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College affordability is a leading topic of public debate, frustration and often misinformation that is consistently a part of higher education policy agendas. Yet there is not a clear and accepted definition of what makes college affordable, in part due to wide gaps in the information available to policymakers that help to obfuscate the roles that states and the federal government play – in combination with institutions and students themselves – in addressing affordability, and these make identifying solutions all the more challenging. College affordability, like many other postsecondary policy areas, requires coordinated federal and state policies built on coordinated information.

While the potential for partnerships between states and the federal government is endless and often includes missed opportunities, this paper reimagines one form of federalism in higher education through more effective data partnerships to inform affordability policies. It will:

1. Conceptualize affordability as a concept lacking a consensus for how it is defined.
2. Identify challenges in addressing college affordability policy with existing data.
3. Suggest ways that federal and state government could collectively work to provide clearer information about affordability.
4. Provide recommendations for both state and federal policymakers to create more effective data partnerships to produce a more complete picture of how affordability is constructed, leading to a more informed dialogue about what affordability looks like, and eventually to improved policies.

Too much information about affordability rests on two broad metrics – cumulative debt and increases in published tuition prices – that, while important, paint a very incomplete picture. These also leave copious room for anecdotes rather than robust evidence to drive how the affordability challenge
EXECUTIVE SUMMARY

is framed and what solutions are put forward. Better information is needed to help policymakers and others wrestle with what might constitute reasonable goals for affordability policy and to evaluate the merits of alternative policy proposals. A better coordinated federal/state partnership on data policy has the potential to provide that evidence in two ways:

• First, by supporting better calculations for current out-of-pocket expenses that include a breakdown of how federal, state and institutional contributions help to bring costs within reach for students at different income levels.

• Second, by accounting for how individuals’ educational investments have shifted their earnings trajectories, especially through calculations of loan repayment burdens.

The paper argues that the data needed to equip policymakers with these more complete metrics exist currently (for the most part), but are not systematically shared among states and the federal government. Deploying these data to fuel a more productive, evidence-informed conversation about how to design and evaluate affordability policies must start with a focus on ensuring the security of the data and providing stringent privacy protections that should be common to any effort to use potentially sensitive data. Further recommendations are:

1. Ensure that states have more complete financial aid data, especially on student loans and institutional aid, and can productively analyze and interpret those data.

2. Improve information available to states about former students’ earnings.

3. Ensure that the federal government’s efforts to evaluate affordability and provide information to consumers is not truncated to include only those students in receive of Title IV aid.

4. Provide a forum for coordinating federal and state data needs, uses, and related privacy and data security requirements.

5. Facilitate the development and use of state affordability metrics.
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INTRODUCTION

College affordability is now a leading topic of public debate, frustration, and often misinformation, consistently finding its way onto higher education legislative agendas.\(^1\) A 2015 Gallup-Lumina Foundation study of the American public’s views on higher education revealed that although 70 percent of Americans said that having a postsecondary credential beyond high school will be more important in the future to getting a good job, only 24 percent think that it is affordable for all.\(^2\)

While opinions about college affordability are strong and come from many perspectives, there is not yet a clear, accepted definition of what makes college affordable, and this makes clearly understanding the sources of the problems and identifying solutions all the more challenging. And, despite recent efforts that have propelled this conversation forward, defining what exactly is an affordable college experience and for whom remains a subjective determination without consensus in the policy community.

To complicate matters further, there is not a clear public understanding of the roles that different levels of government play in college affordability. For instance, when those outside of higher education think of the industry, they often think of only the colleges and universities – the role they play in educating students, contributing to the economic vitality of a community and winning football games – and they do not necessarily think of these things in that order. In reality, however, states and the federal government play important roles in how higher education is provided, funded, regulated and perceived. Despite the various functions that states and the federal government perform, there often is a lack of attention among the policymakers at each level about how the other operates and the contributions they make, as well as a lack of appreciation for the potential that effective partnerships between the two can have on college affordability. College affordability, like many other postsecondary policy areas, requires coordinated federal and state policies built on coordinated information.

While the potential for partnerships between the states and the federal government is endless and includes often missed opportunities, the goal of this paper is to reimagine federalism in higher education through more aligned, student-focused federal and state policy leading to more effective data
partnerships in the context of affordability. To help policymakers conceptualize what an ideal state-federal data partnership would look like and to take steps toward achieving such an arrangement, this policy brief will

1. Conceptualize affordability as a concept lacking a consensus for how it is defined.
2. Identify challenges in addressing college affordability policy with existing data.
3. Suggest ways that federal and state government could collectively work to provide clearer information about college affordability.
4. Provide recommendations for both state and federal policymakers to create better, more effective data partnerships that will produce a more complete data picture and lead them to create better, more informed policy around college affordability.
While the affordability of postsecondary education is at the center of both state and federal policy agendas, there is still not consensus in the field on how exactly it should be measured. Among the approaches being employed by policymakers are metrics that focus on the cost borne by students and their families in relation to income prior to and during enrollment. The methods used by federal financial aid programs to calculate eligibility for Pell Grants through the Free Application for Federal Student Aid (FAFSA) is one example. Lumina Foundation has developed a slightly more complex metric based on a level of student and family savings and a modest level of employment while enrolled. More detail on this metric is provided in the box below.

