exacerbated by low completion rates and a long time to degree even among those who do complete.

We recognize that not all institutions of higher education contribute equally, nor solely, to overall postsecondary education underperformance. There are high-performers – colleges that buck the trend and enroll and serve students from low-income families well – as well as low-performers – colleges that act as "engines of inequality," "college dropout factories," or "diploma mills." That's why we agree with the Department of Education's (ED) proposal for a three-tiered performance ratings scheme whereby institutions are rated as "high-performing," "low-performing," and middle. It's much easier, in the initial rounds, for ED to identify the "best and worst" colleges and to leave more nuanced gradations for later iterations of the ratings system.

The three-tiered rating system lends itself to rapid accountability provisions. We've suggested previously that the federal government at least begin the accountability process by identifying the "worst of the worst" colleges on a variety of access, success, and post-enrollment success metrics.[1] Absent improvement after time and support, these "engines of inequality," "college dropout factories," and "diploma mills" should lose access to certain federal grant, loan, and tax benefits. At the very least, they should be subject to a loss in competitive standing when pursuing non-formula based discretionary grant funding *and* separately, heightened scrutiny, including Department 'program reviews' of regulatory compliance.

In the sections below, we outline recommendations for several key areas that could be strengthened to help ensure the creation of a ratings system that is fair and helpful to students and institutions.

I. Judging Institutional Performance

We support ED's initial decisions to focus on undergraduate degree granting institutions and to judge two-year degree granting institutions separate from four-year degree granting colleges.

We support the Department's decision to judge two-year degree granting institutions separate from four-year degree granting colleges, with different metrics in certain cases to ascertain access, affordability, and success performance. There are data quality concerns that vary by institution level, such as data that rely on the Free Application for Federal Student Aid (FAFSA) that may necessitate different metrics. More importantly though, the missions of two-year degree granting colleges are much more complex than four-year degree granting colleges, including transfer to a four-year degree granting institution, short-term job training, and non-degree lifelong learning opportunities. These complexities counsel for different metrics from four-year colleges, whose degree-oriented missions are much clearer.

Likewise, ED should treat non-degree granting institutions differently, because their mission is different from that of degree-granting institutions: they offer short-term job training and certification programs of various lengths. We believe it would not be feasible to rate these *institutions* until comprehensive data on program length is available and that gainful employment standards previously identified by the Department are suitable in the meantime. Once adequate data is available, however, we recommend ED revisit its decision on whether to include non-degree granting institutions in its base ratings system to identify high, middle, and low-performing institutions.[2]

[1] Michael Dannenberg and Mary Nguyen Barry. Tough Love: Bottom-Line Quality Standards for Colleges. *The Education Trust,* June 2014. http://www.edtrust.org/tough_love

[2] ED should also consider expanding the ratings system in future iterations to include graduate schools.

ED should not adjust outcomes for student characteristics or institutional mission.

We cannot stress enough our philosophical opposition to ED's consideration of proposals to adjust institutional outcomes based on personal student characteristics or institutional mission. The Association of Public and Land-Grant Universities (APLU), for example, has called for a "risk adjustment" for student characteristics. We believe such adjustment consecrates a different set of expectations for different groups of students based on immutable characteristics, such as race and gender, and could allow colleges to escape responsibility for providing quality service to every student they voluntarily enroll. It is what former President George W. Bush referred to as "the soft bigotry of low expectations."

Never before has there been any outcome adjustment in federal higher education policy based on income or immutable student characteristics. In fact, the Obama administration firmly rejected this approach in the past during the gainful employment debates.[3] ED insisted back then that it was appropriate to hold all institutions to certain minimum standards irrespective of student demographics. ED should apply that same principle in the context of a ratings system applicable to all degree-granting institutions of higher education.

