INSTITUTE FOR HIGHER EDUCATION POLICY

February 10, 2023

Mr. James Kvaal

Under Secretary of Education

U.S. Department of Education

400 Maryland Avenue SW

Washington, DC 20202

Docket ID: ED-2022-OUS-0140

Dear Mr. Kvaal,

We are pleased to respond to the U.S. Department of Education's (ED's) Request for Information regarding low-financial-value postsecondary programs and support ED's efforts to improve public transparency around student outcomes. Discussions of postsecondary value are multifaceted and complex. Our recommendations in this letter are focused on the narrow question of how to design a low-financial-value list for consumer information and programmatic improvement purposes. Other purposes, such as federal financial aid gatekeeping, may require different approaches.

The Institute for Higher Education Policy (IHEP) is a nonpartisan, nonprofit research, policy, and advocacy organization committed to promoting postsecondary access and success for all students, regardless of race, background, or circumstance. We provide timely, evidence-based, and student-centered research to inform policy decisions with a particular focus on improving racial and socioeconomic equity, postsecondary value, and postsecondary data quality.

Merits of a Low-Financial-Value List

Postsecondary education can transform graduates' lives, strengthen communities, catalyze economic mobility, address persistent racial and socioeconomic inequities, and build a fair and more just society. But the value students receive varies greatly by where they attend college and what they study. It also varies by who a student is and where they come from – which is a policy failure that should be corrected. There are persistent inequities in college attainment by race and income and there are earnings disparities by race and gender even among college graduates.

Ideally, all programs should leave all students at least better off than if they had not attended, regardless of students' race, background, or circumstance. Students deserve quality information about the outcomes they can anticipate when deciding what program to pursue. A list of low-financial-value postsecondary programs is an important mechanism for delivering this information, protecting students, increasing public awareness, and informing programmatic improvement. To achieve these intended

goals and avoid unintended consequences, the list must prioritize principles of equity, taking careful consideration of racial, socioeconomic, and gender inequities in society writ large.

All programs have ways to improve the value they offer students, whether by increasing graduation rates, lowering prices, elevating program quality, or building stronger career pathways. Given these varied areas of improvement, any list should be one part of a systemwide strategy to improve student outcomes and deliver more equitable value. For example, it should supplement ED's concurrent efforts to strengthen higher education accountability, including issuing a strong gainful employment regulation that ensures federally funded career education programs prepare students for gainful employment in a recognized occupation.

The value of postsecondary education also goes beyond individual economic returns. Students gain an improved sense of wellbeing and strengthened skills and learning outcomes as a result of their postsecondary investment. Likewise, society benefits from increased postsecondary attainment through boosts in public revenues and gross domestic product, improved public health outcomes, enhanced civic engagement and pluralism, and economic and cultural vitality in communities. These individual and public benefits are critical to understanding the value of postsecondary education and should be considered as part of comprehensive efforts to deliver postsecondary value more equitably. We appreciate ED's acknowledgement of the non-economic value that some programs may provide students and society as a whole, while centering this policy intervention on the critical consumer protection objective of identifying the programs with the lowest financial returns.

We also recognize the disparate real-world conditions facing students, such as racial and gender discrimination in the labor market, as well as the realities facing institutions, such as long-standing funding disparities. Care must be taken when applying metrics to avoid undervaluing programs that provide economic mobility for historically marginalized students or discouraging institutions from enrolling those students in the first place.

These broader issues, however, do not negate the importance of providing basic consumer information in the form of a low-financial-value list that communicates to students the likely outcomes associated with their investment and helps ensure that they have better context about programs they are considering. The low-financial-value list should also be used to drive programmatic improvement, such as requiring institutions to submit plans to improve the value of programs that have the most concerning outcomes.

Defining and Measuring Low-Financial-Value

Under IHEP's leadership, the Postsecondary Value Commission developed a clear definition of the value of education after high school and an innovative and practical way of measuring postsecondary value. The Commission defines postsecondary value in the following way:

> Students experience postsecondary value when provided equitable access and support to complete quality, affordable credentials that offer economic mobility and prepare them to advance racial and economic justice in our society.