A related approach focuses on former students’ ability to repay loans and their debt levels in relation to their earnings. The federal government (among others) has focused primarily on student loan default rates as an accountability metric, and lately has paid closer attention to repayment rates as a more nuanced measure that better addresses affordability. Similarly, some states, as is discussed in greater detail below, are now focusing on student debt relative to earnings as a way to assess institutional affordability.

While these different approaches have slightly different emphases, they share one difficulty. The data used by state and federal policymakers to evaluate how their policies might impact postsecondary affordability on any of these measures are incomplete. The following sections show how an improved state-federal data partnership could greatly enhance the ability of policymakers to develop, implement and evaluate policies aimed broadly at ensuring equitable opportunities to achieve postsecondary success.
Given how vigorous the debate over college affordability has become, it may be surprising to step back and examine how that debate is informed by extremely broad measures like the nation’s accumulated student loan debt – which itself is driven in part by the rising number of individuals with debt and by recent downturns in personal income, not just by the average amount of debt each borrower has – and by anecdotal evidence. Such measures provide meager guidance about what might constitute a reasonable level of affordability or help evaluate the merits of alternative policy proposals seeking to address affordability.

The reality is that one of the main challenges around college affordability is that it has no clear, accepted definition. In 2015, Lumina Foundation proposed a new benchmark for affordability to help policymakers and others “move beyond philosophical debates... to a more rigorous and transparent definition that can be used to inform the ongoing policy conversation.” In doing so, its architects drew on the experiences of other sectors of the economy - like housing, retirement planning and health care - that have wrestled with a similar challenge. Box 1 provides the parameters for Lumina's affordability benchmark. Lumina left open questions of how exactly the benchmark should be used, but argued that one possibility was to evaluate progress against a reasonable goal, in effect seeking to ensure that policy debates on the topic are “less shrouded in ambiguity” and “grounded in a more specific idea of what affordability actually is.”

Lumina Foundation’s Rule of 10 Affordability Benchmark

The benchmark defines an affordable postsecondary education as what students could pay by working for 10 hours a week for 10 weeks while enrolled, plus the savings generated from setting aside 10 percent of discretionary income over 10 years. Discretionary income in this benchmark is equal to 200 percent of the poverty level for the student’s family size. Additionally, the savings component, being based on what has emerged as the standard level applicable to the federal government’s income-based repayment plans, also serves as the maximum amount of debt students should have to take on if they (or their families) have not successfully saved at the targeted rate.
As helpful as the benchmark is in this respect, data and information gaps make it a challenge for policymakers to use it to evaluate the impact of policy alternatives, especially state policies concerning tuition-setting and financial aid. Many states lack data necessary to calculate key metrics for affordability, while others collect the data but are not fully employing it. Meanwhile, the federal government lacks data on students not currently receiving federal aid, which at best creates an incomplete picture of how federal financial aid intersects with other sources of aid, while also yielding potentially skewed information about post-collegiate employment outcomes such as that which is provided through the College Scorecard.

These gaps exist in spite of the fact that affordability is one area where the need for federal and state policy congruence and coherence is especially needed. The Pell Grant is commonly viewed as the foundation for an affordable postsecondary education for those who can least afford it, while the federal loan programs are the best borrowing option for students to fill any remaining out-of-pocket expenses they face. Meanwhile, state appropriations and tuition-setting policies establish how much purchasing power the Pell Grant and federal borrowing limits have, at least in the public sector, and state financial aid programs are routinely related to Pell eligibility (though not always) and are often available to students attending private institutions. Institutional aid policies, too, are linked to state and federal financial aid policies at least insofar as those policies help determine how much institutions may have available to use for their own aid budgets, as well as which of their students face the largest affordability gaps. Since there is significant variation in how states finance their higher education investments across the nation, students attending institutions in different states can face drastically different prices even with uniformly applied federal aid policies.

Thus, policymakers interested in supporting affordability have to account for the ways in which federal and state (and, increasingly, institutional) aid policies intersect for students from varying income backgrounds. Moreover, they need to account for affordability in two ways: the out-of-pocket expenses students face, and their ability to repay any loan debt they take with them when they leave postsecondary education. Unfortunately, despite attempts to better define college affordability, gaps in and between data sources make assessing affordability in these ways a difficult task to accomplish.

