

# Transparency and Accountability: Implementing a Postsecondary Institution Rating System That Empowers Students While Avoiding Unintended Consequences

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In an economy that increasingly demands postsecondary credentials to access high-paying jobs with the potential for career advancement, students need comprehensive and reliable information to make better college and career choices. This need has prompted a vigorous national dialogue about the best way to provide information on the performance of postsecondary institutions, as well as how this information should be used to inform students and encourage improved outcomes. The U.S. Department of Education's Postsecondary Institution Rating System (PIRS) proposal, along with consumer reporting provisions included in legislation to reauthorize the Higher Education Act, advances this dialogue and sets the stage for prospective solutions. As these efforts move forward, policymakers at the federal and state levels should give special attention to the needs of students from disadvantaged backgrounds. Substantial improvements in the availability of consumer information, as well as the eventual use of this information for greater accountability, are possible, but careful design of these information systems is essential to minimize the risk to the nation's most vulnerable students.

While recent Department of Education initiatives, such as the College Scorecard, have greatly strengthened the information base available to the public, there is more work to be done to provide better and more comprehensive information about access, progress, completion, and important post-graduation outcomes. This is the impetus for the Department of Education's PIRS proposal:

*The Department intends, through these ratings, to compare colleges with similar missions and identify colleges that do the most to help students from disadvantaged and underrepresented backgrounds, as well as colleges that are improving their performance. The ratings system is not intended to rank institutions. Instead, it will provide information about an institution's performance on a specific measure or a specific set of measures. In the upcoming reauthorization of the Higher Education Act, the President will propose allocating financial aid based upon these college ratings by 2018.<sup>1</sup>*

CLASP supports increasing transparency and accountability for postsecondary results and sees PIRS as an important instrument to promote these goals. This paper presents recommendations for implementing PIRS in a way that supports the goal of empowering students by providing the information they need to make informed decisions about their postsecondary plans while also avoiding unintended consequences, especially for students from disadvantaged backgrounds, including low-income and under-represented students. The paper is based on

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<sup>1</sup> Request for Information To Gather Technical Expertise Pertaining to Data Elements, Metrics, Data Collection, Weighting, Scoring, and Presentation of a Postsecondary Institution Ratings System  
A Notice by the [Education Department on 12/17/2013](#).

CLASP's [PIRS comments](#) to the Department of Education, as well as our [testimony to the Advisory Committee on Student Financial Assistance on PIRS](#). CLASP has also authored a companion briefing paper, [Workforce Results Matter: The Critical Role of Employment Outcome Data in Improving Transparency of Postsecondary Education and Training](#), focusing on the importance of including employment-related outcomes, such as post-graduation employment rates and earnings levels.

## Transparency vs. Accountability

Our recommendations for PIRS recognize the sharp distinction between the goal of increasing transparency of information about postsecondary education and the goal of holding institutions or programs accountable for outcomes. *Transparency* in this context refers to the ability of postsecondary education consumers to access the facts they need to make an informed decision about whether to enroll in postsecondary education, what to study, where to enroll, and how to finance their education. *Accountability* can take many forms, including the creation and imposition of minimal standards of performance that are meant to remove unqualified providers. It can also involve financial or other incentives to spur performance improvements or corrective actions intended to help institutions meet minimal standards. Accountability is concerned not only with what the results are for an institution but also what they *should be* (i.e., what is reasonable and fair to expect).

Any foreseeable use of PIRS may have unintended consequences that should be minimized in the ways this paper suggests. Using PIRS to support institutional accountability, in particular, creates special concerns about the potential for unintended consequences. The stakes would be very high; PIRS could affect an institution's Title IV eligibility or the amount of Title IV funds available to an institution. Using PIRS for institutional accountability would be much more likely to lead to undesired responses than would other uses. It is reasonable to imagine that, confronted with the prospect of losing funds, institutions might reduce their focus on Pell grant recipients and other lower-income students or otherwise change their enrollment process in a way that reduces opportunities for lower-income students.

In our view, it is possible to implement PIRS in a way that greatly reduces the potential for these types of negative responses. The potential pitfalls are real; however, the solution is not to forego establishing PIRS but rather to develop and use PIRS the right way. This paper outlines several recommendations that are intended to accomplish this. Whatever form PIRS ultimately takes, we recommend that its design and uses be carefully assessed to estimate the potential impact on students from disadvantaged backgrounds, including low-income and under-represented students. For more on this, see [Reforming Student Aid: How to Simplify Tax Aid and Use Performance Metrics to Improve College Choices and Completion](#).