This definition offers a goal grounded in equity to guide institutions and policymakers seeking to improve student outcomes.

As the definition makes clear, equitable postsecondary value is comprised of interconnected elements. Institutional leaders, federal and state policymakers, and other stakeholders all have a role to play in delivering equitable value, the economic and non-economic benefits of which accrue to students, their families, their communities, and society.

The Commission focused on equitable value for Black, Latinx, Indigenous, underrepresented Asian American and Pacific Islander (AAPI) students, students from low-income backgrounds, and women—as well as the intersectional identities within and across these groups (e.g., low-income White students and men of color). Evidence shows that the postsecondary education system currently fails to ensure that these students receive equitable returns on their investments through equitable access, completion, affordability, and workforce outcomes. Equity is at the core of the Postsecondary Value Framework, so it requires data to be disaggregated by key student characteristics to unearth inequities and provide a starting point for policy and programmatic solutions to combat and dismantle them.

The centerpiece of the Postsecondary Value Framework is a series of economic value thresholds (T0-T5) that measure and assess post-college earnings and wealth inequities. The framework's economic value thresholds offer a way to measure economic outcomes for Black, Latinx, Indigenous, and underrepresented AAPI students, students from low-income backgrounds, and women across different institutions and programs. These thresholds provide a series of benchmarks informed by prior research as well as extensive discussion among commissioners and members of the Commission's Research Task Force.

Figure 1: The Postsecondary Value Framework's Measurement Thresholds

0	**Minimum Economic Return:** A student meets this threshold if they earn at least as much as a high school graduate plus enough to recoup their total net price within ten years.
1	**Earnings Premium**: A student meets this threshold if they reach at least the median earnings in their field of study, which accounts for expected variations in pay across fields.
2	**Earnings Parity:** Informed by the University of Texas System's research on in-field pay inequities, this threshold measures whether students of color, students from low-income backgrounds, and women meet the median earnings of their more advantaged peers (White students, high-income students, or men).
3	**Economic Mobility**: Informed by Opportunity Insights' measurement of economic mobility across institutions, this threshold measures whether students earn enough to enter the fourth (upper middle) income quintile regardless of field of study.
4	**Economic Security**: While sufficient earnings can create a stable life, wealth is key to building the type of security needed to withstand life's financial shocks, so this threshold measures whether students reach median levels of wealth.
5	**Wealth Parity**: Mirroring the earnings parity threshold, this threshold measures whether students of color, students from low-income backgrounds, and women reach the level of wealth attained by their more privileged White, high-income, or male peers.

Threshold 0 is the minimum that we should expect of programs. Threshold 0 measures the median earnings of high school graduates in the state plus the cumulative net price of a specific program. If student earnings exceed this threshold amount, that indicates those students leave postsecondary education at least better off financially than if they had not attended. Threshold 0 contextualizes student earnings through a comparison to the earnings of high school graduates while also reflecting the wide variation in college costs and the significant financial investment that many students make in pursuing higher education. Disaggregated data also are key to understanding inequities in postsecondary value.

In particular, T0 reflects the minimum amount students would need to earn to be better off financially after leaving school, taking into account the cost of attending the program. Because the purpose of ED's Request for Information (RFI) is to develop a list of low-financial-value programs, the majority of our response centers on this minimum threshold: Threshold 0. The recommendations in this letter are tailored narrowly to the purposes of consumer information and programmatic improvement. Other policy mechanisms, such as granting access to federal aid resources, or issuing penalties or rewards, may warrant adjustments to our proposed approach to prevent unintended consequences.

Measures and Metrics: Recommendations for Developing a Low-Financial-Value List

The Postsecondary Value Framework offers a useful tool to support ED in generating a list of low-financial-value programs. In developing this list, ED should identify programs that leave students worse off financially than if they had not attended. These programs are the riskiest options for students, and students deserve adequate information about this risk to inform their college choices. Additionally, using this list to prompt institutions for plans to improve the value of the most concerning programs will help ensure that all programs deliver students the knowledge, skills, and networks to reap equitable returns from postsecondary education and achieve economic and social mobility.

