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EMPOWERING STUDENTS AND FAMILIES TO MAKE INFORMED DECISIONS ON HIGHER EDUCATION

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE DEVELOPMENT

COMMITTEE ON EDUCATION AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

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C O N T E N T S

	Page
Hearing held on May 24, 2017	1
Statement of Members:	
Davis, Hon. Susan A., Ranking Member, Subcommittee on Higher Education and Workforce Development	5
Prepared statement of	6
Guthrie, Hon. Brett, Chairman, Subcommittee on Higher Education and Workforce Development	1
Prepared statement of	3
Statement of Witnesses:	
Benton, Mr. Andrew K., President and Chief Executive Officer, Pepperdine University	51
Prepared statement of	53
Delisle, Mr. Jason, Resident Fellow, American Enterprise Institute	25
Prepared statement of	27
Schneider, Dr. Mark, Vice President, American Institutes for Research	8
Prepared statement of	10
Voight, Ms. Mamie, Vice President of Policy Research, Institute for Higher Education Policy	39
Prepared statement of	41
Additional Submissions:	
Messer, Hon. Luke, a Representative in Congress from the State of Indiana:	
Letter dated May 24, 2017 from the Consumer Bankers Association	88
Polis, Hon. Jared, a Representative in Congress from the State of Colorado:	
Bicameral College Act	69
Questions submitted for the record by:	
Bonamici, Hon. Suzanne, a Representative in Congress from the State of Oregon	113
Foxx, Hon. Virginia, a Representative in Congress from the State of North Carolina	93, 95, 97
Mitchell, Hon. Paul, a Representative in Congress from the State of Michigan	93, 95, 97, 100
Responses to questions submitted for the record:	
Mr. Benton	101
Mr. Delisle	104-105
Dr. Schneider	106
Ms. Voight	111-114

EMPOWERING STUDENTS AND FAMILIES TO MAKE INFORMED DECISIONS ON HIGHER EDUCATION

Wednesday, May 24, 2017
House of Representatives
Committee on Education and the Workforce,
Subcommittee on Higher Education and Workforce Development
Washington, D.C.

The subcommittee met, pursuant to call, at 10:35 a.m., in Room 2175, Rayburn House Office Building. Hon. Brett Guthrie [chairman of the subcommittee] presiding.

Present: Representatives Guthrie, Thompson, Messer, Grothman, Stefanik, Allen, Lewis, Mitchell, Garrett, Estes, Davis, Courtney, Adams, DeSaulnier, Krishnamoorthi, Polis, Blunt Rochester, and Espaillat.

Also Present: Representatives Foxx, Scott (VA), and Bonamici.

Staff Present: Bethany Aronhalt, Press Secretary; Andrew Banducci, Workforce Policy Counsel; Caitlyn Burke, Legislative Assistant; Courtney Butcher, Director of Member Services and Coalitions; Ed Gilroy, Director of Workforce Policy; Emmanual Guillory, Professional Staff Member; Amy Raaf Jones, Director of Education and Human Resources Policy; Nancy Locke, Chief Clerk; Dominique McKay, Deputy Press Secretary; Jake Middlebrooks, Legislative Assistant; James Mullen, Director of Information Technology; Communications Director; Krisann Pearce, General Counsel; Alexandra Pena, Staff Assistant; Alex Ricci, Legislative Assistant; Molly McLaughlin Salmi, Deputy Director of Workforce Policy; Mandy Schaumburg, Education Deputy Director and Senior Counsel; Emily Slack, Professional Staff Member; Tylease Alli, Minority Clerk/Intern and Fellow Coordinator; Austin Barbera, Minority Press Assistant; Jacque Chevalier, Minority Education Policy Director; Mishawn Freeman, Minority Staff Assistant; Veronique Pluviose, Minority General Counsel; and Katherine Valle, Minority Education Policy Advisor.

Chairman GUTHRIE. A quorum being present, the Subcommittee on Higher Education and Workforce Development will come to order.

Good morning. And welcome to today's subcommittee hearing. I would like to thank our panel of witnesses and my colleagues for joining today's important discussion on higher education and transparency.

Many people in this country grow up dreaming about the college experience, leaving home and starting off in their own world, hoping to obtain the education and skills they need to be successful in life. With more than 7,000 postsecondary institutions in the U.S. to choose from, selecting the best schools and finding the best way to pay for it can be a daunting task.

In fact, just this morning some key details of a new report said to be fully unveiled early next month were publicly released, and they provide some fresh insights into how prospective students make important decisions that affect their long-term academic and professional futures.

According to the preliminary findings of a national survey conducted by Gallup, in partnership with the Strada Education Network, most people rely on a family member or relative when deciding which major or field to choose. As well, as we all know, this decision often impacts which college or university a person decides to attend.

Fortunately, there are those who are relying on trusted high school counselors or college advisors. Very few turn to online resources, including websites maintained by the schools. But it is also troubling to learn that more than 20 percent of individuals with some college experience never sought the advice of anyone or used any other available resources as they made these important decisions.

Without objection, I would like to submit to the record a letter from Strada highlighting some of the key findings of this national survey. Hearing no objections, the letter will be made part of the record.

