

Improving Postsecondary Transparency

Issue: Federal data collection and reporting fail to answer basic questions about Institutions of Higher Education (IHE) for students.

Background: The following are simple, yet necessary questions about IHEs that students cannot accurately answer with the current data made available for research to the Federal government:

1. What can students expect to pay out of pocket?
2. How do students fare in the labor market after leaving a particular IHE?
3. How well does an IHE perform in the following important areas:
 - a. Student persistence
 - b. Degree completion
 - c. Loan repayment

Such data are necessary for students to answer two simple, and important, questions:

1. What is the best school to attend; and
2. What degree is worth pursuing

Currently the Federal government's primary source of data on postsecondary education is the Integrated Postsecondary Education Data System (IPEDS). However, much of IPEDS data are flawed. For example, graduation-rate data have historically been based on the cohort of first-time, full-time beginning students. This definition lacks the ability to track the success of students who transfer, and does not capture the increasing amount of nontraditional students who now pursue postsecondary credentials or degrees later in life.

The Education Department maintains another database that would be more helpful than IPEDS for the improvement of postsecondary transparency. As a function of administering the student-loan programs, the Department's Office of Federal Student Aid (FSA) tracks student-loan borrowers via the National Student Loan Data System (NSLDS), a student-level database. This database provides information to students on the status of their Federal aid. The Office of Federal Student Aid also has a data center that provides public information on the federal student-loan program, including the aggregate performance of the Federal student-loan portfolio, institutions' loan performance (loan volume per institution, cohort default rates, gainful-employment information), and reports on lenders and guaranty agencies.

There are two other FSA databases: the Central Processing System (CPS) and the Common Origination and Disbursement (COD) system. The Central Processing System stores information about student-aid applicants such as dependency status, parental information, and income. The Common Origination and Disbursement system assists in sending aid money to schools and stores data on disbursement amounts and student demographics. Data in CPS and COD link with NSLDS; the latter serves as long-term storage for all information on Federal financial aid.

Since the Office of Federal Student Aid's data are at the student level, they are far more valuable than data collected by IPEDS. But there is a fundamental difference in how the data is handled by FSA and the National Center for Educational Statistics (NCES). As a Federal statistical agency, NCES has in its mission and culture the goal to share its data as widely as possible. The Office of Federal Student Aid has been classified as a Performance Based Organization (PBO), focused on administering aid programs, not

reporting data or facilitating research. In other words, FSA is essentially a bank, and its culture does not support expanding access to its data.

Because student outcomes vary greatly across programs of study both within and across institutions, program-level data is essential. The Office of Federal Student Aid collects student-level indicators of success at the programmatic level for students who have received federal student loans and/or Pell Grants. With this data, the Federal government must do the following:

1. Identify both high performing and underperforming IHEs at the programmatic level nationwide
2. Disaggregate students into meaningful cohorts nationwide (Pell Grant recipients, minority status, marriage status, Veteran status, types of program pursued, program completion)
3. Give prospective students more data in order to identify which IHE is best for the student

Recommendation: The Veterans Education Project recommends the following changes:

1. Insert new goals into FSA's "Purposes of the PBO" that call for a more active role in reporting on National Student Loan Data System data, assessing the effectiveness of federal investments, and facilitating research.
2. Direct the Chief Operating Officer of FSA to include the development and dissemination of data in their annual performance report that measures the results of the taxpayers' \$130 billion annual investment in student financial aid. A formal revision of FSA's "Purposes as a PBO" could make this a core part of FSA's mission.