The Postsecondary Value Commission's Threshold 0 is designed to measure whether students are better off after having attended a particular program**.** Deliberately named T0, the threshold assesses whether students receive at least a minimum economic return on their postsecondary investment. A program is considered to deliver this minimum economic return, and thus pass the threshold, if the median earnings of its students after college are higher than the median high school graduate earnings in their state plus enough to recoup their total investment.[1]

Threshold 0 = Median high school graduate earnings in state + Total student investment in college, annualized over 10 years

[1] Threshold 0 also can be measured at the student level, allowing an analysis of the percent of students at an institution or program who pass the threshold, and we encourage institutions, systems, and states to incorporate this nuance as the University of Texas System has done on the Equitable Value Explorer: https://equity.postsecondaryvalue.org/ut-system. However, publicly available data do not allow this student-level calculation, so we propose using median earnings, which means that an institution or program is considered to pass T0 if 50 percent or more of its students pass T0.

We encourage ED to use T0 as the basis for a low-financial-value program list to help students select a program of study and drive programmatic improvement. We also recommend disaggregating earnings data wherever possible to generate a more complete understanding of programmatic performance from an equity perspective.

Mechanics of Measuring Threshold 0 with Ideal Data vs. Available Data

Performance against T0 is measured using several component parts: median earnings of individuals with a high school diploma or GED, total financial investment from students and their families (net price, including living costs, over the full length of enrollment), and post-college student earnings outcomes. This section describes each of these component parts, the ideal measurement approach, and the best measurement possible using publicly available data, as summarized in Table 1 below. Additional details on the Commission's methodology and data sources are discussed in its final report[2] and technical documentation[3].

[2] Postsecondary Value Commission. (2021). *Equitable value: Promoting economic mobility and social justice through postsecondary education*. https://postsecondaryvalue.org/reports/.
[3] Postsecondary Value Commission. (n.d.). *The equitable value explorer-data documentation*. https://equity.postsecondaryvalue.org/methodology.

Table 1. Data Availability to Calculate Threshold 0

Element of T0	Ideal definition	Available data source	Definition in available data source	Limitations of available data source
High school diploma or GED holder earnings	Median earnings for individuals aged 22-40 with a high school diploma or GED as their highest level of education, with positive earnings, and not enrolled in a postsecondary institution, disaggregated by state	American Community Survey (ACS), combined 5-year file (U.S. Census Bureau)	Median earnings for individuals aged 22-40 with a high school diploma or GED as their highest level of education, with positive earnings,[4] and not enrolled in a postsecondary institution, disaggregated by state	None
Total student investment	Actual net price paid across the entire length of active enrollment, averaged across all students and including the cost of student loan interest	Integrated Postsecondary Education Data System (IPEDS) Institutional Characteristics (IC) and Student Financial Aid (SFA) surveys	Average published annual cost of attendance (COA), including tuition and fees, room and board, books and supplies, transportation, and other expenses, minus average grant aid awarded to first-time, full-time (FTFT) undergraduates, weighted by the proportion of students living on-campus, off-campus without family, or off-campus with family	• Net price can only be estimated at the institution level, not the program level. Data on grant aid are only available at the institution level in IPEDS. Colleges operating on a standard academic calendar only report cost data to IPEDS at the institution level. Other colleges report costs at the program level, but only for their largest programs. • Some data elements are limited to FTFT undergraduates, whose experiences may not be representative of all students. • IPEDS data currently do not include room and board charges for students living with family. • Net price cannot be disaggregated by students' race/ethnicity or gender.