In 2008, Congress took steps to improve transparency in higher education. Because of these reforms, colleges and universities were making information about price, financial aid, and demographics, and graduation rates more readily available to the public. Many of these initiatives provide helpful resources to students and their families, but clearly there is more work to be done.

First, much of the information currently available is about first-time, full-time students, despite the fact that only 21 percent of the undergraduate students are attending postsecondary education full-time and for the first time. Today's college students come from a variety of backgrounds that no longer neatly fits into the traditional full-time student schedule, which is why they need information that properly reflects the unique circumstances they face.

Secondly, we want to be sure that institutions are not overburdened with red tape. Collecting this information can be time-consuming. The Integrated Postsecondary Education Data System, also known as IPEDS, currently requires institutions to complete 12 separate surveys capturing hundreds of pages of data, taking nearly 1 million combined hours each year to complete. The time and money universities and colleges spend on data collection requirements can lead to higher costs that inevitably affect the students who attend.

Third, it is important that we as policymakers can properly evaluate the success of the Federal Student Aid System and ensure taxpayer dollars are being used responsibly. Unfortunately, in

many ways, that is just not the case today. Much of the information surrounding students defaulting on their loans is unknown.

We don't know how much they have paid back before defaulting on the loan. We also don't know the type of repayment plans they are using when they default. We also don't know how much the various income-driven repayment programs are really costing taxpayers or how many students who receive a Pell Grant are actually graduating. Quite frankly, we really don't know what is working and what is not. As policymakers, we need to be better equipped to conduct proper oversight of how tax dollars are being spent.

Lastly, but most importantly, we must balance the need for transparency and accountability with the need to protect student privacy and maintain a limited Federal role. Striking that balance is never easy; however, the need to provide students and policymakers with more information, no matter how valuable that information may be, should never come at the expense of student privacy.

At the end of the day, the college experience should be a joyous occasion for students and their families. That is why it is important for the Federal student aid system to be efficient and effective. And that is why it is important to do everything we can to provide better transparency so students are able to make informed decisions.

As we work to reauthorize the Higher Education Act, empowering students and families and improving accountability will be leading priorities.

I am looking forward to hearing the testimonies of this panel of witnesses who have great insight into how we can do just that.

Thank you, again, for your attendance. I now recognize Chairwoman Foxx for a brief comment.

Prepared Statement of Hon. Brett Guthrie, Chairman, Subcommittee on Higher Education and Workforce Development

Many people in this country grow up dreaming about the college experience—leaving home and starting off on their own in the world—hoping to obtain the education and skills they need to be successful in life. With more than 7,000 postsecondary institutions in the U.S. to choose from, selecting the best school and finding the best way to pay for it can be a daunting task.

In fact, just this morning, some key details of a new report—set to be fully unveiled early next month—were publicly released, and they provide some fresh insights into how prospective students make important decisions that affect their long-term academic and professional futures.

According to the preliminary findings of a national survey conducted by Gallup in partnership with the Strada Education Network, most people rely on a family member or relative when deciding which major or field to choose. And as we all know, this decision, often impacts which college or university a person decides to attend.

Fortunately, there are those who are relying on trusted high school counselors or college advisors. Very few turn to online resources, including websites maintained by schools. But it is also troubling to learn that more than 20 percent of individuals with some college experience never sought the advice of anyone or used any other available resources as they made these important decisions.

Without objection, I would like submit for the record a letter from Strada highlighting some of the key findings of this national survey. Hearing no objections, the letter will be made a part of the record.

In 2008, Congress took steps to improve transparency in higher education. Because of those reforms, colleges and universities are making information about price, financial aid, demographics, and graduation rates more readily available to the public. Many of these initiatives provide helpful resources to students and their families, but clearly there is more work to be done.

First, much of the information currently available is about first-time, full-time students—despite the fact that only 21 percent of undergraduate students are attending postsecondary education full-time and for the first-time. Today's college students come from a variety of backgrounds that no longer neatly fits into the traditional full-time student schedule, which is why they need information that properly reflects the unique circumstances they face.

Secondly, we want to be sure that institutions are not overburdened with red tape. Collecting this information can be time-consuming. The Integrated Postsecondary Education Data System, also known as IPEDS, currently requires institutions to complete 12 separate surveys capturing hundreds of pages of data taking nearly one million combined hours each year to complete. The time and money universities and colleges spend on data collection requirements can lead to higher costs that inevitably affect the students who attend.

Third, it's important that we as policymakers can properly evaluate the success of the federal student aid system and ensure taxpayer dollars are being used responsibly. Unfortunately, in many ways, that's just not the case today.

Much of the information surrounding students defaulting on their loans is unknown. We don't know how much they've paid back before defaulting on the loan. We also don't know the type of repayment plans they are using when they default. We also don't know how much the various income-driven repayment programs are really costing taxpayers or how many students who receive a Pell grant are actually graduating.

Quite frankly, we don't really know what's working and what's not. As policymakers, we need to be better equipped to conduct proper oversight of how taxpayer dollars are being spent.

