

President Obama's Higher Education Ranking and Affordability Plan: 5 Important Questions

A Layperson's Guide*

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August 26, 2013



"We support data analysis and we support transparency, but it is hard to imagine that you can develop a rating or a ranking of institutions on the basis of an extensive amount of data, and right now the data available [are] seriously limited."

-Molly Broad, President of the American Council on Education

On August 23, 2013, President Obama proposed a plan he believes will make college more affordable. According to the plan, over the next few years the federal government will develop a new system ranking colleges and universities based on how well they perform. The amount of federal aid a student receives will be tied to his or her institution's rank. Students attending higher-ranked colleges and universities would receive more financial help and vice versa. According to the President, this will increase efficiency and competition by encouraging colleges and universities to keep costs down yet provide high quality educational experiences that attract the best students.

However, many individuals and organizations have raised serious questions about this plan: how exactly will performance be measured? Is linking performance and aid really a good idea? Could doing so in fact have unintended negative consequences? This guide for lay people examines 5 key questions about the plan that have been voiced by experts.

The President's Plan: Rank and Allocate

The President has proposed a plan under which over the next few years financial aid to students would be distributed according to how well college and universities perform. Colleges will be ranked using criteria such as: *access*, for example measured by the percentage of students who receive Pell Grants; *affordability*, looking at average tuition, scholarships, and loan debt; and *outcomes*, like graduation rates, transfer rates, graduate earnings, and advanced

degrees of college graduates. Students attending higher-ranked institutions could receive larger Pell Grants, which are awards based on financial need that do not have to be paid back, and more affordable loans, which eventually must be repaid.

Questions about the President's Plan

1. Could the plan in fact create incentives to deny disadvantaged students admission?

One concern is that the plan actually may make it harder for less-qualified students who may benefit from a higher education to attend College. In study after study, students' family backgrounds have been linked to their educational performances. One unintended result of the plan could be that colleges and universities may become more likely to deny disadvantaged students admission because allowing them to attend could impact their institutional rankings. This could narrow the already difficult path lower-income students often must take to pursue a higher education.

2. Jobs are important, but can salary tell the whole story?

One purpose of college is to provide students with skills to get jobs after graduating. But using earnings as a part of the equation to rank schools raises serious questions: what about students who believe they are called to be teachers, social workers, or counselors? People who go into such important fields often do not earn as much as those who go into other areas. In addition, when and how will earnings be measured since employment occurs over the course of a lifetime? Moreover, tracking graduates after graduation, and, if they are employed tracking *where* they are employed, much less acquiring salary data from their employers, have proven to be difficult endeavors. Response rates to such inquiries can be low and often result in data that may not accurately represent earnings. Finally,

another important purpose of a college education has been to open students' minds, expose them to culture, history, and the arts, and think critically, but measuring such aspects does not appear to be emphasized by the President.

3. Can college effectiveness be measured appropriately?

Currently one of the main gauges used by the federal government to measure college success is graduation rates. But these rates are calculated only for a small number of students known as first-time students. Students who transfer in and students who attend part-time are not included. Another issue is that data on students who transfer out of a college or university after a year or a few years actually can improve that college's or university's graduation rates. Students who transfer out are not counted against an institution's graduation rates since they could go on to complete their degree at other schools. But many colleges and universities have encountered difficulty acquiring information on whether a transfer occurs once a student leaves since this information is only immediately known to the colleges or universities into which students transfer. Gaining access to data on whether and where students have transferred may be difficult or impossible due to logistical and privacy concerns. The broader question is, given the diversity of higher education institutions (community colleges, trade schools, research universities, etc.), can one measure or even a group of measures appropriately be used to compare institutions of higher learning to each other, report card-style, with little or no further information or context?

4. What about information and access to the best schools?

In an ideal world, colleges that are ranked higher would attract more and better students. But research shows one of the main predictors of where students attend school is distance. Poor students who live far from highly-ranked schools could be at a disadvantage because of the high costs associated with travel and having to find and pay for housing needed to attend a distant but higher-ranked institution. Such students who opt to attend such schools would forgo the option

of saving likely much-needed money by commuting and living with their parents. In addition, studies have shown that students and families from low-income backgrounds may not have the same access to information about their school options and often lack the skills to consider critically what is available to them and make the best decisions about their options.

5. Could the costs of the plan outweigh the benefits?

A final concern is that colleges and universities already expend extraordinary amounts of money and human resources collecting the data currently required by the federal government, and the amount of such data has only increased over time. Research by the government itself supports this fact. The new plan would require more resources at the federal and school levels to manage the new plan. Use of these resources could offset many of the good economic effects intended. For example, colleges may have to raise tuition to create the infrastructure, policies, and procedures that new requests for data and information from the government require.

In Conclusion

The President's plan raises several questions about whether it offers a sophisticated and nuanced enough solution to evaluating the success of a very large and diverse group of higher education institutions. The financial and practical support for such a complex endeavor could be greater than the benefits, and the plan may even have negative consequences.

The plan undoubtedly will change and be refined in the months and years ahead, and the President himself acknowledges this. ACE welcomes input from a variety of stakeholders on responses to the plan and will keep pace on any changes and refinements, study their implications, provide updates, and conduct in-depth research to keep higher education institutions, leaders, and the public informed.