Data standards of the State Postsecondary Review Entities (SPRE) required under Title IV of the amended Higher Education Act are discussed, including how institutions can collect data to meet these standards. Background information is provided concerning the need for states to assume new oversight responsibilities concerning institutional eligibility to participate in Title IV financial aid programs. The functioning of SPRE in Virginia is considered, and an overview is provided on the Review Standards. The most problematic standard, Standard 17 for community colleges, is discussed in detail. This standard provides for graduation, withdrawal, job placement, and licensure pass rates. Data collection strategies relating to Standard 17 are presented both from a SPRE agency point of view, as well as from a community college perspective. Attention is focused on the results of a pilot review conducted at a Virginia community college by Virginia's SPRE by the State Council of Higher Education for Virginia. Methodologies for calculating rates of graduation, withdrawal, job placement, and licensure are explained, along with factors that can confound interpretation of results. Implications of evolving SPRE regulations are addressed. It is noted that continued federal funding for the SPRE program is uncertain in the light of recision bills. (SW)
SPRE Reviews of Community Colleges:
Collecting Data and Meeting Standards

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Editor
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SPRE Reviews of Community Colleges: Collecting Data and Meeting Standards

Abstract

This paper discusses SPRE (State Postsecondary Review Entities) data standards and how institutions can collect data to meet these standards. After presenting a brief history of SPRE and how it has been implemented in Virginia, Review Standards are described. Standard 17, which provides for graduation, withdrawal, job placement, and licensure pass rates, is discussed in detail because it is the most problematic for community colleges. Data collection strategies relating to Standard 17 are presented both from a SPRE agency point of view, as well as from a community college point of view. This is accomplished by discussing the results of a pilot review conducted at a Virginia community college by Virginia’s SPRE, the State Council of Higher Education for Virginia (SCHEV). Finally, implications of evolving SPRE regulations are presented.
Background on Virginia SPRE Activity.

Prior to the 1992 Reauthorization of the Higher Education Act of 1965 (HEA), major responsibility for reviewing and certifying institutions of higher education for participation in Title IV financial aid programs rested with the U.S. Department of Education and accrediting agencies. The rapid growth of federal financial aid programs, however, coupled with an alarming increase in the number and amounts of student loan defaults in the late 1980's and early 1990's, prompted Congress to seek an alternative framework for monitoring and assessing institutional eligibility to participate in Title IV.

As a result, the 1992 Amendments redefined and tightened the procedures and criteria used by accreditation bodies and the Department of Education to evaluate institutions. In addition, the amendments required that states assume major new oversight responsibilities concerning Title IV programs. Accordingly, Section 494 of the HEA, as amended, and the subsequent federal regulations (34 CFR Part 667) established the creation of a State Postsecondary Review Entity (SPRE) in each state to conduct reviews of institutions referred to it by the U.S. Secretary of Education to determine eligibility for continued participation in Title IV.

The proposed regulations establish the conditions under which an institution will be reviewed by the SPRE, list the standards it must meet in order to maintain its Title IV eligibility, describe the types of action the SPRE may undertake as a result of its review
findings, and provide reviewed institutions with an appeals process to object to or comment on the SPRE’s findings and recommendations. In an effort to locate patterns of abuse, fraud, or mismanagement, the regulations also establish a process for recording, referring, and evaluating complaints filed against a postsecondary educational institution.

Under the new regulations, each state governor is required to designate a SPRE to create review standards and conduct reviews of Title IV participating institutions in that state. In August 1993, former Governor Douglas Wilder of Virginia designated the State Council of Higher Education for Virginia (SCHEV) as the Commonwealth’s SPRE. Section 23-261 of the Code of Virginia gives the Council statutory authority to administer federal programs as assigned by federal statutes and regulations and to "undertake such duties as may be additionally assigned to it by the Governor in response to agency designations requested by the federal government."

SCHEV proceeded to issue a proposed state SPRE plan to the U.S. Department of Education for approval and assembled a SPRE Advisory Group comprised of representatives from the various sectors of Virginia’s postsecondary educational community, as well as state agencies with postsecondary licensing authority. In close consultation with the Advisory Group, SCHEV drafted a set of proposed SPRE regulations which were submitted to the Department of Education in late November 1994. Currently, these regulations are being reviewed by the Department prior to implementation during the summer of 1995.