Lastly, but most importantly, we must balance the need for transparency and accountability with the need to protect student privacy and maintain a limited federal role. Striking that balance is never easy. However, the need to provide students and policymakers with more information—no matter how valuable that information may be—should never come at the expense of student privacy.

At the end of the day, the college experience should be a joyous occasion for students and their families. That's why it's important for the federal student aid system to be efficient and effective. And that's why it is important to do everything we can to provide better transparency so students are able to make informed decisions.

As we work to reauthorize the Higher Education Act, empowering students and families and improving accountability will be leading priorities. I'm looking forward to hearing the testimonies of this panel of witness who will have great insight into how we can do just that. Thank you, again, for your attendance.

Mrs. FOXX. Thank you very much, Chairman Guthrie. I would like to take a moment to thank one of our staffers who served this committee now for more than 7 years and spent a total of 10 years here in the House. Today is Brian Newell's final committee hearing.

As our committee communications director, Brian has truly been an invaluable member of our team. Beginning under Former Chairman Kline's leadership he played a critical role in the committee's bipartisan efforts surrounding the Workforce Innovation and Opportunity Act, the Every Student Succeeds Act, and the Multiemployer Pension Reform Act of 2014.

During my time as chair, I have gotten to know Brian personally, and he has been a joy to work with.

I know I am speaking for all members of the committee in expressing our gratitude for Brian's hard work and dedication over the years.

Thank you, Brian. We wish you the best of luck in your new venture, and know there are exciting opportunities in store for you, but we are going to miss you.

Chairman GUTHRIE. I also recognize Ranking Member Scott for a brief comment.

Mr. SCOTT. Thank you. And I want to join the accolades. This committee has a lot of issues for which we can agree and a lot we disagree. And being able to work on those that we agree depends on cooperative attitude amongst the members, but also the staff. And I want to thank Brian for his good work, particularly on the Multiemployer Pension Plan that we worked on together. And also, just being a travel companion on the codel we took.

So, I want to wish you well on your future endeavors. And thank you and the rest of the staff for the cooperative way that we can work together on those that we agree on.

Thank you, and I yield back.

Chairman GUTHRIE. Thank you. Again, thanks, Brian. I appreciate it. I now recognize my distinguished colleague, the subcommittee's ranking member, Susan Davis, for her opening remarks.

Ms. DAVIS. Thank you. Thank you, Chairman Guthrie. And thank all of you, our witnesses, for being here today. I certainly look forward to your testimony.

You know, as Chairman Guthrie noted, the profile of our students attending college today looks much different than it did when the Federal Government began collecting data on colleges and universities in the mid-'60s. Back then your typical student was a white 18-year-old male, going to college from high school in order to pursue intangible benefits. Today, our students are older; they are attending college part-time while balancing many priorities, like children and work; and they are also from more socioeconomically and racially diverse families than their peers of decades past.

Many of them are first in their family to go to college and have attended more than one institution throughout their college education. And more and more, students are going to college to receive tangible benefits, a decent chance of getting a job with a living wage and health benefits.

But our current postsecondary data system doesn't reflect that, doesn't reflect today's students. Our most comprehensive database, the federally mandated Integrated Postsecondary Education Data System, more commonly referred to as IPEDS, leaves many students unaccounted for.

Some students, for example, are unable to attend college in the fall right after high school due to financial setbacks or inability to line up child care. And schools, particularly community colleges, they allow for that flexibility, but, of course, many do not.

However, many of the enrollment figures in IPEDS only account for students who first enrolled in the fall and leave out students who may have enrolled in the spring.

What is worse in this incomplete picture of graduation rates, although nearly three out of five students attend more than one school, and nearly two out of five attend school part-time, IPEDS outcome metrics only account for first-time, full-time students.

And, again, this means that transfer and part-time students are largely invisible in our higher education system. Although the Department of Education has been working to include more students in these metrics, it is simply not enough.

Given our investment in higher education, and that is a very significant one and really is part of our discussion, I think, in the back of that discussion today, we have a vested interest in ensuring that colleges and universities are serving all their students well; and to do that, we need comprehensive information that accurately portrays today's students.

Additionally, many students have signaled that the current system of data reporting duplicates efforts by the institution. Directly involving the Department of Education would decrease administrative burden placed on colleges.

Students also need better data.

When Isabella asks how long it usually takes students to gradate at her school of interest, there should be an answer for her. And when she specifically asks questions about the success of other students who took courses like hers, the response should not lead to political excuses.

In fact, our committee is aware that providing better consumer information has been a partisan issue. Members have been pushing improvements to the postsecondary data infrastructure for years. Where there are concerns about the privacy of our students, and we certainly acknowledge those concerns, our committee can come together to have a solutions-based conversation about the best way to secure this data. To dismiss this critical lack of data for privacy reasons seems shortsighted and one that we really need to look at.

This type of data collection is what would allow us to uncover equity gaps in access, affordability, and completion for all students, and empower them to make better informed decisions about where to spend their time and their hard-earned money.

That is why two of our members on our committee, Representative Paul Mitchell and Representative Jared Polis, introduced the College Transparency Act last week. This bill would repeal the student unit record ban currently in HEA and create a cohesive student unit record data system. I applaud my colleagues for taking this bold step forward.