As an alternative to risk adjustment based on immutable student characteristics, ED's rating system should embrace the use of "peer institution groupings" to facilitate a comparison of outcomes among similar colleges serving similarly academically prepared students. We recommend ED construct two sets of peer groups for each institution: a "base" one for accountability purposes and a separate, "tailored" grouping for consumer purposes. Only the base accountability peer group should determine each college's ultimate rating (high, middle, or low). The tailored grouping should be disclosed to consumers and others as supplementary information for them to use in choosing where to enroll.

From an accountability perspective, it makes little sense to compare graduation rates at a college like Southern Vermont College with those at Harvard University. Those two schools enroll students with completely different levels of academic preparation, not to mention they are institutions with vast differences in size, wealth, and selectivity. But it makes all the sense in the world to compare Southern Vermont College to similar colleges that serve similarly prepared students. When one does a peer institution comparison, you can see that at best, Southern Vermont does a middling job of educating its students – only one-third (35 percent) of full-time students graduate within *six years* of initial enrollment. It does a terrible job with its underrepresented minority students: only 17 percent graduate within six years.

A peer comparison analysis of Southern Vermont College would ask why do similar colleges, like Anna Maria College and American International College, both in nearby Massachusetts, graduate their first-time, full-time students at much higher rates? Anna Maria graduates nearly half of its students (47 percent) and one-third of its minority students (31 percent). And though American International has similar overall graduation rates (39 percent) to Southern Vermont College, it

[3] See: https://www.insidehighered.com/news/2015/01/30/ed-dept-ratings-framework-ignites-new-questions-over-adjusting-student-outcomes

graduates its minority students at a rate over twice as high (38 percent). Both of these colleges also serve high proportions of low-income, underrepresented minority students with low academic preparation.

Whereas a risk adjustment analysis model embraces different and lower expected outcomes for some students based on race, for example, the proffered peer institution comparison technique avoids the embrace of artificially deflated expectations and allows ED to identify extremely low- and extremely high performers. Our previously published analysis using this technique found that **9 times out of 10, a college with a graduation rate below 15 percent falls in the bottom of its institution peer group.[4] Coincidentally, four-year schools with graduation rates below that 15 percent mark also happen to equal the bottom five percent of four-year colleges overall in terms of completion – precisely the same demarcation ED has used in the elementary and secondary education context for identifying persistently poor performers in need of intervention.[i]**

In constructing institution peer groups for accountability purposes, we recommend examining institutional characteristics such as median levels of academic preparation of enrolled students, as measured by high school average GPA and SAT/ACT score, and institutions' size, sector, funding, and student-related expenditures per full-time equivalent (FTE) undergraduate.[5] Almost all of the institutional characteristics we refer to are available in the Integrated Postsecondary Education Data System (IPEDS), with the exception of high school GPA among college freshmen, status as a commuter campus, and admissions selectivity. That data, however, is available from Peterson's Databases, College Board, and Barron's Profiles of American Colleges, respectively. ED can follow a

[4] To illustrate, consider the following examples:

1) Private Truett-McConnell College in Georgia was at the bottom of Southern Vermont's peer group with a *9 percent* six-year graduation rate. Meanwhile, peers like Averett University in Virginia and Cazenovia College in New York graduate its students at much higher rates (40 percent and 47 percent).

2) Texas Southern University (TSU), a public university in Houston, Texas, has a 12 percent graduation rate. Peer colleges - like Prairie View A&M and North Carolina Central University - graduate its students at rates more than three times as high, at 36 percent and 43 percent.

3) Even the for-profit, Phoenix-based Western International University with its 3 percent graduation rate, can look up to the higher graduation rates of many of its for-profit peers.