**NET PRICE: A MEASURE OF STUDENT OUT-OF-POCKET EXPENSES**

As a measure of a student’s out-of-pocket college expenses after accounting for all grants and scholarships, net price has become more and more challenging to estimate reliably because students’ financial aid packages are increasingly customized. States vary in the extent to which they have the necessary data to examine net price for students with different characteristics like income, dependency status and residency (for example, students who attend institutions in different sectors at different levels of intensity). According to the latest Strong Foundations report published by the State Higher Education Executive Officers Association (SHEEO), only eight states calculate an indicator for net price, although a majority of them report that they collect the data elements adequate for the task.

By contrast, the federal government has in the National Postsecondary Student Aid Study (NPSAS)
an extraordinarily rich source of information about how students finance their college attendance by cobbling together funds from family resources; savings; their own concurrent employment; grants from the federal government, their state, their institution, and private sources; tax credits and deductions; and loans. For all the important insights that research conducted with NPSAS data has provided policymakers, its value to states interested in better understanding net price is limited because it does not contain data that are representative at the state level, which renders its utility for states principally as a point of comparison to national averages. That limitation also extends to federal policymakers who cannot explore in detail how federal policies and state policies interact, except at a general level. Being a survey conducted only once every four years also means that results are often dated and may be fixed in a particularly unusual historical context. For example, the latest NPSAS applies to the 2011-12 academic year, the point at which state appropriations to public institutions per student were lowest.

In order to devise policies best equipped to make progress toward an affordability benchmark like

**COMPONENTS OF AFFORDABILITY AT A HYPOTHETICAL PUBLIC RESEARCH UNIVERSITY**

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Pell Grant</th>
<th>State Grants</th>
<th>Institution Grants</th>
<th>Work</th>
<th>Savings/Loans</th>
<th>Net Price</th>
<th>Full Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $30k</td>
<td>$3,625</td>
<td>$3,625</td>
<td>$3,625</td>
<td>$3,500</td>
<td>$6,400</td>
<td>$9,800</td>
<td>$12,600</td>
</tr>
<tr>
<td>$30k - $48k</td>
<td>$2,800</td>
<td>$4,200</td>
<td>$2,800</td>
<td>$4,600</td>
<td>$800</td>
<td>$11,400</td>
<td>$15,200</td>
</tr>
<tr>
<td>$48k - $75k</td>
<td>$2,800</td>
<td>$4,600</td>
<td>$2,800</td>
<td>$4,600</td>
<td>$800</td>
<td>$16,700</td>
<td>$20,500</td>
</tr>
<tr>
<td>$75k - $110k</td>
<td>$2,300</td>
<td>$6,600</td>
<td>$2,300</td>
<td>$3,625</td>
<td>$3,625</td>
<td>$21,550</td>
<td>$25,175</td>
</tr>
<tr>
<td>More than $110k</td>
<td>$1,600</td>
<td>$8,000</td>
<td>$1,600</td>
<td>$3,625</td>
<td>$3,625</td>
<td>$23,700</td>
<td>$27,325</td>
</tr>
</tbody>
</table>

Note: The Pell Grant maximum for 2016-17 is $5,815, but the amount indicated for students in the lowest income group is an estimate to account for those in that group who are not eligible for the maximum Pell Grant or who do not receive the full amount (such as those who do not attend college for a full academic year).
Lumina’s, state policymakers need information about net price that isolates cost of attendance as well as grants provided by the federal government, the state and the institution for students from different financial circumstances. Matching this information up with reasonable expectations for work and borrowing (or saving) yields actionable indicators of affordability by highlighting where affordability gaps are most severe. Figure 1 is an example of how such information might be displayed in combination with an affordability benchmark. Against the cost of attendance a student faces, the figure displays average grants by source for students from different income backgrounds. The difference between the cost of attendance and the sum of those grants equals net price, and reveals how average net prices vary by income. These data are combined with amounts corresponding to what policymakers believe to be reasonable expectations for what students could contribute toward their own educational expenses through concurrent work and for what their families might be able to contribute from their own income. These latter two numbers (in red and green in the figure) are heuristics (in this case drawn from Lumina’s Rule of 10 affordability benchmark).

By revealing which entities are supporting affordability for which students, this type of analysis provides policymakers with actionable evidence about how to better target policies to reach the students most in need. Equipped with a basic analysis like this (and combined with the per-student state appropriation), state policymakers can address questions like, “Are our state grant programs effectively targeted where we need them to be? How are our institutions supplementing our state efforts to support affordability through their own budgets? Are we using a reasonable set of expectations for what students and their families should contribute toward their educational costs through work, savings or loans?” Such questions inform state policymakers weighing where higher education investments are most needed – appropriations to hold tuition increases in check or in state financial aid programs – and in the design of those finance policies.