One thing we know for certain, our data infrastructure has not evolved with the changing student demographics, and it simply is not equipped to do so. We need to improve our postsecondary data infrastructure system to move the needle on access and affordability and completion.

Thank you so much, Chairman.

[The statement of Mrs. Davis follows:]

Prepared Statement of Hon. Susan A. Davis, Ranking Member, Subcommittee on Higher Education and Workforce Development

Thank you, Chairman Guthrie. And thank you to the witnesses for being here. I look forward to hearing your testimony.

The profile of our students attending college today looks much different than it did when the federal government first began collecting data on colleges and universities in the mid-1960s. Back then your typical student was a white 18-year old male going directly to college from high school in order to pursue intangible benefits. Today, our students are older, attending college part-time while balancing many priorities like childcare and work, and from more socioeconomically and racially diverse families than their peers of decades past.

Many of them are first in their families to go to college and have attended more than one institution throughout their college education.

And more and more, students are going to college to receive tangible benefits a decent chance of getting a job with a living wage and health benefits.

But our current postsecondary data system doesn't reflect today's student. Our most comprehensive dataset, the federally mandated Integrated Postsecondary Education Data System, more commonly referred to as IPEDS, leaves many students unaccounted for.

Some students, for example, are unable to attend college in the fall right after high school due to financial setbacks or inability to line up child care. And schools, particularly community colleges, allow for that flexibility. However, many of the enrollment figures in IPEDS only account for students who first enrolled in the fall and leave out students who may have enrolled in the spring.

What's worse is the incomplete picture of graduation rates.

Although nearly three out of five students attend more than one school

and nearly two out of five attend school part-time, IPEDS outcome metrics only account for first-time, full-time students. This means that transfer and part-time students are largely invisible in our higher education system. And although the Department of Education has been working to include more students in these metrics, it is simply not enough.

Given our significant investment in higher education, we have a vested interest in ensuring that colleges and universities are serving all their students well. But to do that, we need comprehensive information that accurately portrays today's students.

Additionally, many schools have signaled that the current system of data reporting duplicates efforts by the institution. Directly involving the Department of Education would decrease administrative burden placed on colleges.

Students also need better data. When Isabella asks how long it usually takes students to gradate at her school of interest, there should be an answer for her. And when she specifically asks questions about the success of other students who look like her, the response should not lead to political excuses.

In fact, our Committee should remember that providing better consumer information has been a bipartisan issue. Members have been pushing improvements to the postsecondary data infrastructure for years.

Where there are concerns about the privacy of our students, our Committee can come together to have a solutions-based conversation about the best way to secure this data. To dismiss this critical lack of data for privacy reasons would be shortsighted.

This type of data collection is what would allow us to uncover

equity gaps in access, affordability, and completion for all students, and

empower them to make better informed decisions about where to spend their time and hard-earned money.

That's why two of our Members on our Committee, Rep. Paul Mitchell and Rep. Jared Polis, introduced the College Transparency Act last week. This bill would repeal the student unit record ban currently in HEA and create a cohesive student unit record data system. I applaud my colleagues for taking a bold step forward.

One thing is certain; our data infrastructure has not evolved with the changing student demographics and it is simply not equipped to do so. We need to improve our postsecondary data infrastructure system to move the needle on access, affordability, and completion.

Thank you, Chairman. I yield back.

Chairman GUTHRIE. Thank you. Pursuant to committee rule 7(c), all members will be permitted to submit written statements to be included in the permanent hearing record.

Without objection the hearing record will remain open for 14 days to allow such statements and other extraneous material referenced during the hearing to be submitted for the official hearing record.

I now turn to the introduction of our witnesses. Dr. Mark Schneider is the vice president and an institute fellow at the American Institutes for Research. Mr. Jason Delisle is a resident fellow at American Enterprise Institute. Ms. Mamie Voight is the vice president of policy research at the Institute for Higher Education Policy. And Mr. Andrew Benton is the president and chief executive officer of Pepperdine University.

I will now ask our witnesses to raise your right hand.

[Witnesses sworn.]

Let the record reflect that the witnesses answered in the affirmative.

Before I recognize you to provide your testimony, let me briefly explain our lighting system. You each have 5 minutes to present your testimony. When you begin the light in front of you will turn green, when 1 minute is left the light will turn yellow, when your time is expired the light will turn red. At that point I will ask you that you wrap up your remarks as best as you are able. Members will each have 5 minutes to ask questions after your testimony.

So, Dr. Schneider, you are recognized for 5 minutes for your opening testimony.

TESTIMONY OF DR. MARK SCHNEIDER, VICE PRESIDENT, AMERICAN INSTITUTES FOR RESEARCH

Mr. SCHNEIDER. Thank you so much for the invitation to testify here before the subcommittee, considering how to use and improve Federal data to increase transparency in higher education.

Currently students face a dearth of clear, comparable information on the cost and outcomes of different higher education programs and credentials. In my written testimony I focused on a few areas in which the Federal Government could improve the flow of data to consumers. Here, I just summarize a few parts of that argument.