Institutions can be "triggered" for review by the SPRE in two basic ways. Either they are referred to the SPRE by the U. S. Secretary of Education or they are suspected by the SPRE of engaging in fraudulent misuse of Title IV funds. Once "triggered," institutions are
subject to the review standards contained in the regulations (3.1-3.17), and are required to provide information on their administrative capacity, the accuracy and timeliness of their publications, the progress of their students, the completeness of their student and financial records, the length of their academic programs, their graduation rates, the placement rates of their students, and other important institutional characteristics.

It is anticipated that the number of institutions referred to SCHEV by the Secretary will exceed the number of institutions that SCHEV has the fiscal and administrative capability to review annually. For this reason, SCHEV, with the approval of the Secretary, has established a priority system to decide which referred institutions to review.

The SPRE priority system will focus efforts and limited resources on those institutions suspected of fraud or mismanagement in the administration of Title IV funds and those institutions exhibiting a combination of high loan default rates and a high volume of defaulted funds. Additionally, institutions in the process of being recertified by the U.S. Department of Education which also satisfy one or more of the referral criteria will be treated by the SPRE as a high priority for review. Preliminary lists provided to SCHEV by the U.S. Department of Education indicate that the majority of triggered and reviewed institutions will come from the proprietary sector.

SPRE Review Standards.

To implement the 1992 Amendments, the U.S. Department of Education issued a series of proposed and final regulations in the areas of the state postsecondary review program (34 CFR 667) and Title IV program participation requirements (34 CFR 668). The former
represents an entirely new section of federal regulations; the latter involves a number of substantive amendments to existing regulations. The seventeen Review Standards used by the SPRE to evaluate institutions are drawn directly from the language of the legislation (§494C(d)) and the subsequent regulations promulgated by the Department concerning the responsibilities of the SPRE (34 CFR 667). It is important to note that the basic charge to the SPRE is one of implementing federal law, not creating state law.

To delineate the specific compliance requirements for each of the seventeen standards, the Virginia SPRE relied heavily on existing federal regulations. This was a conscious decision by SCHEV to limit the administrative burden and intrusiveness of the emerging program. Therefore, for those standards covering areas where federal regulation currently exists, SCHEV chose to adopt or closely mirror the federal language as its own. It decided to allow an institution under review to utilize currently maintained data when possible to satisfy SPRE reporting requirements instead of forcing the institution to develop costly new data collection procedures. SCHEV has attempted to be sensitive to the growing trend of regulation, evaluation, and assessment increasingly prevalent in postsecondary education since the mid-1980’s and seeks ways to work creatively with institutions to ascertain the level of currently maintained institutional data instead of imposing additional and oftentimes redundant data collection burdens on institutional research offices.

As stated earlier, the SPRE regulations are designed to assess institutional performance in seventeen specific areas, including consumer information, academic progress standards, financial and administrative capability, and student outcomes. Because the most problematic area with respect to institutional research at community colleges is Standard #17, which
defines measures for assessing an institution’s graduation, withdrawal, job placement, and
licensure examination pass rates, the remainder of this paper focuses on this standard. Much
of the discussion is based upon a pilot review conducted by SCHEV at one of the 23 Virginia
Community College System (VCCS) institutions in late June 1994 and the questions raised by
that review.

Standard #17.

SCHEV was constrained in its efforts to develop quantitative standards for evaluating
student outcomes measures by the absence of a currently enforced uniform methodology for
calculating such rates. The finalization of the Student-Right-to-Know (SRK) provisions
should greatly alleviate this deficiency, but at this point in time, when—and even whether—this
will occur is unknown. With no uniform methodologies currently in practice among the wide
variety of institutions eligible for a SPRE review, methodologies for calculating the various
rates, as well as thresholds for evaluating institutional performance, had to be developed by
SCHEV.

