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One Size Does Not Fit All: Hispanic Serving Institutions and the Viability of a Federal Ratings System

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Introduction

Seeking to strengthen the value of a postsecondary education, President Barack Obama has proposed a plan for a Postsecondary Institutional Ratings System (PIRS). Harnessing performance metrics, the system intends to provide families with greater consumer information on college choice and enable an incentive and accountability mechanism tied to financial aid. Given this second point, a frequent question for the U.S. Department of Education (ED) relates to how the agency will ultimately come to define value and rate performance (U.S. Department of Education, 2013a). Other recurring questions pertain to the unintended impacts of a single and determinant rating system over such a wide range of academic institutions; who differ not only in their educational agenda, but in student profile. For Hispanic-Serving Institutions (HSIs), these questions figure prominently. At the moment, available performance metrics fail to effectively communicate the value of these institutions. This is largely because existing completion measures fail to fully account for a specific student profile. In light of this, ED has been careful to model PIRS in a manner that promotes opportunities for all students. This white paper outlines the agency's deliberate approach with specific reference to its potential impact on HSIs. It follows with comments for its proposed framework.

A Crisis in College Affordability and Student Debt

On August 22nd 2013, President Barack Obama traveled to the State University of New York at Buffalo to denounce a persistent and growing "crisis in terms of college affordability and student debt" (The White House, 2013a). In his address, the President made clear that "college [had] never been more expensive" and stated that "over the past three decades, the average tuition at a four-year public university [had] gone up by more than 250 percent." Additional statistics lend strength to magnitude of the problem. At present, average cumulative debt among bachelor degree recipients from similar institutions towers above \$26,000 (College Board, 2014). Likewise the national cohort default rate, which measures the percentage of borrowers who default on federal loans prior to the end of the second repayment year, remains a cause of concern at 13.7 percent (Anderson, 2014). Seeking to reverse these costly trends, the President concluded his address with a comprehensive plan for reform.

Postsecondary Institutional Ratings System

The President's rating system will serve to realize a number of related objectives. This multipurpose plan hinges on the ability to accurately assess institutional performance. Given significant data challenges and the

enormous variation which exist across postsecondary institutions, the task is inherently difficult. Still, ED has maintained that a federal rating system is a viable endeavor and that despite considerable challenges, available student and institutional data provide a feasible starting point to induce reform. The White House has indicated that the ratings would be reflective of an institution's cumulative performance in three areas considered to provide maximum value; college access, affordability, and student outcomes (U.S. Department of Education, 2013a). To produce the ratings, metrics closely aligned to the aforementioned principles would be selected and packaged together to produce a composite score. Once calculated, the ratings would serve a purpose of informing prospective students and their families. While the process of selecting a college has never been one to be taken lightly, the rising cost of tuition and an increasing student debt burden has made this decision a necessarily calculated one.

A related goal for PIRS is to enable an incentive structure which would recognize and help improve institutional performance. The White House has considered linking institutional performance as measured by PIRS to corresponding receipts in Title IV funds by 2018 (The White House, 2013b). These funds cover the federal student loan, grant, and work-study programs. If properly aligned, it is reasonable to

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suggest that this structure would significantly promote opportunities for student success. As an information system, PIRS would provide institutions with new tools to assess their performance across recognized benchmarks. This data can then be leveraged to positively inform institutional policy and practice.

A High Stakes Evaluation

The potential link of PIRS to the approximate \$150 billion dollars invested in the federal student aid program annually, would transform the ratings system into a high stakes evaluation. As such, careful consideration for the design of this information system is needed to ensure resource allocation works towards its intended purpose of incentivizing performance. At present, researchers express concern for the system's ability to accurately assess HSIs. Anne-Marie Núñez and Awilda Rodríguez (2014) point to the likely use of graduation rates as cornerstone measures within PIRS as a specific cause for such concern. This is largely because graduation rates do not account for specific student inputs shown to significantly influence completion. A second drawback of using existing graduation rates is that the national dataset from which PIRS will likely draw upon as its source, reflects a rather narrow portion of students who graduate from Hispanic-Serving Institutions (HSIs) and is therefore not wholly representative. Given these data challenges, these institutions could stand to receive a poor rating and thereby face threats in their capacity to serve students.

Hispanic Serving Institutions

HSIs are defined in federal law as accredited degree-granting, public or private non-profit institutions of education with

25 percent or higher undergraduate Hispanic full-time equivalent student enrollment. Together these institutions educate the majority of Hispanic students and significantly contribute to their educational attainment. In 2012–13, HSIs enrolled nearly 59 percent of all Latino undergraduates and 34 percent of all Latino graduate students (Santiago, Galdeano, & Taylor, 2014). That same year despite comprising only 11 percent of total institutions, HSIs also awarded 40 percent of all of bachelor degrees conferred to Hispanics (Santiago et al, 2014). Additionally, these institutions play an enormous role in conferring degrees to Latinos in high-demand fields related to science, technology, engineering, and mathematics (STEM). In 2009, HSIs conferred over a third of all STEM degrees awarded to Latinos (Malcom-Piqueux & Lee, 2011). Despite such stellar achievements, sizeable differences in completion rates remain between HSIs and non-HSIs. For instance, six-year graduation rates at HSIs these institutions were 29 percent overall, significantly below the national average of 57 percent (Miller, 2015). However as the next section demonstrates, completion rates as they currently exist, provide a rather incomplete and distorted view of HSIs.