So, as everybody else did, I will begin with IPEDS, the Integrated Postsecondary Education Data System, which, as was noted, is the primary data source for higher education in the United States, requires institutions that participate in the Federal Student Aid Program, Title IV, to fill out a dozen surveys.

The topics covered, the questions asked, these are all the mixing regulatory and consumer information, but they are all the result of a long process of legislation in which questions are added, surveys are demanded, and never removed.

So, as a result that is an accretion of information, some of which is no longer necessary, some of it is not of interest any longer, but NCS has documented has documented the legislative mandate behind each and every one of those surveys, which means that they cannot be changed significantly. They cannot be ended without legislative action.

So, there are two perennial suggestions that come up all the time: one is to simplify the Human Resources survey, which is the most burdensome and probably the most hated survey in IPEDS; and the second one is to transfer the Academic Library survey to a not-for-profit organization. These are evergreen, these are perennial. We dealt with this when I was at NCS. TRPs have dealt with this, but we require legislative action to do this.

Here is another issue that I suggest in my written testimony that could actually increase the efficiency of IPEDS, and that is to have NCS—Congress should ask NCS to decide which measures are needed at the institution level, and which we could actually use sample surveys to estimate the numbers.

But more importantly, I think, is we need to improve the transparency of student outcomes and graduation rate we have been talking about for a long time, but I am much more concerned right

now with the issues of what happens to students after they graduate.

So there is a growing recognition that the outcomes of the investment of time and money in higher education has to be measured better than IPEDS can currently do or the way it is structured to do. The most efficient way of doing this would be to merge different existing administrative data systems, especially wage data, to provide a fuller picture of how well colleges and universities are serving their students.

This leads immediately to questions that Congress must decide upon. So, one is the extent of the coverage of these merged data systems. Is it sufficient to have a data system that concentrates on Title IV students, which is easily justified because of the extent of the Federal investment in Title IV student aid programs?

FSA already has a very good database on aided students, and we have already merged those with IRS data to populate parts of the scorecard, so this has been done. The question is, is that sufficient? And that is a congressional decision about whether or not Title IV students alone are sufficient for national purposes, or do we need different mechanisms or different ways of covering the one-third of students that are not covered in Title IV?

As we shift towards merging administrative data systems, action by Congress is fundamentally important to set the parameters and the guidelines for how those data will be merged and how they will be used.

It is fundamental to remember that these administrative data systems were created for many different purposes and they are all governed by different laws. So at the current time when we start merging these data systems, it is an incredibly tedious process of negotiations, renegotiations, and negotiations yet again between many attorneys, many data owners, all of whom have different laws, different perspectives, and different cultures about sharing data and integrating. So we end up spending years, months, negotiating agreements because there is no unified framework for how these data systems can be merged and how they should be managed.

The Commission on Evidence-Based Policymaking will report this summer a 2-year investigation, and I hope that provides some guidance to how the Congress needs to move forward in terms of making sure that we can merge these data and use them for the national interest.

Thank you.

[The statement of Mr. Schneider follows:]

Reforms to Increase Transparency in Higher Education

By Mark Schneider
Vice President and Institute Fellow
American Institutes for Research

Testimony Presented to the House
Subcommittee on Higher Education
May 24, 2017

Reforms to Increase Transparency in Higher Education
Testimony of Mark Schneider
Vice President and Institute Fellow
American Institutes for Research

Higher education is one of the largest investments that individuals make over the course of a lifetime. To help students make the most of this investment, federal higher-education policy supports portable grants, loans, and tax credits available to prospective students and allows them to choose from a diverse array of providers. When the system was designed, policymakers assumed that providing voucher-like Pell grants, for example, and later, tax benefits to students and allowing them to choose would reward schools that offer high-quality programs and punish those that fall short. In the aggregate, it was hoped, these choices would create market forces that would hold colleges and universities accountable for what they charge and the quality of the education they deliver.

Market competition works best when consumers can find and use clear, comparable information about the costs and quality of different offerings. If such information is lacking, either because it does not exist or because it is difficult to find and use, then market competition will be based on other attributes that may or may not be related to the key dimensions that enhance quality and efficiency. In the case of higher education, that means students might judge campuses based on their proximity to home, amenities (lazy rivers, climbing walls, top chefs), or, in some cases, tuition (as a proxy for quality). In the aggregate, choices based on these dimensions might reward campuses that have a geographic monopoly or those that inflate their tuition, stunting the ability of market forces to improve the system as a whole.

To be sure, evaluating the quality of post-secondary institutions and programs is a difficult task, even when information is plentiful. Part of this is because of the nature of the good: A post-secondary education is an "experience good," meaning it is difficult to assess a school's value until after you've actually enrolled. In some cases, the true value is not recognized until many years in the future when graduates learn how much their degree is rewarded in the labor market. And most students only purchase a post-secondary education once or twice, meaning they have little opportunity to learn from experience.

Consumers also face a dearth of clear, comparable data on the cost and quality of different offerings. Some basic pieces of information, such as the actual out-of-pocket costs for a given

student at a given institution, are available only at the very end of the college-application process, after students have settled on a set of choices (and schools often change the terms of their financial-aid package from year to year).

