Data Collection, Use, and Dissemination in the Higher Education Affordability Act

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On June 25, 2014, Senator Tom Harkin (D – IA), the Chairman of the Senate Health, Education, Labor, and Pensions (HELP) Committee, released draft language for the reauthorization of the Higher Education Act (HEA). Senator Harkin's draft legislation contains several provisions related to data collection, use, and publication. This document presents the major data provisions in HEAA and prompts the reader to consider what is missing from the draft legislation.

Data in HEAA: What are the Major Themes?

1. Information Disclosure

HEAA contains several mandates that increase the amount of information that is collected and published on institutions of higher education. The draft legislation:

- *Legislates the College Scorecard – Adds measures to the Scorecard and ensures the tool lives past the Obama administration.*
- *Creates new Scorecard measures – Information would need to be collected on persistence and private student loan debt.*
- *Adds little data to College Navigator – New measures are related to faculty employment patterns.*

2. Linking Data Systems and Increasing Interagency Work

- *The National Student Loan Data System (NSLDS) – NSLDS would incorporate private loan data from private educational lending agencies, veterans' data from the Departments of Defense and Veteran's Affairs, and historical Pell Grant recipient data from the Department of Education.*
- *Proprietary Institution Oversight Committee – An interagency group would collect and publish data on the finances of for-profit institutions and the outcomes of the sector's students.*

3. Metrics on Repayment and Default

HEAA legislates three new metrics that are intended to measure student and institution repayment of federal loan debt:

- *Repayment rate: The rate at which an institution's disbursed loan dollars are being repaid.*
- *Speed-based repayment rate: An estimation of how* ***quickly*** *borrowers from an institution are repaying based on observed repayment behavior.*
- *Student default risk: A student's risk of default at a given institution based on default rates and the likelihood of borrowing of the current student population.*

What's Missing in HEAA?

1. *Improved data on nontraditional students* – While the House HEA bills reflect a focus on obtaining better data and measuring outcomes for adult, continuing, and transfer students, HEAA requires limited additional data on these students. The focus of this draft is more on

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consumer protection through initiatives such as the College Scorecard, stricter oversight of for-profit institutions, and increased data collection on private loans and veterans.

2. *IPEDS improvements* – Improvements to IPEDS data elements, such as graduation rates or outcome measures, are not included in the legislation.
3. *Student unit record data system* – Senator Harkin's press release indicated the bill would take on a student unit record data system in a future draft, but the issue was not addressed in this first draft.
4. *Other*?

Questions for Consideration

As you read this brief, you may want to consider the following questions:

1. Should a consumer information tool, like the College Scorecard or the House-proposed College Dashboard, be legislated? Is there justification for multiple public access data tools (e.g. College Navigator and College Scorecard)?
2. How can the federal government leverage current data systems by linking or sharing data? How should data from other systems, like NSLDS and the DOD/VA, be leveraged for policymaking, consumer information, institutional improvement, and research purposes? If data from the systems were to be made available to organizations/entities other than FSA, who should have access?
3. What are the pros and cons of the repayment and default measures? How can they be made understandable to students and institutions while appropriately capturing repayment behavior?
4. What does increased oversight of private loans and proprietary institutions mean for the postsecondary system as a whole?

Introduction

On June 25, 2014, Senator Tom Harkin (D – IA), the Chairman of the Senate Health, Education, Labor, and Pensions (HELP) Committee, released draft language for the reauthorization of the Higher Education Act (HEA). In contrast with recent bills from the House Committee on Education and the Workforce (CEW), which tackle distinct pieces of HEA, Senator Harkin's bill addresses reauthorization of the entire statute. While several revisions were made to a variety of HEA programs in Senator Harkin's draft legislation, this document focuses on provisions related to data collection, use, and publication.

Sec. 108 and 109: The College Scorecard and College Navigator

HEAA legislates the College Scorecard, which was implemented in 2013 through executive action. The draft bill requires the development of a standardized tool to be widely-disseminated by both institutions and the federal government. Each institution would be required to make its Scorecard publicly available on its website and distribute it to prospective and accepted students "in the same format in which the institution communicates with prospective and accepted students about applying to and enrolling in the institution."[1] In addition, the Secretary will coordinate a public awareness campaign on the College Scorecard, employing marketing strategies based on research on how to effectively reach secondary and postsecondary students.