Meanwhile, federal policymakers looking at similar data could address questions about how grants provided by non-federal sources and state tuition policies yield variation in net price for different students, and the extent to which those policies are related to usage of Pell Grants, veterans benefits, federal Stafford and PLUS loans, and tax incentives.

LOAN REPAYMENT: COMBINING VALUE AND AFFORDABILITY

As more and more students have found it necessary to borrow to finance their higher education, even more nuanced information about net prices is not sufficient for informing policies about college affordability. Increasingly policymakers must also account for a student’s loan repayment ability in ways that address both whether those students with debt are paying off their loans as well as how burdensome that debt service is in comparison to their income. The latter of these relates to concerns that are growing about the extent to which student debt may be causing borrowers to put off other life expenses like buying a home, starting a family or a business, or saving for retirement.
With the exception of a handful of states, the federal government supplies all the publicly-funded student loans, so it is no surprise that policy analysis related to borrowing has been dominated by national data and recommendations for federal policy. Indeed, to help former students manage their debt, the federal government has been promoting the use of its income-based repayment plans, though such policies are less directly addressed at limiting accumulated debt in the first place. Meanwhile, research on debt has had far less to say about state policy. Yet, as previously discussed, states’ postsecondary education finance strategies play a central role in determining how affordable their institutions are, which leads directly to how well former students are able to repay the loans they took out while enrolled. In spite of that fact, state policymakers typically have little to no actionable information about loans and repayment. According to SHEEO, only nine postsecondary state data systems contain data elements about a student’s cumulative debt and only two have them for students’ loan repayment status. But even where such data exist, if it includes only debt originated at one of the state’s public institutions, loan information will likely be incomplete for students whose enrollment paths have taken them through private institutions or institutions in other states.

By virtue of its responsibility to administer the federal loan program, the federal government has a rich trove of data on student loans. Only recently have those data begun to be revealed publicly through the US Department of Education’s College Scorecard (https://collegescorecard.ed.gov/), which has given altogether new views of students’ loan debt, repayment and earnings. Beyond releasing these aggregated data, the federal government’s data have been largely inaccessible for policy analysis. At least two recent exceptions, however, have demonstrated that useful insights can be drawn when policy analysts external to the federal government are able to obtain some records.

Campbell and Hillman’s study is a particularly interesting study relevant to a single state’s policy context, providing insights to Iowa’s community colleges and the state’s policymakers about how to target policies and interventions to reduce default. (See Box 2 for a brief summary of their findings.) Unfortunately, the effort required to access and use the data was strenuous and required broad institutional cooperation, all of which make duplicating the study widely in other states less likely. At the same time, it demonstrated the value of institutions collaborating statewide with the support of capable researchers to conduct an analysis that the individual institutions lacked capacity to do on their own. Even if any one of them had done so, the importance of the results would surely have achieved less significance without being able to compare them against other institutions. The difficulty for institutions to match loan repayment and default data against their own records, and the impossibility of states independently acquiring similar data to match against their comprehensive...
data systems represents a missed opportunity to use data to devise better policies and practices.

In addition to loan repayment as an indicator of affordability, policymakers are increasingly interested in measures of return on investment by capturing the earnings of individuals after they leave postsecondary education. States have been at the forefront of creating such metrics, which, while still very much in development, are providing useful information to students about what they can expect to earn following the completion of a program of study and to policymakers and institutions seeking alignment between educational supply and workforce demand. These types of employment outcomes metrics are not expressly aimed at addressing affordability concerns. But with loans accounting for an ever-larger proportion of students’ college expenses, how affordable a college education is increasingly becomes a function of how much former students with debt are compensated. Thus measures of a student’s repayment burden, or debt-to-income ratio, are helpful supplements to repayment rates (typically calculated as a reduction of at least $1 in loan principle) and default rates, as well as to the more straightforward estimates of earnings.

A measure of repayment burden would also complement Lumina’s efforts to establish an affordability benchmark by assessing how well students are able to afford the financial commitments they find necessary to take on when grant aid, family savings and student self-help through work fall short of their college expenses. After all, students who take on exceptionally high levels of debt in order to enter a field that promises high wages, like

**A Closer Look at the Trillion (Campbell & Hillman)**

Colleen Campbell and Nick Hillman’s research combined federal data on loans with individual-level data on students’ enrollments and awards at Iowa’s community colleges to show the following:

- **DEFAULT IS MORE FREQUENT FOR BORROWERS WITH LOWER DEBT LOADS WHO FAILED TO COMPLETE A DEGREE OR CREDENTIAL.**
- **DEFAULTERS TYPICALLY FAIL TO TAKE STEPS AVAILABLE TO THEM TO AVOID DEFAULT.**
- **INSTITUTIONS ARE ILL-EQUIPPED WITH ACCESS TO THE RIGHT DATA IN A DIGESTIBLE FORMAT TO READILY ADDRESS THESE PROBLEMS.**