See: Michael Dannenberg and Mary Nguyen Barry. Tough Love: Bottom-Line Quality Standards for Colleges. *The Education Trust*, June 2014. http://www.edtrust.org/tough_love

[5] We suggest adapting a model similar, but not identical, to what is used in the College Results Online data tool: Its peer groups are created based on the following institutional characteristics: IPEDS data include the estimated median SAT/ACT of the freshman class, sector, number of full-time equivalent undergraduates, student-related expenditures per full-time equivalent undergraduate, percent of undergraduate students age 25 and over, and percent of undergraduates who are enrolled part-time. High school GPA among freshmen is available from Peterson's Databases; status as a commuter campus is available from the College Board with missing data imputed with IPEDS data (ratio of dorm capacity to total undergraduates; a college is designated as commuter if the ratio is equal to or below 0.4); and admission's selectivity data from Barron's Profiles of American Colleges. For more detail, see: http://collegeresults.org/aboutthedata.aspx#section-5

similar methodology to that used by College Results Online (CRO) in developing base peer groupings.[6] CRO's peer groups, developed to predict graduation rates, have been peer reviewed and in use for over 10 years.

With respect to ratings for accountability purposes:

1. **Within each peer group, ED should identify high, middle, and low performers among the ultimate outcomes it chooses for access, affordability, and success.** We suggest the following indicators within each metric of performance:
    a. **Access:** (1) Pell enrollment among full-time freshmen and among undergraduates; (2) First-generation status only if the data is consistent and available;
    b. **Affordability:** (1) Net price among Title IV low-income students (students from families in the bottom two income quintiles $0-$49,000);
    c. **Success:** (1) First-time, full-time graduation rates; (2) New IPEDS Outcome Measures; (3) Vertical transfers at two-year colleges; (4) Student loan repayment rates.

2. **To guard against perverse incentives, ED ratings should reward successful access, affordability, and success outcomes among underrepresented students, such as racial minorities, low-income students, adult students, and upward transfer students.** ED's rationale for adjusting for student characteristics was to avoid discouraging institutions from admitting and enrolling disadvantaged students. But this is not the only way to guard against perverse incentives. Indeed, many states' performance-based funding systems – like those in Tennessee, Ohio, and Indiana – provide bonus points or give extra weight for these students' achievements. Tennessee, for example, provides a 40 percent premium for metrics achieved by underserved students.[7]

3. **Once peer groups are constructed for accountability purposes, ED can measure an institution's improvement over time** by examining changes in its position within its peer group (e.g. top third, middle third, or bottom third). We recommend providing at least three years to measure change over time as colleges can fluctuate in any one year. A longer timeframe, such as five years, could also be an option if ED wants to ensure the change is stable. Consider the following examples:

    - A college that shows improvement over time may rise from the bottom of its peer group to the middle or the top of its peer group. San Diego State University (SDSU) was in the bottom third of its peer group in 2002, with a 38 percent six-year graduation rate. Between 2003 and 2004 SDSU rose to the middle of its peer group.

[6] See: http://collegeresults.org/aboutthedata.aspx#section-5

[7] See: http://hcmstrategists.com/wp-content/themes/hcmstrategists/docs/Indiana_Report_12.pdf

Ever since 2005, SDSU has consistently been in the top third of its peer group with a graduation rate now at 66 percent.[8]

- A college that regresses over time may fall from the top of its peer group to the middle or bottom. The University of Maryland at Eastern Shore was in the top third of its peer group from 2003 to 2005 with a graduation rate in the low 40 percent range. But starting in 2006, it started slipping to the middle third of its peer group with a graduation rate in the mid 30's; by 2009 through to 2012, it has fallen to the bottom third of its peer group with a graduation rate hovering around 31 percent.[9]
- Some colleges may show no change at all. Texas Southern University, for example, with its 12 percent *six-year* graduation rate, has consistently been in the bottom of its peer group over the last ten years.[10] As a matter of fact, for most years it was dead last in its peer group.

At the same time it creates and uses a base institution peer grouping for accountability purposes, we suggest that ED consider creating a second tailored peer group for presentation purposes to consumers. This second information-purpose only peer grouping would provide each college's rating as compared to other colleges likely to be in a student's choice set as opposed to a set of similar colleges that serve similarly academically prepared students. A student's choice set – which may be driven by factors like geography or reputation – likely differs greatly from a national peer group of similar colleges.