Recommendation 1: PIRS should not be used for accountability purposes until several critical data shortcomings have been addressed.

Existing data sources may be adequate to provide consumer information. However, these data sources are in need of substantial improvement.<sup>2</sup> For this reason, we do not support the use of PIRS for accountability purposes until several critical data shortcomings are addressed, including additional data collection and improved connections

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<sup>2</sup> *Mapping the Postsecondary Data Domain: Problems and Possibilities, Technical Report*. Mamie Voight, Alegnetta A. Long, Mark Huelsman, and Jennifer Engle. March 2014, Institute for Higher Education Policy, Washington, DC.

between federal databases that are needed to calculate several of the proposed metrics. Key data needs include:

- *Increased coverage of students:* Completion rates are difficult to estimate because of limited data coverage of students in community colleges and other institutions that serve students who are not attending school for the first time. This is beginning to change with the collection of additional information on non-first time and part-time students through the Integrated Postsecondary Education Data System (IPEDS). The expected changes to IPEDS will increase the coverage of non-first-time and part-time students and should eventually allow for calculation of an expanded graduation rate.
- *More information on student characteristics to support calculation and disaggregation of outcomes for sub-groups of students:* Student outcomes available through IPEDS cannot be disaggregated by enrollment status, age, socioeconomic status, or other student characteristics that can provide a complete picture of postsecondary results. For example, the revised version of the IPEDS outcome measures are expected to be reported in the aggregate for all students in an enrollment category. Ultimately, student-level data may need to be made available to ensure access and outcome data include the disaggregation needed for transparency and accountability.
- *Additional data on student progress, especially in less selective institutions:* The measures of enrollment in remedial instruction and enrollment in college-level instruction cannot be calculated without new data collection. These measures, as outlined below in recommendation 2, are needed to assess the extent to which colleges are helping students progress toward graduation. Here, as above, access to student-level data may be necessary to efficiently gather this information.
- *Access to reliable information on post-program earnings.* Although earnings measures can be calculated now for a limited set of students in the National Student Loan System Database (NSLDS), substantial improvements are needed to make broader use of this data. Access to national or cross-state employment data is needed to provide information about labor market outcomes, such as median earnings.<sup>3</sup> In addition, these data must be connected to information about the student's program of study, so that earnings results can be produced by program. Otherwise, earnings comparisons between institutions will simply reflect their varied program offerings.

Recommendation 2: PIRS should incorporate a range of metrics, including measures of student progress, and should avoid reducing these results to a composite rating of institutions for transparency or accountability purposes.

CLASP recommends including a range of measures that reflect the goals of student access, student progress, completion, and post-graduation outcomes (Table 1). The advantage of a range of measures is that it better reflects the array of key goals for postsecondary institutions, including student access and progress, as well as completion and post-graduation outcomes. This will help reduce the focus on a single objective, such as graduation rate, at the expense of other goals.

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<sup>3</sup> *Workforce Results Matter: The Critical Role of Employment Outcome Data in Improving Transparency of Postsecondary Education and Training.* Tim Harmon, Neil Ridley, with Rachel Zinn, Workforce Data Quality Campaign, April 2014, CLASP, Washington, DC.

**Table 1. Examples of PIRS Measures**

Categories and Focus	Examples of Measures
<p><b>Access and affordability:</b> College access and college costs. Does this institution provide access to low-income students? Is it affordable for students from a range of backgrounds?</p>	Percent of students receiving Pell or other need-based financial aid
	Net price
<p><b>Student Progress:</b> Progress of students toward completion. Are students at this institution showing progress toward completing their education by reaching key milestones?</p>	Percent of students retained in subsequent year
	Percent of students enrolled in and completing developmental
	Percent of students completing college-level “gateway” courses
	Credit accumulation in a postsecondary program of study
<p><b>Completion:</b> Student completion and attainment of credentials. How many students attain a credential or degree from this institution? How many transfer to another college?</p>	Certificate/credential attainment rate
	Degree attainment rate
	Transfer rate
<p><b>Post-graduation results:</b> Employment, earnings, and debt burden after graduation. What levels of earnings do students have following graduation? Are students able to repay their loans? Are they burdened with high debt?</p>	Employment rate
	Median earnings one to two years following graduation
	Median earnings five years following graduation
	Average debt of students with college loan debt
	Loan repayment rates

Consistent with the recommendation to include a range of metrics, CLASP also recommends that the results of these metrics not be reduced to a single composite rating or score. Because there are so many factors that contribute to institutions’ composite ratings, their value to consumers is very limited. Not all metrics are of equal importance to consumers. Some may, for example, place a higher priority on net price and a lower priority on graduation rate.