Their analysis also led them to call for better access for states to detailed loan data from the federal government, which can help address policies and target interventions to the students who will face the greatest challenges in repayment and to institutions that tend to enroll those students in the greatest concentrations of their choice by equalizing price across postsecondary sectors.
medicine, may be making a rational, and ultimately affordable, decision. At the other end of the spectrum, studies consistently show that students who fail to complete a program of study often have the most difficulty repaying their loans, even though their loan balances are relatively low. Students in neither of these categories are routinely captured well in most estimates of median wages, the former because outcomes of graduate education are often overlooked and the latter because the metric, focused first and foremost as it tends to be on consumer information, usually applies only to those who complete programs. Moreover, because lower-income students find it harder to repay their loans, even when their debt loads are lower on average, these measures have clear relevance to affordability concerns for which policies are differentiated based on a student’s income background.

One state is at the vanguard of using a measure of repayment burden as a target for its efforts to support affordability and help guide its postsecondary education finance policy. In its most recent strategic plan, Texas has set a goal that graduates of its public institutions with debt will not face a median cumulative debt burden in excess of 60 percent of first-year earnings. Texas intends to monitor this by linking the individual-level data it has on student success, debt and earnings. Since this strategic planning priority is brand new, there is no way to know if this approach will accomplish its objectives, but Texas deserves credit for injecting an innovative and data-driven approach to articulating what affordability means for its statewide finance policy.

Nevertheless, there are challenges Texas faces in monitoring its adherence to this affordability benchmark, which an improved federal-state partnership concerning education and employment data would help address. Among the most commonly cited gaps concerning employment data are that states generally do not have wage data for graduates who find work in another state, for those who work for the federal government or who are self-employed. Data about loan debt, already sparse in states, may not be complete for students who originate loans in multiple institutions, while states also may struggle to capture constantly changing information about loan balances as former students work to pay them off or pass in and out of different loan repayment statuses. Repayment burden is also a metric that will change over time as former students take on additional debt while seeking further education or progress in their careers; this has the potential of substantially altering implications concerning affordability. As time passes, the quality and coverage of states’ own data to calculate repayment burden will inevitably fall behind.

Armed with a more comprehensive picture of how much debt former students are carrying, including
information about how that burden changes over time, states would be better informed about how their finance policies, together with the choices former students make once they enter repayment, contribute to how manageable their loan debt is. Figure 2 offers a hypothetical glimpse of how such information might enrich the state policy conversation about affordability – if only sufficient data were available to states. In this case, the initial estimate of repayment burden is a valuable data point, as Texas is demonstrating. But so is the slope of the line over time. While borrowers in State A face a heavier lift initially than their counterparts from State B, concerns about affordability may be substantially lessened if they can make rapid progress in reducing that debt due to rising income levels. Ideally, such information would be truly longitudinal, capable of calculating metrics based on the same students at multiple points in time, rather than the current approach that can only rely on data for a changeable group of students for whom records can be found at different points in time. This would require data linkages across states and/or with the federal government that are not common today. Not capturing all relevant data runs the risk of skewing an analysis of repayment burden. The most likely way that might occur is by failing to account for how uneven changes in students’ financial positions over time are likely to be. Such changes will vary because opportunities that can impact income and also cause data to go missing – seeking further education, taking a better-paying job outside a state, and so on – are not evenly distributed to students from all educational and demographic backgrounds or to graduates of different academic and vocational programs.

DEBT-INCOME RATIO OVER TIME

STATE-FEDERAL PARTNERSHIPS IN POSTSECONDARY EDUCATION: FEDERAL DATA PARTNERSHIP TO IMPROVE POLICYMAKING RELATED TO COLLEGE AFFORDABILITY
The potential utility of this kind of analysis may go still further, if these data are disaggregated in ways meaningful to the state policy context. Imagine, for example, how that discussion might be informed if the lines labeled as States in the above figure were actually programs. States are particularly concerned with the alignment between academic and vocational programs and employment, and many are beginning to rely on direct measures of the wages of recent graduates as evidence of that alignment. While such efforts can be informative in policy settings, some caution is appropriate given how wages tend to converge over time and in how some programs provide stepping stones for further education and training that leads to more economic opportunities. Monitoring repayment burdens for those programs that states prioritize also addresses the growing practice of institutions charging differential tuition by program. It would also be insightful for states to examine affordability for those students who are recipients of state grant aid, or who are paying non-resident tuition, among other meaningful disaggregates worth monitoring.