To encourage positive decision-making, we think it would be beneficial to students and families if they can see how their institution of interest compares to other institutions to which they're likely to apply. These peer groups can be constructed in one of three ways, based on: (1) groups of colleges that students list on their FAFSA applications; (2) groups of colleges that students list on their SAT applications with College Board; or (3) a combination of both. These data sources provide a concrete way to determine where students are most likely to apply and will provide a more tailored presentation to understand and act upon their college's rating.

II. Data Sources

ED should not base ratings on supplemental data institutions provide; it should *only publish* supplemental or explanatory information that institutions supply. The value of the ratings system is that it will provide a streamlined comparison of institutions based on common metrics, definitions, and sources. If colleges choose to submit supplemental or explanatory information via the Student Achievement Measure or institutional data held by federal or state agencies, we recommend ED present this information in a clearly defined separate section, perhaps in the catch-

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[8] To see SDSU's improvement over time, adjust the "Year" drop-down menu at the top of the screen from 2012 to 2002. See: http://collegeresults.org/search1b.aspx?institutionid=122409

[9] To see the University of Maryland at Eastern Shore's regression over time, adjust the "Year" drop-down menu at the top of the screen from 2012 to 2003. See: http://collegeresults.org/search1b.aspx?institutionid=163338

[10] See: http://collegeresults.org/search1b.aspx?institutionid=229063

all "Additional information provided by institutions" described by ED on page 17 of the ratings framework, but not rely on it for the ratings themselves, because the information presented does not allow for widespread institution-by-institution comparisons.

Data from the National Student Loan Data System (NSLDS) <u>should</u> be used to calculate loan repayment rates at the institution level, but <u>should not</u> serve as an alternative indicator to completion rates when it comes to measuring student success.

Several data limitations exist that should preclude ED from calculating institution success rates using only NSLDS data. First, there is no straightforward way to track cohorts of students within the NSLDS system. Cohorts can only be created by observing when a student receives financial aid, but this could lump together students who started college in different years. Consider, for example, a student who receives financial aid as a freshman and a student who receives financial aid as a sophomore but not a freshman.

The larger limitation is that NSLDS data only captures institution performance with respect to student aid recipients. While we admit that this is a compelling population of interest and important to break out given the federal government's mandate to protect the public fisc, NSLDS data *alone* provides too incomplete of a picture of institution success for accountability purposes. It would not include students who only received institutional or state-sourced funds, students who complete the FAFSA but don't receive any aid, self-pay students, students with Parent PLUS loans, or students who receive full scholarships.

NSLDS does, however, supply an excellent data source to calculate student loan repayment rates at the institution level – an indicator of institution success that should supplement data on completion rates. This is a metric that is desperately needed to quantify the success of the federal investment and to ensure students attend colleges where they have a minimum level of protection in their ability to repay student loans.

<u>III. Proposed Metrics: Access</u>

To rate how well individual colleges do in <u>making higher education broadly available</u>, ED should utilize as an indicator of access <u>both</u> the percentage of Pell Grant recipients among all <u>undergraduates</u> and the percentage of Pell Grant recipients among <u>full-time freshmen</u>.

We support ED's proposal to use the share of all undergraduate students who receive Pell Grants at each given institution of higher education as an indicator of access. But the variable does not strictly measure access as success is also entwined in the indicator. Since Pell Grant recipient students tend to have higher withdrawal rates, they are less well represented among upperclassmen.[11] As a result, measuring the percentage of Pell students among undergraduates indicates not only access, but also how well a college is retaining Pell Grant recipient students and to what extent four-year

[11] According to estimates from the Beginning Postsecondary Students (BPS) survey, full-time Pell recipients are nearly twice as likely as non-Pell recipients (30.6% vs. 15.9%) to drop out and not re-enroll anywhere within six years of initial enrollment. This gap is much larger at four-year institutions (22.9% vs. 10.4%), but still big at two-year institutions (38.5% vs. 26.3%).

colleges are accepting transfer students who are also Pell Grant recipients. These are important indicators of access (as well as success), but ED should supplement them with an additional measure on the percentage of Pell Grant recipient students enrolled among full-time freshmen -- a variable available in IPEDS.