[4] This earnings measure (INCEARN) includes income from wages and from a business or farm owned by the individual. Some individuals report negative or zero earnings across these three sources for a given year. The T0 calculation focuses on "positive earnings", excluding individuals with negative or zero earnings. This aligns with both earnings data in the College Scorecard, which are limited to individuals who are working and not enrolled in school, and many states' methodology for measuring earnings. To ensure that Threshold 0 can be meaningfully compared to students' post-college earnings outcomes, individuals with $0 earnings should be treated the same way in both the post-college and high school graduate calculations.

		College Scorecard	Median cumulative federal loan amounts at the time students enter repayment and the share of students who borrow federal loans	• Data are not available on borrowers' interest rates or repayment plans, which affect the cost of student loan interest, or for loans from private or institutional sources. • Loan data in the College Scorecard cannot be disaggregated by race/ethnicity.
		National Student Loan Data System (NSLDS)	ED should explore using NSLDS student-level enrollment data to calculate the average actual length of enrollment for each program. If this is not feasible, ED could use the published program length from NSLDS. ED could also use NSLDS data to more precisely estimate the cost of student loan interest.	• NSLDS enrollment data are limited to Title IV recipients. • NSLDS data are not publicly available.
Post-college earnings outcomes for students attending the program	Median earnings ten years after exit for all students who attended a given program, are working, and are not enrolled in school	College Scorecard	Median earnings three years after exit for Title IV recipients who completed their credential	• Earnings data are limited to students who received Title IV financial aid (e.g., federal grant aid and federal student loans). • Program-level earnings data are limited to students who completed their credentials and do not include non-completers. • Program-level earnings data only capture earnings one, two, and three years after students complete their credentials. Longer measurement windows are not yet available. • Earnings data are not available for many programs due to privacy suppression for small cohorts of students. • Earnings data cannot be disaggregated by race/ethnicity.[5]

[5] With upcoming changes to the Free Application for Federal Student Aid (FAFSA), the data necessary to disaggregate earnings outcomes by race/ethnicity will eventually become available, though due to the lagged nature of measuring earnings outcomes these will not be available in the near-term.

Earnings for individuals with a high school diploma or GED

Ideal: If a student does not attend college, they can expect their earnings to align with similarly aged individuals within their state who have a high school diploma or GED as their highest level of education. The median earnings of individuals in each state with a high school diploma or GED as their highest level of educational attainment serve as the foundation of the Threshold 0 calculations for institutions located in that state. This within-state specification is important to account for variations in labor market outcomes across different states.[6]

Available: Data are readily available to measure the median earnings of high school graduates in each state using the U.S. Census Bureau's American Community Survey (ACS). T0 can be calculated with the combined 5-year ACS file for individuals with positive earnings between the ages of 22 and 40 and not enrolled in a postsecondary institution in the three months prior to the survey interview.[7] The ACS earnings measure (INCEARN) includes income from wages and from any self-owned business or farm.[8]

Total student investment: Net price over full length of enrollment

Ideal: Earnings returns are not the only determinant of economic value. Students and their families invest financially in their postsecondary education, with the expectation that their investment will pay off, so any measure of value must also account for this investment. In other words, if a student earns slightly more after college than a high school graduate, but not enough to also recoup their financial investment in college over time, they are not, in fact, better off as a result of their education.

To reflect the importance of investment in students' economic value, T0 incorporates the total amount students and their families invest in their postsecondary education, whether students pay that amount through debt or other means. Some measures, such as debt-to-earnings metrics, focus only on debt, but a debt-centric approach understates the total financial impact on students, particularly the impact of expenses financed through family contributions, savings, earnings from work, or the impact of skipping critical expenses. Research shows that many students, particularly those from low-income backgrounds, work long hours or sacrifice basic needs, such as food and housing, or core education expenses, such as books, to finance their postsecondary expenses.[9] These contributions and trade-offs can be just as impactful as debt on student outcomes, and thus the total student investment—not just their investment via debt—should be incorporated into any measure of value. Further, Hispanic and/or Latinx

[6] More research is needed to determine if and how to refine this measurement to a smaller geographic level to reflect labor market variations within an individual state.