In sum, policymakers at the state and federal levels would be better equipped to support affordability if they had better, more complete information about how net prices become a function of sticker prices and grants from the federal government, states and institutions, and about the repayment rates and burdens faced by students after they leave postsecondary education. In the former case, what is mostly missing is sufficiently granular data about grants by source, particularly those that are awarded without regard to financial need, for students from different income backgrounds and attending institutions at different intensities. For the latter, more complete information about employment outcomes that does not arbitrarily exclude former students who go to work in another state, or who work for the federal government or join the military.

The data necessary to carry out these analyses mostly already exist and are collected. Adjustments to the state-federal partnership to make these data appropriately accessible between them could improve the analyses by providing better information about family/individual earnings prior to enrollment and clearer information to stakeholders and policymakers at all levels about how the different aid streams interact and affect affordability.
The topic of college affordability provides a clear illustration of some of the data challenges that persist and prevent state and federal policymakers from making more informed policy decisions affecting higher education and its students. To fully reimagine federalism in higher education through more aligned, student-focused federal and state policy leading to more effective data partnerships, an ideal state-federal data partnership would include the following eight principles:

1. DATA AT ALL LEVELS WILL BE SAFE, SECURE AND PRIVATE. Policymakers and other stakeholders have raised legitimate questions about issues related to data security and privacy. In 2016, the Institute for Higher Education Policy (IHEP) convened a working group of experts who developed targeted recommendations for improvement to the national postsecondary data infrastructure; information security and privacy (related, but distinct concepts) were key components of the discussions that informed their recommendations. There are a host of legal and political issues surrounding both security and privacy issues, and for a state-federal partnership to be successful, data must be collected, stored and transmitted in ways that ensure individuals’ privacy. Ultimately, as Joanna Gramma argues, a risk assessment-based approach that accounts for the potential benefits of information sharing while addressing the specific privacy challenges directly is preferable to a rigid, unsustainable set of controls applied uniformly in all cases of data sharing.

2. STAKEHOLDERS NEED ACCESS TO APPROPRIATE DATA. Access to appropriate data is necessary to formulate and evaluate policies, programs and practices for the purposes of consumer information, accountability, educational improvement and planning. Policymakers should recognize when it is appropriate to employ different types of data (such as aggregate, deidentified or identifiable data) and use the most secure type that will address the question at hand. Collecting data for federal databases should not only facilitate federal interests in enhancing consumer information and accountability efforts, but should also ensure that data can be returned to providers at the state and postsecondary institutional levels in ways that allow them to use the data to adequately plan, inform their performance, and thus improve student success.

3. DATA AT ALL LEVELS WILL BE TIMELY AND COMPLETE. For data to have maximum impact, it must be timely and complete. While federal survey data are useful for addressing certain questions, they may not work as well for...
specific state questions. Administrative data should be as complete as possible and include the necessary elements for making informed policy decisions.

4. **COLLECTION OF, ACCESS TO AND USAGE OF DATA WILL NOT BE OVERLY BURDENSOME.** While there is an ongoing goal at the federal level of decreasing reporting burden while retaining the federal data necessary for use by policymakers and education analysts, this goal should be reinforced and elevated in priority.

5. **DATA COLLECTION, REVIEW AND RELEASE PROCESSES MUST BE FLEXIBLE.** For data to be useful to multiple stakeholders, there must be a degree of flexibility introduced into the system that involves data collection, review and release. In other words, while still ensuring necessary data quality and allowing for changes to improve or enhance user products, potential changes to variables and survey forms, for example, should be done in a timely fashion.

6. **DATA WILL BE RELIED UPON BY STATE, INSTITUTIONAL AND FEDERAL PARTNERS.** Data are only useful when used for intended purposes. As such, in an effective state-federal partnership, state and federal partners, as well as postsecondary institutional partners, will rely on these data for improved consumer information, accountability, and program and policy improvement. This will also require increased commitment from all partners to build analytical capacity.

7. **FEDERAL DATA COLLECTION EFFORTS SHOULD TAKE INTO ACCOUNT AND FACILITATE STATE AND MULTISTATE EFFORTS TO SUPPORT STATE POLICY AND IMPROVEMENT EFFORTS.** The data collection and analysis efforts and actions at the state and federal levels should be complementary and not an either/or proposition. In an effective state-federal partnership, the combined data ecosystem will produce an aligned effort with limited duplication that provides only the necessary data to each stakeholder to address questions relevant to their roles.

