Undersecretary James Kvaal
U.S. Department of Education
400 Maryland Ave, S.W.
Washington, DC 20202

Dear Undersecretary Kvaal:

Thank you for seeking input on ways to identify low value postsecondary programs. Our comments are below, following each question that was posed on the Request for Information.

Measures and metrics

1. What program-level data and metrics would be most helpful to students to understand the financial (and other) consequences of attending a program?

Choosing a college or a college program is a complicated endeavor, involving numerous considerations that are financial and emotional, and that often shift with time and experience. The availability of financial aid makes enrolling in college easier for those with limited resources, but in the process the prospective students may not be aware of signs that an option they are considering comes with risks.

Because of the complexity students face in choosing postsecondary education and training, the Department’s top priority should be to offer federal financial aid only for programs that provide adequate value for the money. To the extent programs meet a minimum value threshold, we recommend that students be provided with simple, clear signs—a green, yellow, or red light—related to six different indicators of the financial value of a college option. The multiple indicators give prospective students a variety of ways of judging the value and risks of the choices they are considering.

Accounting at the division level. A “program” as currently defined by the Department is too narrow to make sense for many prospective students. Particularly at the undergraduate level, students often enter without a declared major, and even when they do have a major in mind they frequently change their minds. For some indicators, we recommend a measurement at the “division” level. A division would be the combination of programs at a particular degree level that students enter into. For example, at a comprehensive university, the arts and sciences college (into which students matriculate with one tuition price and one set of admissions standards) would be one division, while the law school would be a separate division. The business school might have two divisions, one for the on-campus selective MBA program, and another for the less-
selective, online executive MBA program. In schools with in-state versus out-of-state tuition, the two should be treated as separate divisions (solely for the purpose of calculating value).

Division-level accounting will emulate the natural categorization that a university already uses when it determines how much of a financial drain or gain a particular portion of the college is to the institution overall. For the indicators in this initiative, the accounting regarding school decisions, spending, prices, earnings, and such would be made easier by asking the colleges to answer yes or no or to provide percentage categories rather than precise figures. For example, if the college knew that the spending on instruction and student support for a particular division amounted to roughly half of the tuition revenue, there is no need to make the various judgment calls to establish a precise figure.

Six indicators. Note that no college would have any programs with green lights on every indicator, underscoring for prospective students the importance of studying and comparing their options. The six recommended indicators are:

1. **Counseling, not selling.** Q. Is profit driving the recruiting and admissions operation for the program or division?

   No: YELLOW

   Yes or Unsure: RED

   Explanation: A company that enrolls students for profit has a higher likelihood of aggressive sales practices, failing to adequately counsel students. Prospective students should be aware of this greater risk. The answer to the question would be YES for all programs at for-profit schools. At nonprofit and public institutions, the answer would be yes only if the school pays recruiting staff or contractors on the basis of enrollments or tuition received. No school can be green on this measure, since any recruiter still may be in a situation where they are incentivized in some way other than profits to push for greater enrollment.

2. **Spending on education, not marketing.** Q. Compared to the tuition revenue received in the division, does the school’s spending on instruction and post-enrollment student support in the program amount to:

   60% or more? GREEN

   40% or more, but less than 60%? YELLOW

   Less than 40%? RED

   Explanation: Students are right to assume that tuition dollars should help cover the costs of an instructor and other support for students to be successful. If, instead, the bulk of the tuition is used for other purposes, students have a right to be warned. The answer should be based on the most recent period for which
data are available. The spending here should **not** include any spending on marketing and recruitment.

3. **Historical earnings.** Are median earnings of past graduates adequate to service the median debt and meet the federal threshold (in the Gainful Employment rule)?

   Yes: **GREEN**

   Data not available: **YELLOW**

   No: **RED**

Explanation: *Career goals are the dominant reason that students cite for enrolling in a postsecondary program. Prospective students should know if the earnings of graduates are commensurate with the debt that students tend to take on. Adequate earnings should be based on the figures used for Gainful Employment programs.*

4. **Anticipated earnings.** If Green or Yellow on question 3, is the school aware of any data, or major changes in the relevant industry or careers, or in the tuition charges or financial aid policies of the school, that would likely cause the answer to question 4 to be No for students enrolling now?

   Yes: **RED**

   No or n/a: blank

Explanation: *A program that appears to be of high value based on past graduates may no longer be a good value because the institution significantly raised tuition, reduced financial aid, or the career has recently been usurped by technology. If a school is aware of any such change, a caution is warranted.*

5. **Limited financial burden.** Of students who start the program and did not complete, what proportion carry student loan debt greater than $X,000 (amount tbd)?

   Less than 25%: **GREEN**

   25% or more, but less than 60%: **YELLOW**

   60% or more: **RED**

Explanation: *Prospective students enroll in college expecting to finish. Despite the best intentions, many of them do not. Alerting them to the student loan debt carried by those who do not finish may help alert them to the importance of diligence in assessing whether the program is right for them.*
6. **Fair market price.** What proportion of domestic students are paying the full tuition price without federal aid?