Composite ratings could be especially problematic if PIRS is used in the future for accountability purposes; they may be difficult to understand and difficult to use for program or institutional improvement. Treating institutions fairly would seem to require that any disqualification thresholds be based on clear criteria. These criteria should be designed to remove those institutions that fail to meet minimal standards of performance over time. Setting thresholds based on a single criterion can create strong incentives to game results or distort institutional missions and may also have other undesired results. No institution should ever be confused about the minimal threshold or the metric(s) they must improve to protect Title IV eligibility.

Recommendation 3: PIRS should empower students to use information effectively by disaggregating results for key student subgroups and by supporting the use of PIRS data in college and career guidance services.

CLASP strongly supports using PIRS to promote consumer awareness and choice. Increased transparency can make the postsecondary education and training market more functional. Armed with better data, consumers will have more options and increased chances of making informed choices about college and career goals. Additionally, enrolled students may use information about results at their institution to advocate for institutional improvement. Among employers, policymakers, and other stakeholders, consumer information may be used to identify achievement gaps and begin to address them. In order to realize this vision in a way that minimizes unintended consequences, PIRS should be integrated into college access programs and career guidance, as well as empower students to use data effectively.

**Presentation of PIRS results:** It is important that metrics results be available, easy to use, and presented to students in an appropriate context to support effective decision making. In general, data for each of the metrics reported in PIRS should be presented in four ways:

- *Overall results for each metric* (How did this college perform on each metric?);
- *Results for subcategories of interest to the consumer*, such as programs of study or types of students (How did this college perform for students like me?);
- *Comparison of results to the average for institutions in the peer group* (How does this college compare to other similar colleges?); and
- *Comparison of results to those of the other institutions selected by the consumer* (How does this college compare to other colleges I have selected?)

**Disaggregation of PIRS results:** In order to enable consumers to use PIRS data successfully, information on results—not just access—must be presented for sub-groups of students for comparison purposes. This is true for two reasons. First, for consumer information purposes, students need to be able to see how each institution performs—not just for all students but for students like themselves. A prospective low-income student should be able to see institutional results for Pell grant recipients, because these can reveal important differences between institutions that would not otherwise be apparent (Table 2).

For example, if results are not presented for sub-groups for comparison purposes, a Pell-eligible prospective student may select College D in Table 2 because of its high overall graduation rate. If that student had access to graduation rates for Pell students in particular, he or she might have chosen College C, which has the highest Pell student graduation rate.

Table 2. Examples of Disaggregation of PIRS Results (Hypothetical)				
Institution	Graduation Rate	Percent Receiving Pell Grant	Pell Student Graduation Rate	Non-Pell Student Graduation Rate
College A	45%	50%	43%	47%
College B	50%	35%	41%	55%
College C	70%	25%	60%	73%
College D	75%	15%	50%	79%

Second, in order for PIRS to be used for accountability purposes, it must show results for categories of students from disadvantaged backgrounds. Disaggregating outcomes may help reduce negative consequences for these students in the face of increased performance pressure. If results are presented for sub-groups of students together with information about access, it becomes possible to measure and begin to address critical achievement gaps or disparities in educational and labor market outcomes. Also, these data can be used to “level the playing field” between schools that have similar missions but serve very different student populations.

Student results should be disaggregated and presented for the following sub-groups:

- *Programs of study:* This would be helpful for each of the metrics but is of particular importance for employment and earnings results, which are most useful when presented in the context of a program of study.
- *Pell Grant recipients:* Does the institution obtain good results for both Pell recipients and non-Pell recipients?
- *Full-time/part-time/mixed enrollment status:* Students’ ability to attend full time heavily affects their prospects for graduation. It’s a disservice to students not to make this reality clear. Further, students should be aware that some schools are more successful than others with part-time students.
- *Gender:* Showing institutional results for students by gender, particularly in settings where they will be underrepresented, is an important part of the context.
- *Race/ethnicity:* The ability of the institution to minimize achievement gaps for minority students is an important element for comparison.

**Integrate PIRS data into college access programs and career guidance.** A PIRS with results for the suggested metrics, disaggregated for key sub-groups, and presented in the ways described above would substantially improve the transparency of higher education outcomes. However, it is clear that information alone—even if presented in an engaging, easy-to-use format—is not enough. Information on results should be integrated into college access programs, as well as the career guidance and college choice delivery systems that reach students at different levels. Counselors and advisers should be equipped to interpret this information for prospective and enrolled students.

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Students should have access to online tutorials or other resources that teach them to find and interpret results for institutions and programs. The Department should provide guidance and invest resources to support this function.