8. **CONNECTIONS TO OTHER DATA SOURCES, SUCH AS CORRECTIONS, WORKFORCE AND HEALTH, WILL BE ALLOWABLE AND FEASIBLE.** Increasingly, state and federal policymakers are asking important questions that can only be answered with connected data sources. While in recent years, there has been a much more concerted effort to link education and workforce data, there continue to be missed policy opportunities related to connecting other data sources, such as health, education and corrections. Policymakers’ ability to evaluate programs and policies should not be hampered by how data are collected and by what agencies. An effective state-federal partnership would break through these false, but substantial barriers.
Given how vigorous the debate over college affordability has become, it may be surprising to step back and examine how that debate is informed by extremely broad measures like the nation’s accumulated student loan debt - which itself is driven in part by the rising number of individuals with debt and by recent downturns in personal income, not just by the average amount of debt each borrower has - and by anecdotal evidence. Such measures provide meager guidance about what might constitute a reasonable level of affordability or help evaluate the merits of alternative policy proposals seeking to address affordability.

The reality is that one of the main challenges around college affordability is that it has no clear, accepted definition. In 2015, Lumina Foundation proposed a new benchmark for affordability to help policymakers and others “move beyond philosophical debates... to a more rigorous and transparent definition that can be used to inform the ongoing policy conversation.” In doing so, its architects drew on the experiences of other sectors of the economy - like housing, retirement planning and health care - that have wrestled with a similar challenge. Box 1 provides the parameters for Lumina's affordability benchmark. Lumina left open questions of how exactly the benchmark should be used, but argued that one possibility was to evaluate progress against a reasonable goal, in effect seeking to ensure that policy debates on the topic are “less shrouded in ambiguity” and “grounded in a more specific idea of what affordability actually is.”

1. PROVIDE STATES WITH MORE COMPLETE FINANCIAL AID DATA. As detailed above, state policymakers do not have a complete picture of student debt levels, nor do all states capture all sources of financial aid. To complete this data picture, the US Department of Education could provide states access to data from the National Student Loan Data System, which tracks all federal loans. Even though a number of states may have information about federal loans for students in their system, their data on loans from previous enrollments at private institutions or institutions in other states are likely incomplete. These data would provide a key element for an accurate calculation of debt burden over time. Additionally, states could develop partnerships with institutions to better understand how institutional aid affects affordability. Although many states report collecting data on institutional aid, it is not clear that they are collecting data with the level of detail or completeness necessary for the analyses discussed throughout this paper.

In states where information on institutional aid is already collected, states should make efforts to use the data to better understand the implications of policymaking on affordability. Where states lack the requisite data, requiring new data submissions from institutions must first address how the information is meaningful and whether the benefits of more complete data justify the institutional burden. Regardless, states could develop voluntary data sharing
relationships with institutions to address affordability. These could be modeled on previous efforts that have used a trusted, third-party data broker to de-identify the institutions and carry out analyses. Both institutions and state policymakers could benefit from such an arrangement and use it to determine whether additional data collections are warranted.

Implementing these improvements would allow state policymakers to accurately calculate net price and understand how policy levers such as state financial aid and tuition-setting policies affect affordability. Being able to assess the data over time would also allow policymakers to have a full discussion on an acceptable benchmark for affordability rather than the current discussion, which is limited by data availability.

2. IMPROVE EARNINGS DATA. States also currently lack important data on students’ earnings after they leave postsecondary education, making it impossible to calculate loan burdens over time. Currently, states rely on their own data systems for earnings information. These systems are limited to only those students and workers who stay within the state borders. The federal government could help facilitate access to other states’ data either through improvements in existing federal programs to share state earnings data (which generally only provide aggregate data back to education agencies), or by supporting state-led data sharing efforts similar to the Multistate Longitudinal Data Exchange, which allows states to share individual-level education and employment data. Access to other states’ earnings data would address major gaps, but still leave states without information on federal employees and those individuals who are self-employed. The Federal Employee Data Exchange System addresses a portion of the former.

Additionally, the federal government could provide states with data from the Treasury Department, which has complete earnings data. There have been unsuccessful attempts at collaboration between states and the Social Security Administration that would have provided aggregate data from tax returns back to states. While this would have limitations, if states could define the aggregations, they could still gain valuable information to see whether the information obtained through cross-state data sharing is complete enough for policy analysis and evaluation.

Combining these data with complete information on student debt would help shape policies in a wide range of areas. States would benefit by disaggregating the data in ways meaningful to the state policy context in order to evaluate the effectiveness of such policies using more complete outcome data.
Particular focus here should be paid to when it is appropriate to use data in different states. For some state policy uses, receiving aggregate data may be sufficient. For others, it may be suitable to employ deidentified individual-level data, but in still other cases, it is necessary to use identifiable individual-level data, typically only insofar that such data make it possible to match data to crucial records, at which point the data can be de-identified for analysis. Each of these has trade-offs in terms of privacy, security and usability. Changes in how existing data sources are linked must include a focus on this issue and a rationale for the type of data chosen.