- More than one-fifth: GREEN
- Less than one-fifth but program is Green on measures 2, 3 and 5: YELLOW
- Less than one-fifth and program is Yellow or Red on 2, 3 or 5: RED

Explanation: *Colleges may inflate prices due to the availability of federal aid. One way for colleges to demonstrate that their prices are fair is to show that a critical mass of students are enrolling without aid, paying full tuition price themselves or with the help of employers, parents, or private aid. As above, if a program is part of a division with single admissions criteria and the same tuition charges, the figure can be based on the whole division. If the division or program has multiple prices (such as in-state and out-of-state tuition), each should be treated as a separate subdivision for this measure. International students and students provided with aid, discounts, or loans through the college cannot be counted as private payers.*

*The reason other indicators are included in this calculation is that the danger of inflated tuition is much lower if an institution is putting its resources into teaching and learning and graduates are seeing the financial benefits.*

**A low-value list.** For the Department’s proposed list, the low-value programs could be those that do not measure Green on at least two of indicators 2, 3, or 6 recommended above. A program that did not meet the historical earnings measure (or for which data was not available), for example, would be on the low-value list unless it could show that the tuition charged is a fair market rate and that the tuition payments are largely going to teaching and student support. The Department could consider a caution list for programs with a green light on only one of the measures.

2. **What program-level data and metrics would be most helpful to understand whether public investments in the program are worthwhile?**

All six of the measures suggested above would be useful in determining whether public investments are worthwhile. For example, the availability of federal aid can lead some schools to charge higher tuition prices than they would have charged in the absence of aid. The fair-market-price measure can help to identify programs that might be overcharging. Failing on that measure, however, is not dispositive. A program that cannot justify its tuition price through the market measure may be able to show, alternatively, that it is spending most of the tuition on teaching and supporting students. The lack of a profit motive (the counseling-not-selling measure) could provide some additional reassurance that the college is not price gouging.
The earnings of past graduates of a program is also a useful indicator. However, accountability should not rest solely on historical debt-to-earnings data: those figures take years to be available, and their accuracy can quickly be eclipsed by changes in admissions, in how the program is designed or delivered, and changes in the economy. The other indicators, above, provide more timely information that can effectively supplement earnings data. The limited-financial-burden figure, in particular, demonstrates financial outcomes for students not included in the graduate outcomes data.

One additional data point could be useful in assessing the federal investment: the extent to which the program is, or is not, subsidized by the state or local government, or by businesses and other donors. The willingness of communities to support educational programs indicates that those communities find them valuable.

3. In addition to the measures or metrics used to determine whether a program is placed on the low-financial value program list, what other measures and metrics should be disclosed to improve the information provided by the list?

   Our recommendation is that the Department establish a system that provides a richer set of information than any single metric. If the Department decides to place programs on a low-value list using only a single metric, then the other items we have suggested should be available as supplemental information.

List structure

4. The Department intends to use the 6-digit Classification of Instructional Program (CIP) code and the type of credential awarded to define programs at an institution. Should the Department publish information using the 4-digit CIP codes or some other type of aggregation in cases where we would not otherwise be able to report program data?

   Yes. See also our suggestion above of a division-level approach.

5. Should the Department produce only a single low financial-value program list, separate lists by credential level, or use some other breakdown, such as one for graduate and another for undergraduate programs?

   One list may be adequate. Researchers and data aggregators can create categorizations geared to different purposes, such as sites that provide advice regarding particular types of programs or degrees.

Data elements

6. What additional data could the Department collect that would substantially improve our ability to provide accurate data for the public to help understand the value being created by the program? Please comment on the value of the new metrics relative to the burden institutions would face in reporting information to the Department.
The six measures we recommend would provide valuable additional information to students, counselors, analysts and regulators. Grouping programs into divisions significantly eases administrative burden, and ensures wider coverage across more programs than have been available through the College Scorecard.

Public dissemination

7. What are the best ways to make sure that institutions and students are aware of this information?

Low-value programs should appear in a caution section for each school on the College Scorecard and on other Department sites that provide information on schools.

The Department must keep in mind, however, that “information” has proven to be an ineffective solution to the problem of overpriced and substandard educational programs. The Department’s willingness to provide grants and loans for a program are tantamount to an endorsement, regardless of any other information that is provided. Under the Federal Direct Loan Program, the Secretary has a responsibility to protect the financial interests of the United States. The Department should not finance programs that fail to meet minimum measures of value. The Department should either deny eligibility for those programs, or require lower tuition as a condition of loan eligibility.

Thank you again for the opportunity to provide input. Please do not hesitate to contact me if you would like any additional information.

Sincerely,

Robert Shireman
Senior Fellow and Director of Higher Education Excellence