In its establishment of the quantitative standards, as well as all of its SPRE regulations,
SCHEV consulted extensively with members of its Advisory Committee and other members
of the postsecondary education community. The resulting measures represent SCHEV’s
consideration of federal guidance in the area, its responsibilities under the federal SPRE
regulations (34 CFR Part 667), and discussions with representatives from the postsecondary
educational community concerning the feasibility and appropriateness of alternative
methodologies and thresholds.
SCHEV has constructed a three-pronged review mechanism for determining institutional compliance with the SPRE review standards pertaining to graduation and job placement rates. Institutions are afforded the flexibility to demonstrate compliance with the standard by satisfying any one of the three criteria for compliance. Briefly, the three criteria are (1) a "hard-point" threshold figure (50% for graduation and 60% for placement); (2) a peer comparison placing the institution's rate at or above the 25th percentile of an established listing of comparable institutions; and (3) other documented justification for the institution's rate.

SCHEV departed from the more prevalent practice employed by many SPRE's of using standard deviation calculations to measure the relationship between the institution's rate and those of its peers. Using standard deviations would require the SPRE to calculate the mean graduation or placement rate for the peer group and then to determine the distance of the target institution's rates from those mean scores. This could result in dramatic annual fluctuations in the peer mean, adding ambiguity and uncertainty to the process for those institutions relying on this mechanism to demonstrate compliance.

Instead, SCHEV has chosen to rely on the peer evaluation system which it developed in the 1980's to determine the relationship of faculty salaries at Virginia's public institutions with those at comparable institutions across the region and nation. Peer groups of 50 to 100 institutions were established for each public institution in Virginia using a SAS FASTCLS program. The institutions were grouped according to a series of institutional variables, including enrollment, major programs of study, and budget.
Using this list of peer institutions, SCHEV is able to locate a reviewed institution in relation to its peers and not in relation to an artificial peer mean score. To demonstrate compliance with SPRE standards, SCHEV staff divided the list into quartiles. Those institutions falling in the highest quartile are considered to have excellent graduation or placement rates. In contrast, those institutions in the lowest quartile are considered to have "questionable" or "objectionable" rates. Those falling in the middle two quartiles are considered to have good rates.

Of course, as any community college educator knows, calculating graduation, withdrawal, and job placement rates at community colleges is difficult, and the results are often quite misleading. Indeed, criticisms of community colleges for producing relatively few graduates and more dropouts when compared to four-year colleges and universities have been proven largely invalid by researchers. Still, many legislators, and even educators, ignore these findings and persist in applying four-year graduation standards to two-year community colleges.

In this respect, it is understandable that community college educators in Virginia are apprehensive concerning Standard #17. As Arnold R. Oliver, Chancellor of the VCCS, wrote in a letter to Gordon K. Davies, Director of SCHEV, on July 21, 1994:

The diversity within the system of higher education in Virginia is widely acknowledged as a major strength. Yet, the proposed regulations and standards dealing with graduation rates, withdrawal rates, and the establishment of time frames in which students must complete an educational program or objective, do not take into account differences between institutions with open-admission policies and those with more selective admission policies. It is

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unclear to me why the Virginia SPRE still proposes standards that can only realistically be achieved by a limited number of institutions in the state, and why the standards for two-year institutions are not different from those for four-year institutions. The 50 percent graduation rate for all institutions illustrates this point.

Graduation Rates.

As is apparent for Dr. Oliver’s comments, the graduation rate requirement in Standard #17 is perhaps the most troubling in the entire regulations. One problem has to do with applying a fair and consistent methodology for calculating a graduation rate for a sector of higher education in which graduation is only one of many completion goals for students. Another problem has to do with determining an equitable standard, or threshold rate.

The final proposed standard adopted by SCHEV allows institutions to choose between two methodologies for calculating graduation rates. The first methodology follows the cohort methodology outlined in the 1993-1994 Federal Student Financial Aid Handbook and Section 485(a)(3) of the Higher Education Act. It follows a cohort-based model which tracks the progress of a group of students through the institution within 150% of the normal time to completion. Because it tracks individual students over a given time period, the cohort-based methodology is perhaps the most statistically valid, and certainly the most common, way to measure graduation rates. It also affords institutions the opportunity to exclude from the cohort those students who transfer to other institutions or leave for military service, church missionary work, or Federal foreign service.

