

**Date:** September 28, 2015

**Subject:** U.S. Department of Education's new College Scorecard

### Background

In 2013, the Obama Administration announced a plan to improve college access, affordability, and student outcomes by tying student aid to a college ratings system. As announced by the Administration, the plan would have provided students at highly-rated institutions with larger Pell Grants and lower-rate loans. Critics of the proposal highlighted concerns about data reliability and possible unintended consequences arising from perverse incentives implicit in the ratings system. For example, federal data on graduation rates included only some undergraduate students, and federal data on graduates' earnings were not available. Furthermore, some higher education leaders and analysts were concerned that the ratings would penalize institutions that produce a lot of graduates in high-value, but low-salary, fields like social work, and that the ratings would incentivize institutions to turn away students at risk of not completing and/or to lower standards required for graduation.<sup>1</sup>

Partly in response to the controversy over this ratings proposal, in June 2015 the U.S. Department of Education announced that it was dropping the proposal for a ratings system tied to financial aid. Instead, the Department would focus on creating a consumer-facing tool to let prospective students and parents compare institutions. The *Chronicle of Higher Education* characterized this proposal as a "ratings system without any ratings."<sup>2</sup>

The new [College Scorecard](#), made available on September 12, 2015, is the consumer-oriented tool that replaces the proposed ratings system. It replaces an earlier tool, also called the College Scorecard, adding data on subjects like earnings for former students and the proportion of students who are repaying their student loans.<sup>3</sup>

### What does the College Scorecard offer?

When users reach the College Scorecard site, they are prompted to search for schools according to a variety of characteristics—including size, location, and fields of study offered. When they find an institution, they can navigate to that institution's Scorecard page.

The top of each institution's page highlights three measures, with the following definitions:

- Average annual cost: average net price for in-state, full-time, first-time undergraduates who receive financial aid;
- Graduation rate: six-year graduation rate for full-time, first-time undergraduates; and
- Salary after attending: median salary for students who received federal financial aid, ten years after they entered the institution

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<sup>1</sup> <http://chronicle.com/article/Obama-Plan-to-Tie-Student-Aid/141229/>

<sup>2</sup> <http://chronicle.com/article/Education-Department-Now-Plans/231137/>

<sup>3</sup> [http://chronicle.com/article/White-House-Unveils-College/233073/?cid=bn&utm\\_source=bn&utm\\_medium=en](http://chronicle.com/article/White-House-Unveils-College/233073/?cid=bn&utm_source=bn&utm_medium=en)

As discussed below, users have to search for these definitions, and unfortunately, the main Scorecard site does not clearly explain the calculation methodology or the data limitations.

The page then lists further detail, including:

- Student demographics (race/ethnicity and Pell Grant recipients in the undergraduate student body)
- Average cost by family income
- Links to the institution’s net price calculator and to the online FAFSA
- Typical total debt and the proportion of students making payments to their principal
- The percent of students earning above \$25,000 a year six years after starting

**Response**

The new College Scorecard is an improvement on the earlier proposal for performance-based funding. The UW raised concerns that federal performance-based funding could harm access for middle-income students; punish students for their institutions’ ratings, as opposed to basing aid on student need; lead to uncertainty and unpredictability in financially planning for college; and duplicate state-level performance-based funding efforts. The new Scorecard provides students and families with more information without affecting student aid and access.

However, the higher education community as a whole, as well as UW, has a number of concerns about the new College Scorecard. In an effort to present complex data to students in a user-friendly display, the Scorecard sacrifices thorough data definitions and adequate interpretations of what measures mean. As an example, **a major limitation of all the earnings data presented is that they include only students who have received federal financial aid.** This fact, however, is not immediately obvious; users need to open a pop-up information box to learn about this data limitation, and its implications are not discussed on the site. As a contrasting example, the UW’s own [Public Profiles](#) provides documentation to dashboard users, including data definitions and interpretation of the graphs displayed.

As another example, what the Scorecard calls **“Average annual cost” is in fact “average net price”** calculated by subtracting average federal, state, and institutional grant aid from the *total* cost of attendance (rather than tuition and fees alone) for full-time, first-time, degree/certificate seeking undergraduates who start in the fall term and receive federal financial aid (*not* for all undergraduates). This full definition is only available to those who download the “Data Dictionary” from the Scorecard [documentation site](#), potentially leaving prospective students with the impression that the “average annual cost” is what they can expect to pay or that “average annual cost” does not contemplate expenses for books, room and board, or supplies.

An informal high-school focus group organized by the *Chronicle of Higher Education* found evidence of this possibility. One student reacted strongly to the average annual cost of an institution she searched for: “‘Oh, no, I can’t go there,’ she said. ‘Or maybe I can, but I’ll have to have a lot of student loans.’” It was not clear the student ever made it as far as the institution’s net price calculator, linked on its Scorecard page.<sup>4</sup>

In addition, because the UW reports financial aid data for the university as a whole (including the Seattle, Bothell, and Tacoma campuses), all of the financial aid measures and the earnings measures tied to them are exactly the same for all

<sup>4</sup> [http://chronicle.com/article/What-Actual-High-Schoolers/233205/?cid=at&utm\\_source=at&utm\\_medium=en](http://chronicle.com/article/What-Actual-High-Schoolers/233205/?cid=at&utm_source=at&utm_medium=en)

three campuses. Since the three campuses serve very different student populations (as is apparent from the Scorecard's demographic data), **it is misleading to report aggregated student salaries, debt loads, and debt repayment rates** for the entire UW.

**Earnings data are further limited because the Scorecard provides one figure for each institution, regardless of the mix of programs offered.** As a result, institutions producing a relatively high proportion of degrees in high-earning fields like engineering will score better than institutions producing a lot of degrees in fields like education or social work. **In addition, median earnings do not account for differences in cost of living from place to place:** a \$25,000 salary, for example, might mean something very different in Seattle compared with Eastern Washington

Finally, some experts take issue with the focus on students' salaries as a crucial outcome measure, noting that relying on "return on investment" measures will undervalue some vitally important but low-paying careers as well as benefits of a college education that cannot be directly expressed in terms of dollars. There are also concerns about data limitations, including the restriction to federal loan borrowers' earnings and the focus only on full-time, first-time undergraduate students.<sup>5</sup> In addition, students who transfer to another institution are counted toward their first institution's earnings data, even if they only attended that university for one term.

While the new College Scorecard is an improvement over the original proposal, there remain shortfalls. In order to help students and their families interpret the data and make informed decisions, **more should be done to highlight and explain data definitions and limitations.** To its credit, the Administration appears, though not directly, to acknowledge these limitations. It has already announced that the Scorecard will incorporate APLU's Student Achievement Measure (SAM) data on the agency's Scorecard as soon as practicable. While this incorporation does not address the misnomers, the inclusion of additional and more descriptive information is a good sign that the Scorecard can continue to develop and will, potentially, communicate truly accurate information in an accessible manner.

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<sup>5</sup> <https://www.insidehighered.com/news/2015/09/14/obama-administration-publishes-new-college-earnings-loan-repayment-data>  
[opb.washington.edu](http://opb.washington.edu)