[7] An analysis of National Postsecondary Student Aid Study (NPSAS) data illustrates that the average age of students at completion is 27. The age range of 22-40 allows the measurement of earnings from a broad range of students, including those who complete a four-year degree directly after high school, as well as students who return to college after time in the workforce and complete degrees later in life.

[8] While business and farm earnings can include negative figures, we recommend excluding any zero or negative incomes from threshold calculations.

[9] Postsecondary Value Commission. (2021). Chapter 3: Assessing postsecondary value to students. *Equitable value: Promoting economic mobility and social justice through postsecondary education* (pp. 33-47).; Coles, A., Keane, L., & Williams, B. (2020). *Beyond the college bill: The hidden hurdles of indirect expenses*. uAspire. https://www.uaspire.org/BlankSite/media/uaspire/Beyond-the-College-Bill.pdf

students in particular have been found to have high rates of debt aversion, so measures that rely on borrowing alone risk understating the financial investments of these students.[10]

To fully incorporate cost, T0 defines total student investment as net price over the entire length of enrollment in a given credential or program. Ideally, net price would be calculated by tracking students' tuition and non-tuition costs and grant aid longitudinally through their time enrolled and summing those expenses. As much as possible, net price should be calculated based on how much students actually pay directly to colleges and how much grant aid they receive over the length of their programs, as well as how much students should expect to pay to cover living expenses while enrolled, using updated estimates of housing and other costs. Note that shorter credentials tend to have lower total costs because students are enrolled, and thus incur expenses, for less time.

Net price (full cost of attendance minus grant aid) better captures students' out of pocket investments in college than sticker price because many students receive grant aid to help cover their costs. Additionally, incorporating grant aid helps acknowledge the extent to which colleges have financial aid policies that may reduce out-of-pocket costs for lower income students.[11] Ideally, net price should be calculated for all undergraduates, not just those who receive financial aid. Colleges that award large amounts of grant aid to a small number of students could have a very low net price that does not reflect the experience of most students, if net price is only calculated for those who receive aid.

An estimate of student investment should also include the additional cost of financing college through borrowing. Ideally, the cost of student loan interest would be calculated based on students' actual amounts borrowed and interest rates. The calculation could assume, for simplicity, that borrowers repay under fixed repayment plans (such as the 10-year standard plan), where monthly payments stay the same across the repayment period. Alternatively, the calculation could account for borrowers' enrollment in income-driven repayment (IDR) plans, where monthly payment amounts can change over time based on the borrower's income and family size. Additionally, some borrowers in IDR receive forgiveness on their unpaid loan balances after making qualifying payments for a certain period of time (e g., 20 or 25 years) or receive interest subsidies during repayment, and thus do not end up paying all of their accrued interest.

Before the student investment is added to the annual earnings of high school graduates to calculate T0, the total student investment amount must be converted to an annual cost. For example, total student investment could be divided over ten years and T0 could be compared to students' earnings ten years after leaving their program.

Available: The Integrated Postsecondary Education Data System (IPEDS) provides the best available data to approximate total student investment for a T0 calculation. College-reported data on cost of attendance and grant aid should be used to estimate annual net price, which should be multiplied by the expected number of years the typical student spends enrolled.

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[10] Elengold, K. S., Dorrance, J., & Agans, R. (2020). *Debt, doubt, and dreams: Understanding the Latino college completion gap*. University of North Carolina of Chapel Hill & UNIDOSUS. https://law.unc.edu/wp-content/uploads/2020/11/Debt-Doubt-and-Dreams-Report.pdf

[11] Note that institutional grant aid can include merit aid that is not based on financial need. Colleges that provide large amounts of institutional grant aid based on merit may not end up being very affordable to students from low-income backgrounds.