3. COMPLETE FEDERAL DATA. In partnership with the US Department of Education, states could help fill gaps in the federal data sources that prevent a full understanding of how different federal policies may affect affordability. States could, for example, supplement existing College Scorecard data, which are limited only to those individuals who received federal financial aid, to produce more accurate consumer information and data for federal policymakers. Additionally, states and institutions working through a voluntary partnership described above could provide better data on state and institutional aid. This would give federal policymakers means to evaluate how federal policies related to affordability – such as the Pell program, federal student loans and tax incentives – interact with other policies and programs to affect affordability.

4. REVISIT THE STATE-FEDERAL DATA PRIVACY PARTNERSHIP. As part of broader efforts to reexamine the state-federal data partnership, it is likely that policymakers will address the Family Educational Rights and Privacy Act (FERPA) and other federal data privacy laws, which is crucially important. The recommendations detailed above may generate privacy concerns among some because of the sensitivity of personal earnings information and the data elements that are necessary to connect to earnings data. The recommendations above must be implemented with data security and privacy at the forefront. In addressing FERPA and other relevant privacy laws and regulations, federal policymakers should provide for a state-federal working group to address privacy and security concerns. Such a working group must be able to address the privacy and security concerns that differ depending on the questions that are being addressed. This group can work to integrate federal education and employment laws with state data privacy laws, while providing a forum for addressing issues that cross the typical sectoral boundaries that govern education data, such as those raised around affordability.

5. FACILITATE DEVELOPMENT AND USE OF STATE AFFORDABILITY METRICS. As part of its State Longitudinal Data Systems grant program, the federal government continues to provide support to state data work. The US Department of Education could support a focus within this work on affordability that would encourage states to develop affordability metrics and use data from their own systems (as well as through potential new partnerships identified here) to evaluate the effectiveness of policies and practices aimed at ensuring postsecondary affordability. As this paper has demonstrated, this work must bring together state, federal and institutional leaders because all have substantial impact on the affordability of postsecondary education.
CONCLUDING THOUGHTS

The time is ripe for addressing postsecondary affordability. The issue has been among prominent issues in the 2016 presidential election, and it is a perennial focus of state governments. Whether the policy prescriptions concern providing “free” college, enhanced student financial aid investments or program redesign, or tuition freezes or rollbacks, state and federal policymakers are offering and critiquing a range of proposals that purport to make college affordable. Without finding a way to better combine the relevant federal and state data, these policies cannot be guided by the best evidence about how policies aimed at affordability help students access, pay for and benefit from postsecondary education.

With upcoming reauthorization of the Higher Education Act and the current efforts of the Evidence-based Policy Commission, there are clear opportunities to address the limitations that currently frustrate better-informed policy debates on affordability. Provided more complete data, policymakers would be more well-equipped to target existing policies or to design new programs to address gaps in affordability. Building from these improved data resources, policymakers could then engage in a robust, data-informed conversation striving to establish a set of parameters that would constitute affordability in higher education.
ENDNOTES


5 Ibid, 4.


9 There is a requirement that postsecondary institutions feature a “net price calculator” on their websites that will give a family an estimate of their likely expenses based on their specific financial circumstances – even if those data are often difficult to use. The Institute for Access and Success, *Adding it All Up* (Washington, DC: The Institute for Access and Success, 2012), http://ticas.org/sites/default/files/legacy/files/pub/Adding_It_All_Up_2012.pdf (accessed on September 19, 2016).


11 The National Postsecondary Student Aid Study (NPSAS) is a comprehensive nationwide study designed to examine the characteristics of students in postsecondary education with special focus on how they finance their education. The purpose of NPSAS is to compile a comprehensive research dataset, based on student-level records, on financial aid provided by the federal government, the states,
postsecondary institutions, employers, and private agencies, along with student demographic and enrollment data. NPSAS is the primary source of information used by the federal government (and others, such as researchers and higher education associations) to analyze student financial aid and to inform public policy on such programs as the Pell Grants and Stafford loans. For more information, visit https://nces.ed.gov/surveys/npsas/index.asp.

12 State Higher Education Executive Officers, 2016.


17 Campbell and Hillman, 2015.


19 Clifford, 2016.


ENDNOTES


Education Commission of the States coordinated the creation and dissemination of a series of policy briefs focused on the interaction between state- and federal level policies pertaining to higher education. The briefs are composed by a diverse collection of education policy and thought leaders representing state and federal perspectives. The goal of this collection of briefs is to highlight how federal and state higher education policies can provide a cohesive policy playbook to support student success and the progression toward meeting aggressive attainment goals.

The brief production process began in late-summer 2016 with authors beginning the writing process. Dissemination of the briefs was provided through informal policy briefings with state and federal audiences through fall 2016 and the public release in December 2016. Topics explored in the briefs include, but are not limited to, financial aid, data policies, funding, the “triad” and workforce needs.

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