While the cohort method is technically valid, it applies only to full-time students. As such, it fails to provide an accurate picture of institutions, such as community colleges,
enrolling a majority of part-time students. Furthermore, the cohort-based methodology can impose a fair degree of administrative burden on institutional research personnel to track and document those students transferring or leaving for other "acceptable" reasons. In fact, without cooperation at the national and state levels, it is impossible for many community colleges to account for large numbers of their students who transfer to other institutions of higher education. Without taking into account student transfers, the cohort graduation rate at the community college which engaged in the pilot review was only 12%.

An alternative methodology for calculating graduation rates involves dividing the number of graduates in any given academic year by the total number of regular (or curricular) students enrolled in the fall term of that year. This offers the institution and the SPRE a quick, easy, and inexpensive means of obtaining an indication of the institution's success in graduating students. More importantly, it allows an institution the opportunity to account for all students regardless of their full-time/part-time status. Finally, the ratio can be computed using available IPEDS data with no additional administrative burden.

When the pilot review was conducted in June 1994, this was the only methodology available for calculating graduation rates. Using this method, the graduation rate was 18.5%. In fact—and this should come as no surprise to those familiar with the American community college—of the 239 graduates in 1992-93 (the year for which data was collected), only 79, or 33%, had graduated within three years, or 150% of the "normal" time.

The director of institutional research at the community college under review argued that comparing students graduating in a particular year with those enrolled during that year is a false comparison. In a worst case scenario, if graduates entering an institution three years
prior to the review belonged to a particularly small cohort group, and if the current cohort
group of student was particularly large, graduation rates would be low even if every student
who enrolled graduated. For instance, if every student graduates at an institution which
doubles its enrollment every year, the graduation rate after three years would be only 33%.

Because of this failure to account for individual student progress, the director of
institutional research suggested that the cohort methodology should at least be allowed as an
alternative. The suggestion was not only adopted by SCHEV but was considered the primary
methodology for calculating the graduation rate. Regardless, either methodology produces
low rates and is problematic for community colleges.²

Graduation Thresholds.

SCHEV has chosen to employ a three-tier approach for evaluating compliance with the
graduation rate standard. As has been shown, an institution can document a graduation rate
equal to or greater than 50%; it can demonstrate that its graduation rate is equal to or greater
than the 25th percentile of a designated peer group; or it can provide SCHEV with
documented justification for a graduation rate which fails to meet either of the first two
measures. Meeting any of the three criteria constitutes institutional compliance with the
standard.

² A succinct evaluation of the comparative advantages and disadvantages of various statistical methodologies
is presented in Developing Quantitative Performance Standards for SPRE Reviews: A Technical Assistance
Primer (DRAFT) (Boulder, Colorado: National Center for Higher Education Management Systems. October
1994).
SCHEV avoided relying solely on a percentage standard for evaluating the success of an institution in graduating its students within a reasonable time period. Besides ignoring the vast differences between institutions and the students they enroll, relying only on a percentage standard could expose SCHEV to potential litigation on the grounds that the standard was set arbitrarily. SCHEV might find it difficult to defend a standard of 50% if an institution, such as a community college, which failed this measure could demonstrate that large numbers of comparable institutions would have also failed the 50% condition.

SCHEV did conclude, however, that such an approach was highly appropriate if used in conjunction with the other threshold criteria. This is still an area of disagreement between SCHEV and most Virginia community colleges. SCHEV feels that by setting the standard at the relatively high level of 50%, institutions having clearly acceptable graduation rates are provided the opportunity to avoid the administrative burdens associated with the peer group analysis and "other justification" criteria. Community colleges feel that the standard is not only arbitrary but nearly impossible to meet. Indeed, a review of all first-time, full-time, curricular students graduating within three years who started in a Virginia community college in the fall of 1989 reveals that only one of 23 institutions met the 50% requirement and that the overall average rate for the 23 institutions was 17%.