The proposed College Scorecard builds on the current version's data and format, adding measures that are not on the current Scorecard, and in some cases, that are not available in federal data tools, such as the Integrated Postsecondary Education Data System (IPEDS). For a comparison of the current and proposed Scorecards, including data element availability, see **Appendix A**. Additional information can be added to the College Scorecard at the discretion of the Secretary of Education. Also, the Scorecards of institutions that appear on any of the College Affordability and Transparency Center lists due to high tuition charges or net prices will "prominently and clearly" identify that they appear on a list and the reasons for the institution's placement on that list.

Although section 108 of HEAA focuses on College Navigator, it adds few data elements that are not already included on the website. The Navigator elements mandated in HEAA are the student-faculty ratio, number of full-time and part-time faculty, number of returning faculty (by full-time and part-time status, tenure status, and contract length), and the number of graduate assistants with primarily instructional responsibilities, at the institution. The number of returning faculty are currently not included on the website.

Sec. 489 and 1012: The National Student Loan Data System

HEAA also requires expansion of the National Student Loan Data System (NSLDS), a data system that is currently hosted by Federal Student Aid (FSA), an office of the Department of Education. Currently, the system contains data on student enrollment, federal student loans, and Pell Grants[2], and is used to monitor the appropriate administration of those programs. HEAA adds data to NSLDS by:

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[1] Higher Education Affordability Act, Sec. 132(i)(2)(A).

[2] Historically, Pell Grants were only recorded in NSLDS if the student also borrowed a student loan. However, in 2012 NSLDS began recording and merging historical data for Pell-only recipients. For more information, see http://ifap.ed.gov/dpcletters/GEN1206.html/.

- Integrating NSLDS with other government data systems, including the "Federal Pell Grant applicant and recipient databases…and any other databases containing information on participation in programs under this title."[3]
- Integrating NSLDS with the Department of Veterans Affairs and Department of Defense databases (such as the Defense Manpower Data Center) to populate student veteran status of borrowers.
- Incorporating loans made through the Public Health Service Act (which are administered by the Department of Health and Human Services), and
- Adding private student loan data into NSLDS with input from the Consumer Financial Protection Bureau.

Sec. 114: Oversight and Data on Proprietary Institutions

HEAA assembles an interagency committee that includes ED; the Internal Revenue Service; the Federal Trade Commission; the Departments of Labor, Defense, Veteran's Affairs, and Justice; the Securities and Exchange Commission; and the Consumer Financial Protection Bureau. The committee's mission will be the oversight of proprietary institutions. Among the committee's tasks is the publication of an annual report containing data on proprietary institutions' finances and student outcomes.

Data will be made available on:

- The total and proportional amounts of federal funds received by each institution;
- Total enrollment, disaggregated by the individuals enrolled in programs taken online and individuals enrolled in programs not taken online;
- The retention rate, 100% and 150% graduation rates, cohort default rate, and licensure examination pass rate of credential-seeking students;
- Median educational debt incurred by students who start but do not complete a program at the institution;
- Private loan use, including the estimate of the total number of loans used, the average private debt, the default rate, and the interest rate of those loans;
- Pre-tax profit reported as a total amount and an average percent of revenue;
- Job placement rate for students who complete a program and the type of employment they attain after graduation;
- Revenue spent on recruiting and marketing activities, student instruction, and student support services reported as a total amount and an average percent of revenue;
- Total compensation packages of the executive officers;
- The total cost of attendance for each program, compared to the total cost of attendance for each program at each public IHE and average total COA for each program at all public and private IHEs;
- Number of complaints against the institution received by any member of the committee.

Most data will be disaggregated by ownership, brand name, and campus.

[3] Higher Education Affordability Act, Sec. 489(a)(2).