Specifically, net price should be calculated as the total cost of attendance (COA) for first-time, full-time (FTFT) undergraduates, weighted by the living arrangements of FTFT grant aid recipients, minus the average grant aid received by all FTFT undergraduates (not limited to those who received financial aid). See *Recommendations for Measuring Student Investment in College*[12] (page 17) for details on why this calculation better captures student investment than the net price data elements already calculated in IPEDS. Further, because IPEDS does not currently collect information about food and housing costs for students living with family, expenses for these students should be estimated based on those for off-campus students not living with family.[13]

IPEDS data face several constraints, including the lack of program-level data needed to calculate net price. Data on grant aid are only available at the institution level. Colleges operating on a standard academic calendar only report cost data to IPEDS at the institution level. Other colleges report costs at the program level, but only for their largest programs. Given these limitations, for the purposes of the low-financial-value list, the institution-level net price should be applied as the net price for each program within that institution.

Further, some data needed to calculate net price are limited to first-time, full-time (FTFT) students. This limitation matters because some colleges do not enroll FTFT undergraduates, FTFT undergraduates are a small share of the student population at other colleges, and at some institutions, net price changes notably after the first year. While IPEDS data are not ideal, they can be used to generate an acceptable approximation of total student investment.

Publicly available data also do not capture how long students are enrolled, which is a critical element in calculating a student's total investment. ED should explore using enrollment data in the National Student Loan Data System (NSLDS) to estimate the length of time students are actually enrolled. Alternatively, ED could use the published program length in NSLDS or general assumptions about expected program length.

For estimating the cost of student loan borrowing, the College Scorecard includes publicly available data on the share of students at each college who borrow federal loans and borrowers' median loan amounts when entering repayment, though those data have some limitations. The calculation of the cost of student loan interest could be made more precise by using borrower-level data from NSLDS, such as amounts borrowed, interest rates, and repayment plans.

Earnings outcomes

Ideal: When building a low-financial-value list, earnings outcomes should be measured ten years after departure for all students who attended a specific program, whether they graduated or not. One of the greatest influences on whether a student realizes an economic return on their investment is whether they complete their credential. Because one of the greatest risks of a postsecondary investment is non-completion, it is important to incorporate the economic outcomes of non-completers in any value calculation.

[12] Cheng, D. (2021). *Recommendations for measuring student investment in college*. Postsecondary Value Commission. https://www.postsecondaryvalue.org/wp-content/uploads/2021/05/PVC-Cheng-FINAL.pdf. p. 17

[13] For a detailed explanation of how to properly account for variations in students' living arrangements in cost calculations, see Cheng (2021), p. 16.

When calculating value, earnings should be measured at a timepoint that captures longer-term earnings outcomes, to give students enough time to receive the full return on their postsecondary investment. Consistent with ED's long-term goal for the College Scorecard to measure annual earnings of former students up to ten years post-completion and its research on how earnings outcomes change over time,[14] the ideal calculation for a low-financial-value list would consider earnings ten years after students leave their programs, whether they completed or not. Measuring earnings based on a time period after exit rather than after entry (i.e., a student's start of enrollment) ensures that all students in that cohort enter the workforce at the same time and have the same amount of time in the workforce.

Available: The College Scorecard includes the median earnings for students receiving Title IV financial aid one, two, and three years after completing the program. Earnings over a longer time period are not yet available. Notably, the program-level earnings data do not include non-completers. As discussed above, it is critical for a value calculation to include students who leave college without a credential, in addition to program completers. While it can be challenging to assign non-completers to programs if they did not declare a major or otherwise select a program before they left the institution, it is important to include non-completers in the data as much as possible.

The earnings data in the College Scorecard have other limitations. The median earnings only include students who received Title IV financial aid (e.g., federal grant aid and federal student loans) and may not be representative of the earnings for all students, particularly in programs where small shares of students receive federal financial aid. Additionally, earnings data are not available for many programs due to privacy suppression for small cohorts of students. The earnings data also cannot be disaggregated by race/ethnicity. Despite these limitations, the College Scorecard provides the best available option for assessing postsecondary value and should be used to the greatest extent feasible, including to create ED's low-financial-value list.

Example calculation

To add clarity to the technical dimensions of Threshold 0, we demonstrate the calculation using hypothetical values from a sample bachelor's degree program within a higher education institution based in California.