SCHEV is opposed to establishing different criteria for different sectors of institutions, such as community colleges, two-year proprietary institutions, or universities, because it believes that this holds the potential for artificially and arbitrarily applying different criteria to institutions whose only real major difference is their sector designation. Community colleges, on the other hand, feel that there are very real differences besides sector designation between
themselves and proprietary school, colleges, and universities. To be compared to institutions whose primary mission is to graduate students seems unfair to many community college educators. Still, the peer group analysis proposed by the Virginia SPRE does allow different performance criteria to be applied to different types of institutions based on student enrollment, location, educational programs offered, selectivity, and mission.

Finally, if an institution fails to meet the 50% threshold and falls in the bottom 25th percentile of its peer group, it can demonstrate to SCHEV that its graduation rate is appropriate given its unique mission, the selectivity of its student population, the diversity of student completion goals, or other mitigating factors. What may ultimately happen is that many community colleges in Virginia will find themselves in the position of collecting a considerable amount of data to show why their completion rates are in conformity with the broad mission of Virginia Community College System.

Withdrawal rates.

SCHEV has chosen to adopt the federal methodology for calculating withdrawal rates, as defined in 34 CFR 668.16(1). The withdrawal rate is calculated by dividing the number of regular students enrolled at the beginning of an academic year by the number still enrolled at the beginning of the next academic year. Graduating students and transfer students are excluded.

A major problem with this definition, at least from the community college perspective, is that withdrawal is mistakenly equated with retention and student persistence. Withdrawal at most institutions of higher education refers to students withdrawing from classes during a
particular term; retention or student persistence, on the other hand, refers to student attendance across academic terms. An even greater problem for community colleges is that the academic year is an inappropriate time period for calculating withdrawals. A student not returning from one term to the next should be considered a "stop-out," not a withdrawn student. An academic term, not an academic year, is the appropriate time period at an open admission institution enrolling mostly part-time students. A third problem, alluded to earlier, is that most institutions cannot account for many students who transfer to other educational institutions. What these three problems meant during the pilot review in June 1994 was that the community college could only provide an approximate withdrawal rate.

The maximum withdrawal rate, as defined in federal regulations and adopted by SCHEV, is 33%. At first glance, this may appear to be an easy standard for community colleges to meet, but when the difficulty of reporting transfer students is combined with the failure to account for "stop-outs," an artificially high withdrawal rate can result. Indeed, it is estimated that at some community colleges, the withdrawal rate could approach 50%.

Job Placement Rates.

The SPRE regulations in Virginia require placement rates only for vocational and professional programs. At community colleges, this means that job placement data must be maintained for all Associate of Applied Science (AAS) and certificate programs. At the time of the pilot review in June, a "placed student" was defined as "a student who, within 180 days of the day he received a degree, certificate, or other recognized educational credential, obtained gainful employment in the recognized occupation for which he was trained; and who
has been employed in that position for at least 13 weeks following his receipt of the credential from the institution." Since that time, the 13-week provision has been deleted.

Placement rates are calculated by "dividing the total number of students who receive a degree, certificate, or other educational credential in the award year by the total number of placed students." Institutions may exclude from their calculations graduating students who continue their education, enlist in military service, or who have documented cases of illness.

In the June 1994 draft to the regulations, the following provision was made for documenting placement rates:

The institution must secure and maintain documentation of students’ gainful employment. Examples of satisfactory documentation include, but are not limited to:

1. A written document from student’s employer; or
2. Signed copies of State or Federal income tax forms; or
3. Written evidence of payments of Social Security taxes; or
4. Other verifiable documented placement data provided by the institution.

SCHEV quickly realized the absurdity of asking for income tax forms or obtaining written documents from employers because currently the language reads:

The institution must document the means utilized to collect job placement data and the methodology used to compute job placement rates.

The threshold rate has been set at 60% and any institutions failing to meet this rate can "fall back" to the two alternate methods used in determining graduation rate compliance (the peer group 25th percentile threshold and documented justification by the institution).
The problem for most community colleges will not be in meeting the threshold rate but in collecting the data. The community college involved in the pilot review calculated job placement rates based upon graduate survey data. Although the overall placement rate for the college was 75%, and 9 of the 13 programs had rates greater than 60%, a number of problems surfaced with respect to the methodology.