Including data on the colleges' enrollment of first-generation students is helpful as an indicator of access, but only if ED makes it a mandatory question on the FAFSA or requires institutions to report this metric via IPEDS and if ED provides a standard definition.

ED has proposed using parental education level data gleaned from FAFSA applications as an indicator of college access, but the relevant question currently is voluntary for families to answer. Unless families are required to answer the question, the FAFSA does not make for a feasible data source to facilitate institutional comparisons. The only alternative is for ED to require institutions to report data on first-generation status via IPEDS.

Either way, ED would also have to provide a standard definition for the term "first-generation." No current standard exists. While a definition exists for the TRIO programs (neither parent has a bachelor's degree or higher), a variety of other interpretations has been used: e.g. neither parent has pursued a degree program beyond high school; neither parent has a vocational certificate or associate's degree; or neither parent has pursued any education beyond high school. Consistent data, regardless of source, is necessary for this indicator of access to work in a ratings system design for accountability and consumer choice purposes.

IV. Proposed Metrics: Affordability

ED's rating system should only make use of the Title IV student generated net price data for the bottom two family income quintiles ($0-$49,000).

ED's ratings system should only make use of the Title IV student generated net price data for the bottom two family income quintiles, because Title IV recipients are less represented in higher income brackets. Data from the National Postsecondary Student Aid Study (NPSAS) show that whereas over three-quarters of first-time, full-time students in the bottom two income quintiles are Title IV recipients, only between two-fifths and two-thirds of students in higher income quintiles receive Title IV aid.

Family Income Quintile	Received Title IV Federal Aid (%)
Bottom: $0 - $24,500	84.7%
Second: $24,501 - $49,000	78.3%
Third: $49,001 - $80,000	64.8%
Fourth: $80,001 - $117,500	50.9%
Top: ≥ $117,500	42.2%

Notes: Figures are filtered for certificate- or degree- seeking students, a requirement for Title IV aid. Source: U.S. Department of Education, National Center for Education Statistics, (NPSAS:12)

Title IV data density is worse in the two year sector. There, only approximately two-thirds of first-time, full-time students in the second income quintile receive Title IV aid even though nearly all such students should be eligible for significant Title IV benefits.[12]

	Received Title IV Federal Aid (%)					
Family Income Quintile	Public Two-Year	Private Non-profit Two-Year	Private For-profit Two-Year	Public Four-Year	Private Non-profit Four-Year	Private For-profit Four-year
Bottom: $0- $24,500	83.5%	81.7%	81.4%	87.1%	84.8%	87.2%
Second: $24,501- $49,000	70.0%	68.5%	65.7%	83.9%	89.5%	82.9%

Notes: Figures are filtered for certificate- or degree- seeking students, a requirement for Title IV aid. Source: U.S. Department of Education, National Center for Education Statistics, (NPSAS:12)

V. Proposed Metrics: Success

Any ratings system must include data on first-time, full-time (FTFT) students overall and subgroups of FTFT students broken out by major race, gender, and Pell Grant status categories.

Current FTFT graduation rate data that is accessible via the IPEDS Graduation Rate Survey (GRS) provides immensely valuable information, and should not be disregarded despite limitations that it does not measure success with part-time and transfer students and treats all students who leave school as dropouts, even if they re-enroll elsewhere. While colleges may vary widely in their enrollment of FTFT students, this variable provides a solid comparable measure to determine how colleges serve this "base group" of students to graduation day. These students, after all, comprise first-time college-going students who have dedicated themselves to full-time study at an institution that has full ownership of them upon matriculation. Just like no major subgroup should be ignored, success or failure with FTFT students should not be discounted.