[14] U.S. Department of Education College Scorecard. (2022). (rep.). *Technical Documentation: College Scorecard Data by Field of Study*. https://collegescorecard.ed.gov/assets/FieldOfStudyDataDocumentation.pdf

Figure 2: Example calculation for T0

Component of T0 Calculation	**Values for Hypothetical Program**
Median earnings for individuals aged 22-40 with a high school diploma or GED in California	$28,297
Weighted Cost of Attendance (COA)	$24,000 *On Campus COA* x 10% *Students on Campus* + $29,000 *Off Campus COA* x 90% *Students Living Off Campus* = $28,500 *Weighted COA*
Average Grant Aid (All Sources) to First-Time Full-Time Undergraduates	$\frac{\$2{,}000{,}000\ \textit{Grant Aid Awarded}}{200\ \textit{FTFT Students}} = \$10{,}000\ \textit{in Average Grant Aid}$
Annual Net Price	$28,500 *weighted COA* − $10,000 *Average Grant Aid* = $18,500 *Annual Net Price*
Time to Credential	4 years
Cumulative Net Price	$18,500 *Annual Net Price* x 4 *Years Enrolled* = $74,000
Cumulative Net Price, Amortized Over Ten Years	$8,472 per year[15]
T0	$28,297 *Median Earnings of HS Diploma or GED recipients in California* + $8,472 *annual cost of education* = $36,769 *Threshold* 0
Median Annual Earnings for Hypothetical Program	$45,750
Result	**$45,750 (*Median post − college earnings*) > $36,769 (*Threshold* 0 *amount*)**

The median earnings for students in this hypothetical bachelor's degree program are higher than T0. This tells us that the typical student will meet the minimum economic return threshold, and they would

[15] While there are a variety of options for calculating interest payments, one approach is to assume that the full cost is borrowed and to amortize that amount over 10 years. The annual payment amount above assumes that the full cost of the degree ($74,000) is repaid at a 2.75% interest rate in 120 monthly payments over a ten-year period.

be better off financially than had they not attended postsecondary education. This program would not appear on the low-financial-value list.

Recommendations for Data Improvements

Currently available data allow for calculations of T0 for the low-financial-value list, but the following data improvements would add precision and nuance to that calculation. The recommendations described here are not comprehensive of all recommended improvements to the College Scorecard, but instead are tailored to the specific changes that would improve the T0 calculation for purposes of the low-financial-value list. For more information about these recommendations and a comprehensive list of other recommended changes, please see our May 2022 PostsecData[16] letter on College Scorecard improvements.

Measuring earnings outcomes of students:

- **Disaggregate earnings by race/ethnicity**. Currently in the College Scorecard, students' post-college earnings outcomes cannot be broken out by race/ethnicity, but those breakouts will become possible in the future, due to upcoming changes to the Free Application for Federal Student Aid (FAFSA).[17] Disaggregating outcomes data by race/ethnicity and other factors would make it possible to examine whether and how institutions and programs are delivering equitable value. ED should publish disaggregated earnings by race/ethnicity in the College Scorecard for both institutions and programs, as those data become available, and use those data to uncover and address inequities in financial value.
- **Include non-completers in the program-level earnings outcomes.**[18] The program-level data in the College Scorecard only include earnings outcomes for program completers. Non-completion impacts students' likelihood of receiving a financial return on their investment, so value calculations should incorporate earnings outcomes for students who leave without a degree. While it can be challenging to assign non-completers to programs if they did not declare a major or otherwise select a program before they left the institution, it is important to include non-completers in the data as much as possible.
- **Measure earnings outcomes ten years after students leave their program.** The College Scorecard currently includes students' median earnings one, two, and three years after completing their programs. However, the financial and other benefits students receive from postsecondary education extend well beyond this window, in many cases it takes more than three years for students to recoup their investment, and ED's own research shows how earnings outcomes change over time.[19] As such, ED should extend the time horizon for measuring

