Statement of the American Association of Community Colleges on the Obama Administration’s Proposed Federal College Ratings System and Related Issues

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The American Association of Community Colleges (AACC), on behalf of the nation’s more than 1,100 community colleges, makes the following comments on the Administration’s proposals to create a federal college ratings system and make other changes to the federal student aid programs.

“Paying for Performance” Ratings System:

1) Community colleges are not easily rated nor, by extension, ranked. One reason for this is that community colleges are tremendously diverse, both in terms of their program offerings and their student bodies. Also, most community college students are place-bound.

2) In addition, the variables proposed by the Administration to be incorporated into the ratings scheme are so wide-ranging that it is extremely difficult, if not impossible, to create an algorithm leading to a rating that would be provide useful information for all prospective students.

3) The plan’s renewed focus on providing consumers more useful data than what is currently available could be of real benefit. The Administration should first focus on righting what can be more easily corrected—starting with developing a more accurate graduation/completion rate and, as described below, providing meaningful wage data.

4) Institutional ratings are far less useful for prospective community college students than students attending other types of institutions because they generally do not apply to multiple institutions. To this extent, the individual programmatic focus of the pending “gainful employment regulations,” for all the challenges entailed in providing relevant and accurate data, provide a more helpful unit of comparison/analysis for community college students, since they generally choose between programs at a given institution, rather than between institutions.

5) The Department of Education has not provided information about which peer groupings it intends to use to compare or rate community colleges, assuming that comparative ratings are going to be developed. Community colleges might most profitably be categorized in terms of Carnegie classification, but regression analysis also should be used as well in any type of ratings scheme.
If the government is going to develop a federal ratings system, employment of the following should be considered:

1) For completion, using selected metrics from AACC’s Voluntary Framework of Accountability (VFA), a set of metrics devised by community colleges to accurately reflect institutional performance given the nature and mission of the institutions. In particular, this would allow for a needed timeframe for completion longer than the 150% percent timeframe used under the Student Right to Know and “official” completion rate (i.e., up to 300% of the “normal time” to complete a program), and also include transfer-out data and data on part-time students.

2) Consideration should be given to incorporating state performance-based funding model(s) into any ratings scheme, since in many places institutional behavior is already oriented towards them.

3) The use of “net price” or affordability indexes should be eschewed for community colleges. “Net price” is a concept that is far more relevant to traditional-aged college students attending four-year residential colleges, which charge students for room and board along with tuition, than it is for community colleges. In addition, net price is greatly influenced by state student aid and appropriations, factors over which institutions have no control.

4) The Department should adopt a Student Default Risk Index (SDRI) that would factor borrower incidence into default rates. This would provide a clearer picture of the actual likelihood of default for a student attending a given institution. It could be displayed along with the current default rates derived solely from the borrowing cohort.

5) Any rating system should use input-adjusted metrics to account for different levels of preparation, financing, etc., of the student population served.

**Use of Wage Data in Populating the College Scorecard:**

The Administration has indicated its intention to provide earnings data on the College Scorecard, and to use this as part of the ratings system. The provision of earnings information could provide a boon for consumers, and help institutions improve their offerings in many areas. However, as noted above, information at the program level is most useful for students, particularly at community colleges where the earnings associated with various certificates and degrees vary so much. The following refinements need to be incorporated into any publication of earnings data for an institution’s graduates:

1) The percentage of an institution’s credit population that was used to generate the earnings data should be provided along with that data. It is our understanding that the initial
earnings data will be derived solely from those taking out student loans, which in many cases is only a small fraction of the overall student body. It therefore is imperative that this highly relevant information be displayed.

2) Regional differentiations in average earnings or relative cost-of-living should be given to provide needed context with the earnings data – this might not be placed on the Scorecard itself, but a link to such data could be provided.

3) In future iterations of the Scorecard and for use in other contexts, colleges should be able to provide student SSNs to the government (if available and when not available through the NSLDS) so that more comprehensive earnings matches can be generated. In addition, institutions should be able to provide program-specific student identifiers so that these more relevant earnings data could be made available to prospective students. Again, this is similar to what is being done in the gainful employment regulations.

**Application of Ratings System to Student Aid Eligibility:**

Federal student aid benefits have been made available to students regardless of the eligible institution in which they enroll. This has provided prospective and currently enrolled students with generally reliable support and has encouraged healthy competition among institutions. While it may be desirable to alter some programs in the upcoming reauthorization of the Higher Education Act, AACC does not support extending the ratings system to federal student aid eligibility. AACC is concerned that this could unfairly disadvantage community college students who generally are not in a position to choose an alternative institution. (To some extent the growing use of distance education is changing this dynamic.)

There is widespread agreement that predictability in student aid is critical for college students, particularly for those least likely to attend. A scheme in which student aid availability changes with their college’s rating would undermine this principle.

**Consumption of Ratings Data:**

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 data, ratings, etc., that are currently available to prospective students does not reach the intended audience. Therefore, the Administration and other policymakers need to focus on implementing mechanisms that will provide the needed advising, counseling, and technological tools that will help future students make the right choice about the college and program that best suits them. A robust website, however essential, does not get the job done.

**Standards of Satisfactory Academic Progress:**
The current standards of satisfactory academic progress, which are promulgated by the Department through a regulatory process, strike an appropriate balance between motivating students to focus on their studies and ensuring that underprepared or academically challenged students – an all-too-large percentage of community college students, but a current reality – are given the opportunity to receive needed support. The regulatory modifications that took effect in July of 2011 created complications for students and institutions, though many have adapted to them by now. Given these factors, AACC urges the Department to not undertake further action in this area, particularly given the upcoming reauthorization of the Higher Education Act.

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