

Ideas for an Effective and Fair Rating System

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1 Key design questions

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- Access
- Affordability
- Outcomes
- Cost-effectiveness

3 Statistical issues

4 Concluding thoughts

Disclaimer

- Opinions reflected here are my own
- They do not necessarily reflect the opinions of Seton Hall University or *Washington Monthly*
- All errors are also my own

Key design questions

- 1 Should all colleges be included in the ratings?
- 2 Should all colleges be rated together, or in smaller groups?
- 3 What types of ratings categories should be available?
- 4 Should the ratings serve as a carrot, a stick, or both?

Should all colleges be included in the ratings?

- Short answer: Yes—include all Title IV colleges
- Doubtful ratings system affect selective colleges, but information needs to be available for everyone
- This also includes community colleges, which are more difficult to rate given available data

Should all colleges be rated together, or in smaller groups?

- Underlying ratings should be done within the four-year and two-year sectors (broadly speaking)
- Could be done on more nuanced level (such as by Carnegie classification), but probably not necessary
- Students should see ratings of colleges in their region/state, but that doesn't affect design of ratings

What types of ratings categories should be available?

- Options include:
 - 1 Numerical rankings that are converted to ratings
 - 2 A-F system
 - 3 Pass/fail
 - 4 Green/yellow/red

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- Options include:
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- I would suggest green/yellow/red model, with special recognition for colleges that perform very well in all areas
 - 3-4 categories are probably sufficient—terminology matters!
- Strongly recommend not creating numerical rankings underlying ratings, as they'll reduce institutional buy-in and likely leak out

Should the ratings serve as a carrot, a stick, or both?

- Eventual goal seems to be to potentially cut the worst colleges out from Title IV eligibility
- But even more important to reward some non-elite colleges with good ratings
- Again, institutional support for the ratings is important
- Recommendation: Work to tie campus-based aid to ratings (work-study, SEOG)

Potential metrics

- I'll discuss potential metrics for each of the three areas of focus:
 - 1 Access
 - 2 Affordability
 - 3 Outcomes
- Ratings should be given for each of these three areas, as well as overall
- I suggest weighting the three areas equally, for simplicity's sake

- Percent Pell—give colleges credit for being above a certain threshold
 - But consider some sort of “maintenance of effort” provision, as well
- Percent first-generation—currently collected on FAFSA, but not in IPEDS data yet
- Enrolling more Pell/first-gen/low-income students than expected based on selectivity
 - More on statistical adjustments later

Affordability measures

- Net price of attendance for low- to middle-income families
- *Washington Monthly's* bang-for-the-buck list looked at average net price between \$0 and \$75,000 per year
- Another concern is how to address state support at public institutions
- Prefer not to give colleges a break if state appropriations fall, since lower ratings will put more pressure on states

Affordability measures

- Student loan debt upon leaving college should be included
- May want to adjust for student resources (i.e. percent Pell) in order to hold open-access schools harmless
- Need to report debt for dropouts as well as graduates and include both in ratings
- Concerned about colleges suggesting private loans, since they likely won't count here

Outcome measures

- Raw graduation rate
- Include for all students and for certain subgroups (Pell recipients, first-generation, etc.)
- Consider more than first-time, full-time students once data become available
- Also include a measure adjusted for student characteristics to not hurt less-selective colleges
- Colleges need to meet both raw graduation rate and graduation rate performance targets

- Special consideration must be given to transfer students
- Both two-year and four-year institutions should get credit for successful transfers
 - Two-year colleges: Transfer to four-year should be equivalent to completing associate's degree
 - Four-year colleges: Transfer to four-year should count as partial credit toward BA completion rates
- Graduation rates of transfer students need to be tracked better

Outcome measures

- Default rates for all student loans
- This includes PLUS loans—which currently aren't tracked!
- Default rates also need to be tracked past three years
- Long-term concern with this measure: IBR, etc. might make it worthless

Outcome measures

- Some measure of employment/wages must be considered
- My preference: Are students making more than some multiple of the poverty line?
- This is a good proxy for employment, but doesn't hurt colleges with programs in education or social work
- IRS data needs to be used here, not private data like Payscale
- Debt-to-income ratios are another possibility

Outcome measures

- These measures are at best weak proxies for student learning
- Is it worth trying to get to standardized measures of learning or engagement?
- At this point—probably not
- I like the idea of giving colleges an opportunity to submit evidence of student learning
- Otherwise, the learning space on the ratings is blank

- It's also possible to combine outcomes and affordability into a cost-effectiveness metric
- Some possibilities include:
 - 1 Completions, etc. per \$10,000 in education and related expenditures
 - 2 Completions, etc. per \$10,000 in student/taxpayer funds
 - 3 Below-average net price, above average performance on outcomes
 - 4 Cost-adjusted graduation rate performance, as in *Washington Monthly* rankings
- These cost-effectiveness measures may appeal to the general public, although not to most institutions

Statistical adjustment

- For both percent Pell (access) and graduation rates (outcomes), I encourage input-adjusted measures to account for student characteristics
- Goal is to not penalize colleges for having access-oriented missions and to not reward colleges for becoming more selective
- Create a predicted value of the measures given student characteristics and then compare to the actual value
- For examples on how to do this, see the *Washington Monthly* rankings or the 2012 HCM Strategists Context for Success papers
- But also include unadjusted measures, as to not reward colleges with very low completion rates and very high percent Pell

Using multiple years of data

- For large institutions, using just one year of data is probably okay
- But multiple years of data needed to smooth volatility for small colleges, where a few students can affect outcomes
- Recommend using at least three years of data—can give somewhat more weight to recent years
- Drawback: More of a lag between when students start college and when they are counted in ratings

Concluding thoughts

- Keep initial ratings measures simple—don't try an underlying ranking at this point
- Use a limited measure of generally agreed upon outcomes
- Find a way to reward colleges scoring high across all measures
- Give colleges the opportunity to submit information on student learning
- Push for unit-record data and more outcomes by subgroup (Pell graduation rate)

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