

Testimony of Sarah A. Flanagan
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National Association of Independent Colleges and Universities (NAICU)
before the
Advisory Committee on Student Financial Assistance

September 12, 2014

Attached is the letter that NAICU submitted in January 2014 in response to the Administration's request for comments on the proposed Postsecondary Institution Rating System. It states the key issues for our members, and I appreciate this opportunity to provide a greater context for our members' views of this initiative.

NAICU is the premier advocacy association for the nation's private colleges and universities. Our member institutions include major research universities, church-related colleges, historically black colleges, traditional liberal arts and science institutions, women's colleges, two-year colleges, and schools of law, medicine, engineering, business, and other professions. With over 3 million students attending independent colleges and universities, the private sector of American higher education has a dramatic impact on our nation's larger public interests.

First, I would like to emphasize the important role that NAICU members believe that the federal government could play in consumer transparency. Since its outset, NAICU members have been among the most vocal in their concerns with the *US News and World Report* college rankings, which are based on inappropriate measures of quality, and favorably benefit institutions with greater wealth. As a matter of fact, when the President speaks about the *US News and World Report* rankings, he sounds like an independent college president.

One of the best attributes of American higher education is its diversity which reflects the great plurality of our people. The diversity is by cost, curriculum, and mission or purpose. It is both within and among institutions. This diversity makes it extremely difficult, if not impossible, to compare institutions and even programs within institutions; and, despite its huge societal advantage, can overwhelm parents and students who are trying to decide which college is a "best fit" and which is the best investment for their family.

The federal government, with its access to millions of college aspirants, and its credibility as an unbiased, statistical resource, could play a key role in helping families sort through the many options before them. This is not a new idea. In the 1998 reauthorization of the Higher Education Act, a bi-partisan group of members of the House and the Senate established COOL (now called College Navigator) just for this purpose. During the lead up to the 2008 reauthorization, Congress was not satisfied with the confusing state of COOL, and again tackled the problem. When progress seemed to be slowing, NAICU retained independent focus group leaders to test all the ideas from the Administration, Senate and House with parents and students who were in the college search process. The resulting,

two-page simplified consumer search tool, U-CAN, still has the active participation of more than 600 private, non-profit colleges and can be found on our website.

Despite this long period of support by private, non-profit colleges for an appropriate federal role in consumer transparency, there has been a sense by many in the media that college presidents are against the president's plan. Since we don't really know what is in the president's plan, let me try and use my time today to pinpoint what I hear presidents are concerned about regarding some of the ideas that the Administration has floated.

In general, our member presidents support the idea of the federal government identifying a series of metrics that they believe families may want to consider when searching for a college. The list of what those things are could be a combination of factors that policy makers believe families should consider and those in which families, themselves, are interested. For example, factors such as average debt, time-to-degree, price and net-price are all things consumers are interested in, and things policy makers think are important.

Our U-CAN research also identified some areas, such as default rates, that policy makers think are important, but consumers aren't very interested in. However, that does not preclude the federal government from including such a factor in its consumer information tool, with a short explanation on why the government thinks families might want to consider it.

Similarly, consumers should be consulted to find out what they want to know. For example, during our U-CAN research, focus groups told us they wanted the profile to begin with a brief one-paragraph description of each institution, developed by the institution itself. Consumers believed this would give each school a chance to tell consumers how each school distinguished itself and defined its mission.

So why the angst? There is a great deal of concern over what the president's proposal will actually be. Will it be a consumer information system or a federal rating system? Will each school be reduced to a single letter grade, or will a series of information points be provided so consumers can better understand the nature of the institution and how it fares on an array of factors that may vary in importance to each family?

Most importantly, there is concern that the creation of a simplistic rating system will undermine the president's own access and completion goals, goals that are strongly shared by the higher education community. The creation of peer groups, the focus on numbers with too little consideration of institutional mission, and an ultimate goal of tying a final rating system to the amount of aid a Pell student will receive, will all hurt access and success, and not improve it. Fortunately, recent statements by key Department of Education officials, and studies by objective third party experts, seem to indicate that the Administration is accepting the need to address these unintended consequences.

The reaction to the Administration's plan will differ greatly if a series of thoughtful metrics on institutions are made publicly available and there is a pathway proposed to enrich these metrics with qualitative detail. The reaction is likely to be highly unfavorable if the Administration takes whatever

metrics they think are important and readily available, and funnels them into a single label or rating for the institution as a whole.

We do not know if there is traction or not for creating a single federal value label, but many types of labels are discussed in the press: letter grade; a type of Olympic medal color coding; or, a simple “Great, Okay or Bad.” For those who have lived in the college rating or ranking world for all of their professional lives there is a strong belief that any single, uniform rating by the federal government will yield bad policy, hurt low-income families, and mislead, rather than help, consumers.

We have consistently stated that we do not believe that it is even possible to rate colleges. The complexities of sorting by federally defined peer groups, by type, by geography, by student body income levels or academic preparation, to name a few factors, becomes a mathematical maze.

Why do we think a single rating won’t work? The reasons are many, but they boil down to the problems with simplifying complex and varied factors. Consumer studies show that when a letter grade is used as an indicator, people equate overall product quality with the letter grade, even when that is not what is being measured. *

To make a singular rating, the federal government would have to assign its own values of what is important, and to what degree. The values that the federal government has an interest in, and their relative worth, may not be the same as those for a student who is searching for a good-fit school. For example, average loan debt may not be relevant to a student who is not going to borrow to go to college.