Other information is incomplete: Federal graduation rates, which provide a basic measure of the likelihood of completing a credential, are still biased toward first-time, full-time students only, which excludes students who transfer in and complete a credential or transfer out and complete one somewhere else—although improvements in coverage are happening.

Data on how much students learn is largely non-existent. And information on how graduates of particular programs fare after finishing school—in terms of finding a job and contributing to society—is also not systematically available outside of a handful of states or institutions. Popular private rankings suffer from the same limitations.

The federal government, in concert with the states and institutions, could do more to increase transparency and enhance market accountability in higher education. Reporting more effectively data that it already collects and collecting better data on basic measures of cost, quality, and outcomes would provide a number of benefits.

First, students could use the information to avoid investing in schools or programs that do not provide a positive return on investment and to discover options that they may have eliminated on the basis of incomplete or faulty information. For instance, while many argue that a bachelor's degree is the best path to the middle class, a closer look at the earnings of workers with associate's degrees or certificates in technical fields, or those who complete apprenticeships, reveals that there are many other affordable, worthwhile opportunities to consider.[1]

Second, researchers and policymakers could more readily judge where investments in federal aid are paying off and where reforms could improve efficiency and reduce waste. Though the Office of Federal Student Aid sits on millions of student-level records that measure the receipt of grants and loans, completion or separation status, and loan repayment, very little of that data is used to inform the policymaking or budgeting process. And almost none of those administrative data are made available to researchers who could help answer pressing questions.

Third, private firms could use new, more granular data to come up with all manner of rankings and ratings to reflect the unique preferences of different students. The most popular rankings

tend to reward admissions selectivity and spending over actual measures of student learning or value-added. Better data on post-graduation outcomes would provide a fuller picture of institutional quality and, eventually, encourage institutions to compete on how well their graduates do after graduation rather than how well they scored on their entrance exams. Early evidence suggests that the earnings data released on the newly revamped College Scorecard affected student choices.[2]

Fourth, private lenders and funders could use labor-market outcome data to improve underwriting and extend credit on the basis of a student's potential rather than the student's past experience with credit products. Without reliable data on the likely return on investment to different options, lenders are forced to rely on credit scores and the availability of credit-worthy co-signers. These measures exclude students who may have high potential but no credit history.[3]

With so much at stake for taxpayers and for students, the nation must improve its data collection and the way in which it makes these data available.

What can be done?

I focus on a few areas in which the federal government could improve the flow of data to consumers.

- First I look at IPEDS, the nation's premier data collection on higher education—a data collection that everyone loves to hate. Related to that, I discuss the disclosures that schools are required to make and how we might better organize and present that information.
- Second I look at how we can improve the collection of data on post-completion student outcomes.
- Third, I look at some opportunities for re-purposing existing administrative data collected by various federal agencies. This will require creating a different culture of data sharing and building an infrastructure to allow the merging of data often governed by different laws regarding use.

While there are opportunities to enhance transparency, it is important to place clear restrictions on what federal regulators can use such data for, to make sure these efforts are designed to serve a specific audience and to protect students' privacy. And most of these suggested changes cannot be done without explicit action by Congress.

IPEDS

The primary source of data on post-secondary education is the Integrated Postsecondary Education Data System (IPEDS), which requires institutions that participate in federal student-aid programs to fill out a series of surveys each year. The surveys focus on 12 distinct topics, including: institutional characteristics, institutional prices, admissions, enrollment, student financial aid, degrees and certificates conferred, student persistence and success, and institutional resources.[4] This extensive coverage of so many aspects of higher education—the topics covered, the very questions asked, and the mixing of consumer and regulatory information—are all the result of a long process of accretion whereby legislation demands that new pieces of data be collected but never eliminates questions or whole surveys that have outlived their usefulness or pose burdens in excess of benefits. (NCES has documented the legislative mandates behind different IPEDS surveys, showing its limited ability to eliminate items or surveys.)

In IPEDS, the collected data are aggregated to the institution-level, providing a snapshot of an institution's enrollments, finances, staffing, prices, and some student outcomes in a particular year. IPEDS is the only source of comparable institution-level data on student success like retention and graduation rates. Much of IPEDS data are extensive but flawed. Moreover, most of the data collected is never used by schools or researchers. NCES has captured data on each item in every one of the IPEDS surveys and has found that *most items are NOT ever viewed by anybody*.

Here are some specific actions that Congress could consider to reduce the burden of IPEDS on institutions. The first two suggested actions have been put forward often before:

1. Simplify the Human Resources Survey
   This survey is likely the most burdensome and most disliked survey in all of IPEDS. It is also likely that much of the data it produces is inferior to data gathered by others, such as the American Association of University Professors or the College and University Professional Association for Human Resources. Indeed, when I was chair of the Political Science Department at Stony Brook, I always looked to the AAUP data to justify personnel requests to my dean and provost and never once used IPEDS data.

   The Human Resources survey is needed to meet requirements through the Civil Rights Act of 1964, as amended through the Equal Employment Opportunity Act of 1972 and current disclosures required under the Higher Education Opportunity Act.