What Completion Rates (Fail to) Tell Us about HSIs and Performance

Completion rates commonly serve as a proxy for institutional performance. Yet in recent years, researchers have questioned whether this indicator can serve as an objective standard for comparisons. Thomas Bailey and Di Xu (2012) explain that while graduation rates reflect instructional outcomes, they are also the joint product of “incoming student characteristics and

available resource levels that have substantial impact on the likelihood of college graduation.” As a result, a number of studies have attempted to control for important factors such as prior academic performance to support more meaningful comparisons. A particular study on Minority-Serving Institutions (MSIs) in Texas found that once factors such as income, standardized test scores, and enrollment in advanced placement courses were taken into account; gaps in graduation rates between MSIs and non-MSIs diminished significantly (Flores & Park, 2014). The study found that these institutions performed similarly and concluded that disparities in raw graduation rates can be explained in large part by student composition and the amount of institutional funding available.

Other studies confirm the importance of academic preparation and level of institutional funding to completion (ACT & Excelencia in Education, 2014; Ryan, 2004). These findings are of particular interest to HSIs. Research shows that Latino and low-income high school students, two of the largest populations served by HSIs, are among the less likely to take a core curriculum course or meet readiness benchmarks on college entrance exams (ACT, 2014; 2013b). Research also shows that HSIs have been chronically underfunded (Núñez et al, 2015). Given these realities, HSIs appear mechanically poised to underperform relative to their counterparts. Input adjustments appear to offer a creative solution for fair and meaningful comparisons. However, we lack sufficient data on HSIs to perform such adjustments. While standardized test scores are shown to be strong positive indicators of completion, only 43 percent of HSIs require SAT or ACT scores as part of their admissions process (Núñez & Rodríguez, 2014). High school GPAs and

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coursework rigor offer a worthy substitute as they correlate highly with postsecondary success. However, this data is not currently collect by the federal government.

Traditional completion rates also do not tell us enough about students overall, regardless if they choose to attend an HSI. As indicated earlier, PIRS will most likely draw completions rates from the ED IPEDS database. However the official institutional graduation rate is restricted to first-time, full-time, degree/certificate students who complete their program within 150 percent of normal time to completion. It excludes 6.7 million part-time undergraduates and those students returning to school after significant time off (Espinosa, Crandall, & Tukibayeva, 2014). It also provides an inaccurate and incomplete picture of institutional performance because it classifies transfer students as drop-outs regardless of whether they complete a degree.

Towards a Framework that Works?

On the very same day President Obama announced an intent to develop PIRS he also instructed ED to develop a ratings system that would help “students from all backgrounds succeed” (The White House, 2013a) Since then the ED has committed to meeting with over 9,000 stakeholders including MSIs to solicit their input. In December 2014, the ED released, a draft of their college rating framework (U.S. Department of Education, 2014b). The draft contained a description of what the ratings design, including a sketch of the metrics to be folded into the system. A few critical aspects of the framework is included below.

The framework proposed to rate predominately two-year degree/certificate seeking institutions as well as predominately four-year degree seeking institutions for its very first version. The report also detailed the system would avoid numerical rankings in favor of a categorical rating. The ratings would be three-tiered, with post-secondary institutions qualifying as either high, middle, or low performing. Not yet developed, ED expressed an intent to set adequate thresholds for what constitutes a high or low rating. The system’s design is intended to be broad in effort to promote a clear rating that “avoids false precision” (U.S. Department of Education, 2014b). Given the fact that much can be concealed in completion rates, this move can be considered a step forward in compensating for large discrepancies. The plan also stated that it will continue to use completion rates as reported by IPEDS but that these rates will be significantly enhanced. IPEDS has already begun to collect completion rates for part-time and transfer-in students. This data is slated for release in 2017.

Recommendations

As ED continues to receive feedback on it proposed framework, it must continue to recognize those institutions serving the nation’s most vulnerable populations. The following recommendations would assist in that effort.

- The Administration should remain patient in its attempt to employ PIRS as accountability mechanism until critical shortcomings in completion rates have been addressed.
- In its initial stages, PIRS will most likely serve as a consumer information tool. This paper supports ED’s consideration of peer groups for comparison purposes. The Carnegie Classification

provides a logical start to begin grouping efforts. This system currently classifies institutions based on types of degrees awarded, selectivity, size, and geography.

- The Administration must work to empower students to use information effectively. There is ample evidence that available college search tools fail to maximize their reach over prospective students. The Administration should consider proposals for college choice counseling.
- For the eventual purpose of accountability, ED may consider a combined approach of peer groups and adjustments to account for differences in student profiles. At this point, it is not yet clear whether selectivity thresholds within the Carnegie Classification are sufficiently nuanced to account for differences in academic preparation. Núñez and Rodríguez (2014) propose that ED require institutions to report high school GPA and high school course completion. Given that income is also highly correlated with academic achievement, it may also consider adjusting for socio-economic status.

Conclusion

A higher education is one of the single best investments you can make in your future. As a transparency and accountability tool, Postsecondary Institutional Ratings System (PIRS) can go a long way to ensure that colleges do not price their students out of an education and that the return on this investment is a substantial one. Completion rates do not serve as a “one-size-fits-all” measure to rate institutions and a flexible model which effectively accounts for institutional differences is necessary.

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