To those who contend that IPEDS institution graduation rates should not be used because they do not incorporate part-time or transfer students, we respond that the subset of FTFT students is the *easiest* to graduate. Part-time students by definition take longer to complete and overwhelmingly tend to complete at substantially lower rates.[13] Transfer students generally do complete at higher rates, but many still have complications with credit articulation and transfer.[14] In fact, an Education

[12] Please note that the income quintiles we refer to differ slightly from the static income levels currently provided in IPEDS ($0-$30K, $30K-$48K, $48K-$75K, $75K-$110K). We derived our income quintile estimates from the most recent 2012 NPSAS survey. We suggest ED devise a method whereby income quintiles are reflected dynamically in IPEDS, rather than remain static for every annual IPEDS administration.

[13] Alexandria Walton Radford, et al., Persistence and Attainment of 2003-04 Beginning Postsecondary Students: After 6 Years (NCES 2011-151) (Table 1).

[14] Education Trust analysis of freshmen and transfer graduation rates in the Access to Success (A2S) database.

Trust analysis of graduation rates at over 150 public four-year colleges show that graduation rates typically remain the same, or even decrease, with the inclusion of transfer and part-time students. That's because including transfer students generally only nudges overall graduation rates up by a percentage point or two and including part-time students generally reduces graduation rates.[15]

Using IPEDS data, we recommend ED judge institutional performance based on how colleges graduate FTFT students at various time points: 100 percent and 150 percent of regular time for students at two-year degree granting institutions and 100 percent, 125 percent, and 150 percent of regular time for students at four-year degree granting institutions. 100 percent of regular time is still the standard assumption for most students and very few students graduate after 150 percent of expected timeframe.[16] Students need to know what their likelihood is for graduating in a reasonable timeframe upon entering.

<u>Improvements in the IPEDS</u> completion metrics that are <u>due in 2017</u> and include data on both FTFT and non-FTFT students will be helpful supplements to the current FTFT graduation rate measure. But these new metrics <u>should not replace</u> the use of current FTFT graduation rates as a measure of success, because even with improvements expected IPEDS completion indicators will still be very limited.

The National Center for Education Statistics (NCES) is in the process of implementing a new survey, entitled Outcomes Measures (OM), as part of the IPEDS 2015-2016 winter data collection process. As described in the Technical Review Panel 45 report, "the new outcome information is designed to provide consumers, policymakers, and researchers context for and an alternative to the graduation rates calculated for the purposes of the *Student Right to Know and Campus Security Act* of 1990."[17] The survey will provide supplemental data on the entire degree/certificate-seeking student population, including full-time, first-time students; part-time, first-time students; full-time, transfer-in students; and part-time, transfer-in students.

While the expected new data will undoubtedly provide helpful supplemental data to FTFT graduation rates, it's important to recognize that it is a very different indicator of college success that has many limitations:

- **It will report data on the number of students who receive *any award, regardless of the initial degree intent.*** While ultimate degree production can be a useful measure to capture, focusing solely on the receipt of any award regardless of initial intent can set a dangerous precedent whereby colleges may get credit for a lower credential conferred when a student

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[15] Michael Dannenberg and Mary Nguyen Barry. Tough Love: Bottom-Line Quality Standards for Colleges. *The Education Trust,* June 2014. http://www.edtrust.org/tough_love

[16] Education Reform Now analysis of all Title IV participating institutions in the 2013 IPEDS. Among approximately 3,200 four-year colleges, graduation rates only tick up by 2.6 percentage points between the 150 percent mark and 200 percent mark; among approximately 2,200 two-year colleges, graduation rates only tick up by 4.2 percentage points between the 150 percent mark and 200 percent mark.

[17] See: https://edsurveys.rti.org/ipeds_trp/documents/TRP_45_Summary_for_Posting.pdf

was in fact striving for a higher and different credential. This may lead colleges to push disadvantaged students out of a higher-degree program and into a lower credential if they deem students are not likely to succeed.