Recommendation 4: PIRS should compare institutions and programs fairly by presenting results in comparison to peer institutions and by adjusting expected results for student characteristics if used for accountability.

**Compare within Peer Groups.** The proposed PIRS should include a process whereby results for institutions are presented within peer groups, so that only broadly similar institutions are being compared. In developing these peer (or comparison) groups, it is important to distinguish between institutional characteristics that are part of a consumer frame of reference (such as location, cost, or size) and institutional characteristics that are inherently connected to or that influence the results (such as degree of selectivity or types of credentials granted). For instance, it may be entirely appropriate to compare results for institutions of differing location, cost, and size; however, it may *not* be appropriate to compare results for selective and non-selective institutions. The peer groups should encourage students to compare institutions that are similar on these fundamental factors.

Accordingly, consumers should have access to two types of comparative information: 1) information on location, cost, and other factors; and 2) information about results based on key institutional differences that influence outcomes. Institutions should be grouped along dimensions that have strong predictive power for the metrics. These dimensions may include:

- Level of selectivity (e.g., percent of applicants admitted);
- Types and levels of credentials granted (e.g., awards, certificates, associates, bachelors, advanced);
- Percent of students receiving Pell grants or other need-based aid; and
- Percent of students attending other than full time.

In addition to the peer group characteristics listed above, which are relevant for both transparency and accountability uses of PIRS, there are several additional characteristics of institutions and students that should be considered if PIRS is to be used to support accountability. Some examples include:

- Percent of students enrolled in remedial instruction;
- Percent of students over 22 years of age at first enrollment or age 24 and older; and
- Percent of students who are first-generation college students.

**Adjust for Institutional and Student Characteristics.** For consumer information purposes, unadjusted data should be provided to students and stakeholders. Consumers should be able to use selection criteria to compare institutions based on location and other factors. They should also be able to compare these results with those of peer institutions.

Data used for accountability purposes should be treated differently than data used for consumer information. If accountability uses of PIRS will include anything beyond setting low minimum thresholds of performance for certain metrics that all institutions are expected to meet, then PIRS must have some process for setting institutional expectations that takes into account the differences in critical institutional and student characteristics. Without incorporating such protections for institutions that enroll low-income students and help them succeed, an accountability system will create incentives to enroll and focus resources on the most prepared students and those

most likely to succeed in postsecondary education and the job market.<sup>4</sup>

Determining how to do this effectively will be difficult and take time. The advantages and disadvantages of using an adjustment model should be carefully weighed. An index or model can be developed to take into account and adjust for identifiable characteristics of the students that may influence programmatic or institutional outcomes. Regression-based models have been used for years in the calculation of workforce program results to take into account different economic conditions and differences in those served. However, an adjustment model is only as good as the underlying data, which are based on past experience. Selection of variables for a model also reflects policy choices and value judgments.

Another concern voiced by student advocates is that adjusting for educational outcomes, in particular, may set the stage for lowered expectations for certain groups of students or students at certain institutions. An adjustment model may be appropriate (and even necessary) for leveling the playing field for programs or institutions if outcomes are tied to funding. However, it may not be appropriate if the goal is to increase awareness and advance equity of outcomes.<sup>5</sup>

## Conclusion

Reliable, comprehensive information about the performance of postsecondary institutions is essential for student decision making and to promote improved access, progress, completion, and post-graduation results. CLASP supports increasing the transparency and accountability of postsecondary results and sees PIRS as an important instrument to achieve these goals. As PIRS evolves, it also needs to be implemented in a way that supports the needs of students from disadvantaged backgrounds. A well-designed PIRS should include results for a range of metrics, as described in this paper. It should disaggregate the results for these metrics for programs of study and for key demographic groups, so that students can see how institutions perform for these populations. A well-designed PIRS should also support the comparison of results for an institution with other institutions within its peer group. Moreover, it should provide earnings results for programs of study presented in their labor market context.

Finally, PIRS should only be used for accountability purposes after substantial improvements have been achieved in the measurement of key metrics, as described in this paper, and with careful attention to the ways in which performance expectations are set. This will minimize the risk to the most vulnerable students.

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<sup>4</sup> *Measure Twice: The Impact on Graduation Rates of Serving Pell Grant Recipients, a Policy Bulletin for HEA Reauthorization*, July 2013, Advisory Committee on Student Financial Assistance, Washington, DC.

<sup>5</sup> (See Burt S. Barnow and Carolyn J. Heinrich, *One Standard Fits All? The Pros and Cons of Performance Standard Adjustments*, 2009)