First and foremost was the fact that only slightly over one-half of all graduates responded to the survey, resulting in sample data rather than population data. As a result, the number of graduates for certain programs was so low as to be statistically meaningless. In other programs, the response rate was low enough to call into question the reliability of the data. Of the 14 occupational/technical programs at the college, only two had more than 5 respondents who could be counted and 7 had response rates of 50% or below. In order to obtain accurate job placement information, data collection will have to occur at the state, rather than the institutional, level. Cooperation between institutions and state employment commissions, senior institutions of higher education, and the military will be essential.

Because many students enroll in vocational programs at community colleges not to obtain employment—they may already be employed in that field of study or they may be simply interested in obtaining corollary skills for another field—the job placement rate, as applied to community colleges, is misleading. Perhaps the term vocational program, as defined in the SPRE regulations should be changed from "an educational program, below the bachelor's level ..." to "an educational program, below the associate degree level ..."

Licensure Pass Rates.
At the time of the pilot review, the draft regulations pertaining to licensure examination pass rates were quite similar to those pertaining to job placement rates. All programs "preparing students for occupations in which a licensing exam is required for an entry-level position" must "provide licensure examination pass rates for its graduates." The threshold rate was set at 60%, and institutions failing this must demonstrate that they are "at or above the 25th percentile of the designated peer group," or must present "documented justification."

Since that time, compliance requirements have changed. Instead of an exam rate of 60% or greater, the rate must "equal to or greater than one standard deviation below the statewide pass rate that year." Also, the peer group threshold standard has been dropped. The reason for these changes is that typically a wide variance in "acceptable" pass rates exists for the many different licensure examinations. For example, licensure exam pass rates for many of the nursing professional areas hover in the 80-85% range, while the rates for state bar and CPA exams are significantly lower.

For the most part, fewer problems are associated with either the old or the new licensure pass rate requirements of Standard #17 because at community colleges those academic programs with licensing requirements typically have quite high pass rates. At the VCCS institution at which the pilot review took place, for instance, only one program, Nursing, was required to submit data, and the pass rates for Nursing graduates at that school were typically above 90%
Conclusions.

SPRE regulations in Virginia and other states are still evolving and by the time this paper is presented, a number of changes will already have been implemented. In June 1994, when the pilot review was conducted, SPRE was a high priority for the U.S. Department of Education and received continued Congressional support in the form of a $20 million appropriation. However, with the November 1994 elections and the dramatic shift in Congressional seats, support for the program has waned in recent months as the new Congress searches for ways to trim federal expenditures.

In February and March 1995, both the U.S. House of Representatives and the U.S. Senate included the SPRE program in their respective rescission bills. The House bill provided for a total rescission to $0 for the program, while the Senate advocated reducing the SPRE funding in half to $10 million. Both bills, which also included significant reductions in student assistance programs, progressed through committee and were passed by both legislative bodies later in the Spring. A joint budget committee comprised of members of both bodies was convened in May to reconcile differences in the two rescission bills. During that reconciliation, the joint committee adopted the House position and reduced SPRE funding to $0. The full House passed the reconciled rescission bill in May. The Senate is expected to vote on the bill by the end of May 1995. At this point, it appears that the Senate will approve the bill.

However, one should be cautious in prematurely dismissing the program on the basis of the rescission bill. President Clinton has promised to veto the current rescission package because of its heavy cuts in support to the elderly and education. While the measure...
passed the House and is expected to pass the Senate, neither legislative body supported the rescission bill with the votes necessary to override an executive veto. As such, the funding for the programs included in the rescission would revert back to their original appropriations.

In the wake of the uncertainty surrounding the continued existence of the program, SPRE's throughout the country have continued preparations to implement the program. As of May 20, 1995, seven states have been approved by the U.S. Secretary of Education to begin reviewing institutions. The majority of states have submitted SPRE regulations and standards to the Secretary for final review. As noted earlier, SCHEV submitted its proposed SPRE regulations to the Secretary in November 1994 and is still awaiting final approval to begin institutional reviews.

Regardless of what happens, SPRE regulations are a matter of great concern to community college researchers not only because of the difficulty of collecting data, but because many of the standards appear arbitrary or are not applicable to the community college. It is imperative that community college educators work closely with their SPRE to ensure that reasonable standards are implemented.