[16] Institute for Higher Education Policy (IHEP). (2022, May 5). Members of the Postsecondary Data Collaborative (PostsecData) Submit Comments On College Scorecard Earnings Calculations and Other Metrics. https://www.ihep.org/wp-content/uploads/2022/05/psd_letter_on_college_scorecard_earnings_calculations_and_other_metrics-1-1.pdf

[17] Collins, B., & Dortch, C. (2022). (rep.). *The FAFSA Simplification Act*. Congressional Research Service. https://crsreports.congress.gov/product/pdf/R/R46909

[18] For purposes of measuring earnings outcomes for a low-financial-value list, we recommend combining completers and non-completers into one group. However, for other critical purposes, the Scorecard should disaggregate earnings data by completion status.

[19] U.S. Department of Education College Scorecard. (2022). (rep.). *Technical Documentation: College Scorecard Data by Field of Study*. https://collegescorecard.ed.gov/assets/FieldOfStudyDataDocumentation.pdf

earnings outcomes as those data become available, and ultimately provide earnings outcomes ten years after exit, consistent with ED's long-term goal for the College Scorecard.

- **Improve data coverage at the program level while protecting student privacy.** In the College Scorecard, programs are classified by four-digit Classification of Instructional Programs (CIP) codes, institution, and the award level of the program. In many cases, small numbers of graduates in each program lead to privacy suppression of the earnings outcomes. Data privacy and security protections are paramount to maintaining student confidentiality when disaggregating key data elements, and meaningful conclusions cannot be drawn from data representing very small groups of students. We recommend that ED employ effective data protections that both safeguard student privacy and provide the essential data necessary to calculate whether programs are delivering value to students in an equitable way. Such privacy practices should include combining data across multiple years to increase sample sizes when necessary to meet reporting standards and allow for further disaggregation along race/ethnicity, gender, and family income lines. In addition, ED should consider whether reporting programs at the two-digit CIP code level would be appropriate.

Measuring students' cumulative investment in postsecondary education:

- **Include food and housing costs for students living with family.** ED does not currently allow colleges to report room and board costs for students living with family to IPEDS. Research demonstrates, however, that a large share of students living at home still contribute to rent and food costs, and some institutions include these expenses in the cost of attendance (COA) figures they report on their websites, outside of IPEDS. Even if students do not pay for these costs themselves, their families are still responsible for them, and therefore, they represent a real student expense. The omission of food and housing costs deflates COA and net price at colleges with large shares of students living with family, making those institutions look more affordable than they are in reality. The Consolidated Appropriations Act (2021) took a step toward fixing this inconsistency by requiring institutions to assign an amount greater than $0 for living expenses accrued by students living off-campus with family.[20] ED should adjust IPEDS reporting requirements to better reflect students' true expenses and align with this legislative change.
- **Explore using NSLDS data to calculate students' actual time enrolled in a program.** To estimate a student's total investment in a program, it is necessary to know how long they were enrolled, and thus incurred costs, in that program. There are no data available in IPEDS or the College Scorecard that track students' actual time enrolled at an institution or program. ED should explore using enrollment data in the National Student Loan Data System (NSLDS) to calculate the length of time students are actually enrolled. In that calculation, ED should consider how to account for part-time enrollment and periods of stop out or noncontinuous enrollment.

[20] Federal Student Aid. (2022, November). *(GEN-22-15) FAFSA® Simplification Act Changes for Implementation in 2023-24*. Federal Student Aid. https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2022-11-03/fafsar-simplification-act-changes-implementation-2023-24

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The Institute for Higher Education Policy applauds the U.S. Department of Education's efforts to provide timely information about postsecondary programs to students, families, and taxpayers. Increased transparency will help students make informed decisions about where to enroll, steer clear of programs with poor outcomes, and encourage program improvement. We are pleased to serve as a resource to the Department as these efforts continue. To discuss these comments further or for additional information, please contact Diane Cheng at dcheng@ihep.org or Mamie Voight at mvoight@ihep.org.

Respectfully,

The Institute for Higher Education Policy