Federal values will come in if the government makes a judgment for families on how much of a score should be based on time-to-degree, how much on average debt burden, or how much on default rate—something it would have to do to create a single metric. The relative weights will determine the grade the college gets, even if the factors are not important to an individual student.

There has also been talk about College Rankings 1.0—specifically, that whatever is first released will be for public feedback and it can be fixed later. This is a dangerous underestimation of the power of the federal imprimatur. Even if it were possible to “grade a college,” the idea that the federal government might release a bad set of grades for comment is irresponsible. Colleges live and die by reputation. Families are trying to make sure they are putting their money down on a “good” school. Getting it wrong, even on a trial, will have unintended consequences, particularly if it is released at a time of year right before student application or enrollment deadlines.

There has been discussion about rewarding colleges that serve a great public policy purpose, such as those that graduate a high number of Pell Grant recipients. That is a welcome policy conversation, but somewhat irrelevant to non-Pell families, and is not the same as a consumer rating system.

What might be possible, are two distinct things. For consumers, it is possible for the federal government to create a simplified information tool, such as we did with U-CAN, which could guide families to consider some key metrics and factors about each institution. To be helpful to consumers,

such a system should also include qualitative information from the institution, such as mission and campus culture, while still remaining relatively short.

The federal government has a separate opportunity to bring some long overdue recognition and support to those institutions that are helping first-generation-to-college students succeed. That could be done in a number of ways. From a public policy perspective, for example, the federal government could reinvest in the campus-based aid programs, and target that new money toward schools that are resource-poor because they serve and graduate more needy students.

Finally, we must remember that most college students are non-traditional. They are not 18-22 year olds, living on campus, and going full-time. More often than not, they are part-time, adult, and going to an institution that is geographically close. Much of this debate is irrelevant to them, yet we continue to make public policy on an outdated model.

At the end of the day, the federal government has a wonderful opportunity to help those students and families who are weighing options in higher education to make a more informed choice. Drawing them away from existing ratings and rankings and onto the facts would be a great service. Labelling schools with any kind of federal rating mark will set this opportunity back, not advance it.

We anxiously await the details on the direction the Administration will go in this effort.

*<http://www.fda.gov/Food/IngredientsPackagingLabeling/LabelingNutrition/ucm207974.htm>



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Richard Reeves
National Center for Education Statistics
U. S. Department of Education
1990 K Street, NW, 8th Floor
Washington, DC 20006

Dear Mr. Reeves:

The more than 1,000 private, non-profit, institutional and association members that comprise the National Association of Independent Colleges and Universities (NAICU) welcome the president's commitment to the broad issues of access, affordability, and transparency. These are the ultimate goals that the Administration seeks to advance with its current set of proposals for higher education. We also welcome the open invitation from the president for colleges and universities to work in common purpose with the Administration to reach these goals.

We share the president's concern about the negative effects of commercial rankings on consumer choice, and we agree that there is a role for the federal government in making better information available to help students and their families find a college or university that fits their varied needs.

However, we strongly believe that adding a federal rating system to the existing private commercial rankings will not solve the problem, but—rather—will exacerbate it. The strong expression of concern with a single metric by college leaders, across sectors, throughout the nation is founded in the belief that the two approaches offer a distinction without a difference.

The belief that a single rating metric is harmful to American higher education and the students we serve, is grounded in many factors, but several rise to the top. First, private, independent college leaders do not believe it is possible to create a single metric that can successfully compare the broad array of American higher education institutions without creating serious unintended consequences. For example, low-income students are most likely to bear the brunt of the financial penalties anticipated under the plan. Also, it is simply implausible to believe that a one-size-fits-all rating system could possibly take into account the diversity of missions, student populations, and communities of the nation's colleges and universities.

Second, any metric will be value-weighted with measures that policy makers might believe are important, but that might not be related to the values or needs of the student who is doing the college search. Third, by its nature, a metric is quantitative; whereas finding a "best-fit" college has qualitative

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aspects that are equally as, or even more important, than the quantitative aspects. Last, and perhaps most striking, is the fact that such a rating—especially if tied to student aid—will end up negatively impacting the very students the president sought to lift up when he issued the 2020 graduation challenge.

We believe a better approach would be to develop a federal consumer information tool that helps make the college selection process more comprehensive, and more responsive to the interests and priorities of the individual student and their family. Such a resource should:

- **Ask consumers what they want.** *When you do, what is discovered may be different from what policy analysts want to know or use to judge schools.*
- **Be both long and short enough.** *Too little information can be misleading, too much can be overwhelming.*
- **Include both quantitative and qualitative information.** *Beyond facts and data points, work in partnership with colleges and universities to provide information that prospective students want to know about the nature of the institution so they can determine “fit.” This can be done by allowing institutions to tell their own stories through links on individual college profiles, available via the resource, so students can learn more about what each school is really like.*
- **Look Inward.** *The Department of Education already has a valuable storehouse of information posted on its College Navigator site, and through other sources, that could be made more useable to consumers.*

NAICU has pioneered this general approach with our own University and College Accountability Network (U-CAN), which includes information identified by policy makers as being important for accountability. Perhaps more importantly, based on focus group findings, U-CAN includes the very information and data that parents and students told us they needed to make more informed college choices. U-CAN could certainly serve as a model to help inform the development of such a tool or resource.

By working together with colleges and universities, the Administration can promote the importance of a college education, and inspire a collaborative approach to helping our nation reach the fast approaching 2020 goal.



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We strongly encourage the Administration to consider the overwhelming consensus among higher education practitioners that a metric is not a solution. Rather, it is more likely to be another hurdle in the road to realizing the president's higher education goals.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Warren", with a long horizontal flourish extending to the right.

David L. Warren
President