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Sec. 485: Measuring Repayment

HEAA legislates two metrics that are designed to measure the rate at which students are repaying their loans – a repayment rate and a speed-based repayment rate. The repayment rate is similar to the one defined in the most recent Gainful Employment negotiated rulemaking session, and consists of a dollar-based measure of loan repayment. The speed-based repayment rate is intended to estimate *how quickly* student borrowers at an institution are repaying their loans, and to project the total time it will take student borrowers to repay their loans. More detailed information on both rates can be found in Appendix B.

The legislation requires the speed-based repayment rate to be:

- Published on the College Scorecard and the College Affordability and Transparency Center website.
- Used to compare similar institutions, using "understandable terms, such as 'quickly' and 'slowly' to indicate the relative significance" of the calculated rate.[4] However, SBRR comparisons cannot be disaggregated by institution sector.
- Used to calculate the expected time for the average borrower of each institution to complete repayment, which will be compared with other similar institutions.
- Compared for the overall institution and the professional degree programs of the institution.
- Calculated at the program level for Gainful Employment programs.
- Open to definitional adjustment by the Secretary to be made more accurate and informative.

Sec. 481: New Student Default Risk Measure

HEAA defines a new measure that is designed to assess a student borrower's risk of default. The calculation uses the cohort default rate (CDR) for an institution and weights it by the percentage of students who borrow loans:

$$Student\ default\ risk = Three - year\ CDR\ \times \%\ of\ borrowers\ at\ the\ institution$$

The legislation requires the Secretary to publish the student default risk for each institution on the NCES website. Also, if an institution has a high student default risk, it:

- Must provide an accepted student a waiting period of at least two weeks to consider other options and disclose its Scorecard to the student.
- Must require federal student loan borrowers to take at least one loan counseling session at the beginning of each academic year.
- May be required to undergo a review of its Title IV program administration if it has a high student default risk as compared to the student default risk for all Title IV institutions.

[4] Higher Education Affordability Act, Sec. 483D(a)(4)(A)(i).

Sec. 493F: New Cohort Default Rate Data

The current cohort default rate (CDR) is designed to measure the proportion of borrowers who enter repayment and default on at least one student loan within a three-year period. The calculation includes both completers and non-completers. The CDR formula for 2011 will be published in October 2014 and is calculated as follows:

$$FY\ 2011\ CDR = \frac{Borrowers\ who\ entered\ repayment\ in\ 2011\ and\ defaulted\ in\ 2011, 2012, or\ 2013}{Borrowers\ who\ entered\ repayment\ in\ 2011}$$

Currently, the numerator, denominator, and number of borrowers used to calculate the CDR are published each year for Title IV institutions. HEAA requires ED to publish the "underlying numbers and data" used to calculate an institution's CDR, though it is unclear if these data would be more detailed than what is currently published. ED would also be required to publish the percentage of borrowers within each cohort:

- In each type of deferment status,
- That have been delinquent for 30-59 days, 60-89 days, and 90+ days,
- Enrolled in a standard, extended, income-contingent, income-based, and income-sensitive repayment plan,
- In negative amortization.

Separate cohort default rates will be calculated for graduate PLUS borrowers and parent PLUS borrowers. The parent PLUS cohort default rate will be calculated using data for ten years after the loan enters repayment, as opposed to the three-year period used for student loan CDRs. This information would be required to be publicly reported with other cohort default rate data, likely on the Office of Federal Student Aid's website.

Sec. 484: Consumer Testing

Several tools that are proposed in HEAA will be consumer tested and refined based on recommendations from secondary and postsecondary students, families of those students, IHEs, secondary and postsecondary counselors, nonprofit consumer groups, and other federal agencies, as appropriate. The specific items outlined in this memo that are targeted for consumer testing are the College Scorecard and the speed-based repayment rate.

Appendix A: Summary of College Scorecard Data Elements: Existing and Proposed Measures

Measures requiring collection of new data or publication of data not previously made public are noted in **bold**.