In turn, like so many other fixes to IPEDS, changing the HR survey requires Congressional action. Among the fixes Congress might consider:

- Limit any Human Resources survey to biennial collections.
- Limit data elements of the Human Resources survey to requirements under the Civil Rights Act of 1964 as amended through the Equal Opportunity Act of 1972.
- Return to the practice of exempting institutions with fewer than 15 full-time staff from submitting any documentation on employees.

2. Drop the Academic Libraries Survey

For years, many have argued that the benefits of this survey far outweigh the costs. Congress could consider allowing a non-profit organization to gain rights to the survey instrument, dropping it from IPEDS.

These two suggested actions are "perennials" that have circulated for years. There are some more fundamental changes that Congress might consider.

3. Use sample surveys rather than universe surveys

Congress could request NCES hold Technical Review Panels to explore which IPEDS items are needed at the institution level and for which national estimates would suffice.

Here's one clear example of where sample data could replace the universe data: IPEDS collects data for the U. S. Census Survey of State and Local Government Finance. Since the Census only reports national estimates, are data from every institution really needed?

Data that is used to obtain information from both public and private institutions for gross national product estimates could also likely be done via sample surveys.

4. Relief for small schools

There are many small schools in the IPEDS universe. Indeed, the majority of schools in IPEDS (60%) have undergraduate enrollments of less than 500 students and around half of those have enrollments of less than 250 students. Having these small schools fill out the same IPEDS forms with the same degree of regularity as a mega-university such as UT-Austin clearly puts a disproportionate burden on them.

Annual surveys of every small institution might be justified, but a consideration of alternate collection schedules for some surveys might be worth study. Congress could consider the extent to which sample surveys of these small schools or shifting data collection to biennial rather than annual might serve the public interest while at the same time reducing burden.

5. Use existing administrative records instead of surveys

Congress could consider instructing the U.S. Department of Education to study how existing data sources can be used to produce information that is now collected by IPEDS. Two examples come immediately to mind:

a. FSA already collects extensive information on student loans and federal student grants, such as Pell grants. Why do institutions have to report these data again via IPEDS?
b. The IPEDS finance survey contains similar information that is filed with the Office of Postsecondary Education through the EZAudit system. Periodically there have been discussions about coordinating these data collections—but both collections continue independently.

Note that reforms such as these would require that NCES, FSA, and OPE to better coordinate their data collections. Historically, FSA in particular has been a reluctant partner on many efforts such as these. But Congress could help change that.

6. Changing FSA's mission as a PBO

FSA has been classified as a Performance Based Organization (PBO) since the 1998 reauthorization of the Higher Education Act. Its orientation is essentially that of a bank, focused solely on the administration of financial aid programs rather than reporting data or facilitating research. Title 1, Part D of the 1998 HEA lays out seven priorities for FSA as a PBO:

A. "to improve service to students and other participants in the student financial assistance programs authorized under subchapter IV of this chapter and part C of subchapter I of chapter 34 of title 42, including making those programs more understandable to students and their parents
B. to reduce the costs of administering those programs
C. to increase the accountability of the officials responsible for administering the operational aspects of these programs
D. to provide greater flexibility in the management and administration of the Federal student financial assistance programs

E. to integrate the information systems supporting the Federal student financial assistance programs
F. to implement an open, common, integrated system for the delivery of student financial assistance...
G. to develop and maintain a student financial assistance system that contains complete, accurate, and timely data to ensure program integrity."[5]

Under its current mandate, FSA is primarily, and rightly, concerned with its core responsibilities: assessing eligibility for aid, disbursing the aid, and tracking repayment. FSA is required to report some basic data on loan-default rates, and its data center provides access to aggregate data on loan disbursements; the distribution of repayment plans; the frequency of forbearance, deferment, and delinquency; and institution-level data on defaults, program reviews, and financial responsibility scores.[6] However, FSA has often been less than responsive to requests for data and research that would benefit the rest of the nation.

There are several paths Congress could consider to improve FSA's role in providing data for accountability and transparency. One step might be inserting new goals into FSA's "Purposes of the PBO" that would call for a more active role in reporting NSLDS data, assessing the effectiveness of federal investments, and facilitating research.

While its role as a bank and originator of direct federal student loans must remain paramount, its structure as a PBO provides an opportunity to make FSA more responsive to the dissemination of data. Specifically, the chief operating officer must create an annual performance plan for FSA in consultation with students, institutions, Congress, lenders, and others. That plan could include the development and dissemination of data measuring 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.

More specifically, point (G) could be revised to include other uses for FSA data other than just program integrity, such as "to develop and maintain a student financial assistance system that contains complete, accurate, and timely data to provide updates on the state of the federal loan portfolio, assess the effectiveness of federal investments, and ensure program integrity."

7. Organizing and simplifying disclosures.

In addition to formal reporting requirements, institutions must disclose information on a number of topics to prospective students and the public. The latest reauthorization of the Higher Education Act (in 2008) contained 40 separate disclosures (nine of which had to be disclosed only to loan borrowers).[7] However, there is evidence that compliance with those disclosure requirements is spotty.[8]

Disclosure requirements range from essential aspects of institutional activity—student financial-aid information, student outcomes, and health and safety—to peripheral aspects—availability of voter-registration forms and information about intercollegiate athletic programs. The disclosure requirements are often extensive and detailed.