- **It provides an overly lengthy time period to count ultimate award outcomes: six years and eight years for both two-year and four-year colleges.** This effectively amounts to giving a 600 percent and 800 percent timeframe for completion at two-year colleges, and a 150 percent and 200 percent timeframe for completion at four-year colleges. While we recognize that it may take students different time spans to complete a degree, 100 percent of regular time is still the standard assumption for many students and families. In fact, completing in 200 percent to 800 percent of regular time is as much an indication of institution failure as it is of success. We recommend that a standard of 100 percent time and 150 percent of time should be used for rating two-year degree granting institutions and a standard of 100 percent of time, 125 percent time, and 150 percent time should be used for rating four-year degree granting institutions.

- **Critically, the new 2017 IPEDS data is not expected to be disaggregated by race/ethnicity or gender, let alone by race *and* gender.** Disaggregated data is crucial to identify achievement gaps within and among institutions of higher education and to provide tailored information to consumers. Future accountability efforts will not be feasible without data disaggregated by race/ethnicity, gender, race and gender, and Pell Grant receipt. We must ensure that colleges serve all groups of students reasonably well. Disaggregated data on institution performance is essential to meeting that goal.

Given these limitations, we strongly recommend ED not to replace the graduation rate (GR) component from the GRS survey with the OM component in its college ratings system. To realize the full value of OM measures, we recommend expanding the GRS survey to match these new OM student populations (non-FTFT).

With respect to transfer outcomes, ED's rating system should not give 'sending colleges' credit for lateral or reverse transfers; only vertical ones. All colleges, regardless of mission, should be required to report transfer-out rates in IPEDS and subsequent completion results should be attributed to the second institution, not the first.

We submit that it is only appropriate for two-year degree granting colleges to receive credit for a vertical transfer up to a four-year degree granting institution, since they have an explicit mission to prepare students for transfer to a four-year degree granting college. ED's ratings system should not reward any other transfer outcomes (lateral or reverse). Thus moving forward, we recommend that all colleges, regardless of mission, be required to report in IPEDS the number and percentage of students who transfer-out. We submit that it is necessary and a helpful data point to show consumers how many students from each cohort leave an institution for whatever reason. Once a student transfers in, IPEDS and ED's ratings system should ensure that subsequent "credit" for completion also transfers to the college that accepts them.

Finally, we submit that student loan repayment rates are a critical indicator of institution success and should be incorporated in ED's final rating system. Given that the federal role in higher education revolves so heavily around student financial aid and student loans in particular, loan repayment rates should be viewed as a critical indicator of an institution's success in terms of protecting the public fisc and taxpayers writ large from unwise public investments. Loan repayment rates are also a critical indicator of institution quality from the perspective of individual students. Students who cannot meet their education debt obligations either because they earn a degree with little economic value or because they earn no degree at all confront life-damaging consequences of bad credit, inability to take on future debt, and wage and tax return garnishment. We therefore recommend that loan repayment rates be incorporated into ED's rating system.

Mr. Secretary, we applaud your leadership and careful effort in establishing a college ratings system that will provide critical information not only to students and families making tough decisions about where to go to college, but also to colleges and policymakers to assist them in improvement and accountability efforts. Education Reform Now is happy to discuss any of the recommendations contained in this letter in further detail, and we are willing to help the Department in any way we can during this important process. We encourage you to proceed expeditiously and not let the perfect be the enemy of the good.

Sincerely,

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[i] For example, the State Fiscal Stabilization Fund within *The American Recovery and Reinvestment Act of 2009,* the School Improvement Grant, and 2009 Race to the Top required grantees to focus on the persistently low-achieving schools – the bottom 5 percent – as a condition to receive federal dollars. More recently, both the waiver application granting states flexibility from the Elementary and Secondary Education Act's (ESEA) accountability provisions and the 2013 Senate ESEA reauthorization bill required states to identify and support "priority schools," those that had been identified as the lowest achieving 5 percent of each Title I elementary and secondary schools in the state.