Measure	On Current Scorecard	On HEAA Proposed Scorecard	Notes on HEAA Requirement	Available in Federal Data Systems
Institution name	X	X		X
Sector		X		X
Level		X		X
Primary degree type	X	X		X
Undergraduate enrollment	X			X
Average net price	X	X		X
Disaggregated by income subcategory		X	With percent distribution of students in each category	X
Link to net price calculator	X	X	Includes universal net price calculator	X
Completion rate within 100% of normal time		X		X
Completion rate within 150% of normal time	X	X		X
Persistence rate from term-to-term and year-to-year		X		
Transfer-out rate (to a four-year institution) within 100% of normal time		X	Only for 2-year IHEs	
Transfer-out rate (to a four-year institution) within 150% of normal time[1]	X	X	Only for 2-year IHEs	
Percentage of completers who borrow at least one loan		X	Includes private loans	
Average student loan debt		X	For completers only; adds private loan debt	
Median student loan debt	X	X	For completers only; adds private loan debt	
Expected monthly repayment amount for the mean student loan debt based on a 10-year period		X	For completers only; adds private loan debt	
Expected monthly repayment amount for the median student loan debt based on a 10-year period	X	X	For completers only; adds private loan debt	
Cohort default rate	X			X
Speed-based repayment rate		X		
Employment and earnings	X[2]			

[1] Transfer-out rates are only required in IPEDS for institutions with a transfer mission, and they do not include information on what type of institution the student transferred to.

[2] While there is a section on the College Scorecard for employment data, no data are available.

Sources: The Higher Education Affordability Act (draft). Retrieved from http://www.help.senate.gov/imo/media/doc/HEAA%20Discussion%20Draft%20Language%206.25.14.pdf. College Affordability and Transparency Center College Scorecard. Retrieved from http://www.whitehouse.gov/issues/education/higher-education/college-score-card.

Appendix B

The Repayment Rate (RR) and Speed-based Repayment Rate (SBRR) are based on a loan cohort, defined as all federal student loans in their third or fourth year of repayment. Loans that have been discharged due to death or disability are not included.

The rate includes two other types of loans – loans paid-in-full and payments-made loans. Loans paid-in-full are loans which have been completely repaid by the borrower, not including loans paid-in-full through consolidation. Payments-made loans are loans where payments made by the borrower during the most recently completed fiscal year reduce the outstanding balance of the loan to amount less than the outstanding balance at the beginning of the fiscal year. Loans that are in the process of qualifying for public service loan forgiveness, which is demonstrated by the borrower submitting valid employment certification to ED, are also included. Neither of these definitions includes loans that were at any point in default.

Repayment Rate

The HEAA repayment rate is calculated as follows:

$$Repayment\ rate = \frac{Total\ original\ outstanding\ balance\ of\ all\ "paid-in-full"\ and\ "payment-made"\ loans}{Total\ original\ outstanding\ balance\ of\ all\ loans\ in\ the\ loan\ cohort}$$

For purposes of this calculation, the third or fourth year of repayment is identified by treating any period of loan deferment or forbearance as a period of repayment, except for loans in in-school or military deferment. In addition, graduate loans that were granted for a program requiring a medical internship or residency would be counted as of their sixth and seventh year of repayment. With the exception of the PSLF loans included, this repayment rate is the one developed for Gainful Employment in the most recent negotiated rule-making session. The repayment rate will be calculated for all institutions and reported on College Navigator and the NCES website.

Speed-based repayment rate

The speed-based repayment rate is intended to provide an estimate of the rate at which student borrowers are repaying their loans and the total expected time it takes them to repay. It requires a two-step calculation:

$$Percent\ paid\ on\ total\ OOB = \frac{Amount\ paid\ on\ all\ cohort\ loans\ for\ the\ given\ fiscal\ year}{Total\ original\ outstanding\ balance\ of\ cohort\ loans\ in\ the\ given\ fiscal\ year}$$

$$SBRR = \frac{Percent\ paid\ on\ total\ OOB}{Average\ \#\ of\ years\ cohort\ loans\ were\ in\ repayment, weighted\ by\ the\ current\ balance\ of\ each\ loan}$$

The speed-based repayment rate cohort does not include loans in delinquency, deferment, forbearance, or default.