
Speaking for its more than 1,100 member institutions, the American Association of Community Colleges (AACC) regrets that “Leaders and Laggards, A State-by-State Report Card on Public Postsecondary Education”1, released recently by the U.S. Institute for a Competitive Workforce (ICW - a part of the U.S. Chamber of Commerce), contains many flaws. The report’s stated design is to evaluate the performance of two- and four-year systems of public higher education and assign grades accordingly, but the study employs methodologies and an overarching framework that are so poorly conceived that the various grades have extremely limited value.

Community college CEOs are disappointed by the issuance of this document, particularly given the extensive, intimate, and positive relationships that they have with hundreds of local Chamber of Commerce chapters across the country. Fortunately, the positive interactions between community colleges and their local chambers will surely continue.

To its credit, “Leaders and Laggards” focuses on many of the key issues and policy options that confront state governments. AACC commends a number of the report’s recommendations, including the greater use of workforce data in assessing postsecondary education programs and the facilitation of student transfer. While not new, these topics merit attention.

Inevitably, some media outlets have fixated upon the report’s grades given to states’ institutions in such areas as “Student Access and Success” and “Efficiency and Cost Effectiveness” in a way that lends them credibility that they do not inherently possess. The report itself calls attention to some of the limitations of its methodology, and then proceeds to brush them aside. However, these limitations are significant enough that judgments on entire systems of higher education should have been withheld.

What follows are some of the critical areas in which the “Leaders and Laggards” methodologies preclude a fair assessment of higher education systems. This leaves aside the issue of whether employing a grading system for higher education is a useful device, since the grading “curve” necessarily leads to failing grades. Some key areas where AACC questions the report’s approach include:

- In determining a “cost per completion,” which is the foundation of the “Efficiency and Cost Effectiveness” grades given in the report, students who transfer out of community colleges are excluded. Transfer is a central component of most community colleges’ mission. Nationally, almost one out of every five community college students included in the Department of Education’s “Student Right to Know” (SRK) cohort later transfers, a number that is widely acknowledged to be under-reported, because of data limitations. Therefore, any efficiency measure that does not take transfers into account is fatally flawed. In a state like Oregon, whose higher education structure encourages transfer from community college to a four-year institution before attaining an associate degree, the exclusion of transfers in the two-year colleges results in the system receiving an “F” for completion – an absurd assessment for this system of strong institutions. It is inexcusable to assume, as this report does, that transfers are institutional failures and represent a wasted expenditure of taxpayer dollars.

- The report ignores the college completion rates that are readily available through the National Center for Education Statistics that track students who complete within 200% of the normal time of a program, rather than
the 150% time period in the SRK. Indeed, ED’s Committee on the Measures of Student Success has stated that, “Although federal graduation rates provide important and comparable data across institutional sectors, limitations in the [SRK] data understate the success of students enrolled at two-year institutions and can be misleading to the public.” The 200% window captures more student completers and quite clearly provides a more accurate measure; therefore, it is difficult to understand why it has not been employed. If the 200% timeframe had been used, community college completions would have increased by 25% (from 22.1% to almost 27.6%).

- Other aspects of the “cost per completion” calculation have multiple shortcomings. First, it assumes that all completers are equal, both in terms of the quality of education and the cost of providing it. As the report itself states, this clearly is not the case. Furthermore, the “cost per completion” includes all the revenue a college receives, including that for noncredit workforce training. Since the latter funds are by design not intended to create completions, counting them generates significant misrepresentations. Finally, large enrollment spikes (such as those seen in community colleges during the time referenced in this study) will have a significant dampening effect on the completions per FTE metrics, since it will take time for the new students to make it into the numerator (completions) but they will immediately be in the denominator (FTE).

- One of the core elements of the report is its assignment of higher grades to systems of higher education that enroll higher percentages of Pell Grant recipients, which results in a better “risk-adjusted completion rate”. However, the number and proportion of Pell Grant recipients in a given state is largely driven by the income profile of a state’s residents, because federal needs analysis uses the same income criteria regardless of a student’s residence. States with relatively low personal incomes have relatively high percentages of Pell Grant recipients; wealthier states, fewer. Therefore, it is not enlightening to grade institutions in a given state without taking this factor into account.

- Despite the overarching importance of gauging the impact of postsecondary education on subsequent earnings, the methodology used in “Meeting Labor Market Demand” is simply too coarse to provide meaningful, actionable results. In addition, it may well say as much or more about a given state’s economy than the performance of its institutions of higher education.

- It is essential to provide transparency in consumer and stakeholder information to potential students. However, given the nature of today’s higher education system and students, the proper locus for such efforts is at the national or federal level, not in the states. The federal government is actively seeking to improve the information provided to prospective students; AACC heartily endorses these efforts. AACC urges states to work closely with ED and other national parties to ensure that students are provided with the information that they need to choose a higher education program best suited to their needs.

The American public and college students deserve better than the “Leaders and Laggards” report. AACC has released an ambitious report on the challenges facing community colleges and need for action to meet these challenges, “Reclaiming the American Dream.” AACC is now launching a large scale implementation effort to actualize that report’s recommendations. AACC also has developed a rigorous, fine-grained system of voluntary institutional accountability (Voluntary Framework of Accountability) that is designed to help colleges enhance their performance and be more accountable to stakeholders. These are the types of efforts that will produce positive change—not this unfortunate report.

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1 Available from http://icw.uschamber.com/reportcard/