Congress could consider whether all of these are necessary. Perhaps equally important, if these disclosures are deemed important, then to increase transparency and ease of access Congress might ask ED to study the creation of an Institutional Disclosures Page where all federal disclosures could be organized and available for students and families. Such a single location would also improve checking for institutional compliance with Congressional mandates.

2. Improve measurement of student outcomes

The data that the federal government has to measure student outcomes is limited. The success of students and institutions should be measured by how much students learned while attending and how much they earn after they leave. There is some agreement on assessing labor market outcomes. In contrast, measuring student learning outcomes, what many would call the most basic product of higher education, is far more contentious.

A recent report by ETS argued that there is a need for a "systematic, data-driven, comprehensive approach to understanding the quality of post-secondary education...with direct, valid, and reliable measures of student learning." In that report, ETS explores the challenges of creating such a measurement system—including the difficulty of defining the different dimensions that should be included in such a measure of student learning, ranging from workplace skills to academic expertise and encompassing both "hard skills" as well as so-called "soft skills" such as teamwork and creativity.[9] Given the breadth of these different demands, little consensus now exists on how to move forward. In turn, it is probably misguided for the federal government to invest scarce time and resources in trying to develop measures of learning outcomes for post-secondary education.[10]

However, the federal government has made some important moves in making available earnings data—but more can be done.

In contrast to IPEDS, which measures what is taking place in the institution, the concern for earnings deals with another concern shared by policymakers, students, and families: what happens to students after they complete their studies. After all, the rhetoric surrounding higher education claims that it is the best human capital investment individuals and governments can make. But as with any investment, ultimately the returns matter. Can Congress help make information about the return on investment (ROI) more available to consumers?

The most ambitious attempt to make these data available was the College Scorecard. However, that effort shows the challenges of gathering and presenting earnings data.

Even though the College Scorecard published data about the earnings of students enrolled in post-secondary institutions up to 10 years after enrolling, much of the data that are available to measure the labor-market success of students is inadequate. Most notably, the earnings measures in the Scorecard were based only on students who received federal financial aid and they were aggregated at the institution rather than the program level. As a result, the Scorecard, currently the federal government's main source of post-secondary earnings data, does not adequately measure variation in earnings outcomes. In addition, the Scorecard data does not distinguish between students who completed credentials and those that did not.

As a result, we know very little about how students from different institutions and different programs of study fare after college. This makes it impossible to adequately measure the return on investment (ROI) of students or taxpayers, raising significant questions about what we are actually getting for the billions of dollars that the federal government, state governments, and families invest in post-secondary education. While we know that, on average, post-secondary education is a good investment, ROI varies widely across colleges and universities—and even more widely across different fields of study.[11]

To measure ROI at the institution and program-level, one would need to merge two different sets of data. The first are individual student-level "transcript" data that shows the year a student completed a course of study, the institution that awarded the post-secondary credential, and the field of study (this is the federal Classification of Instructional Program code, known as the CIP code). The second are wage data. At present, these wage data mostly come

from state unemployment insurance (UI) wage systems, although the Scorecard used the more comprehensive unduplicated W-2 wage data from the IRS.

Merging student-level data with either source of wage data uses Social Security Numbers, and the merging is usually done by the agency that holds the wage data (to protect privacy). The individual-level data are never made public. Rather the data are aggregated at the program-level, inspected to suppress any small programs (as a rule of thumb, programs that contain fewer than 10 cases are suppressed), and returned to the education agency that provides the transcript-level data.

There are currently no nationwide standards governing how these data are reported. For example, to minimize the number of missing programs caused by small enrollments, states that release merged transcript/wage data often combine several cohorts. Practices across states differ somewhat, but this is a technical issue that could (and should) be resolved by the federal government.

There is also a question about what to do with students who enroll in but do not complete a program. Most states are focused on the wages of completers, but, as is well known, large numbers of students never finish. The federal Scorecard data tracked cohorts of students, but did not distinguish between completers and leavers. The transcript data can also include demographic information (e.g., race or gender). This could provide valuable information about the differential success of different types of students, but adds complexity to the aggregated data.

Yet another challenge is the level of data needed by the federal government to assess student success. As noted, the Scorecard used data only on students who participated in a Title IV program. Because the Department of Education must know whether or not students are in good standing with an institution of higher education in order to know when students must begin repaying their loans, the NSLDS maintains detailed records of the enrollment of students receiving federal aid in any Title IV approved institution. Moreover, Title IV student-level data actually chart the path of the students in which the nation's taxpayers are investing the most money. And there is certainly a compelling federal interest in knowing the extent to which Title IV students are succeeding in the pursuit of post-secondary credentials.

As noted, the federal Scorecard reported wage data at the institution-level, the only level at which the NSLDS can currently collect data. The Department of Education may overcome this limit in the next several years because institutions must now report to FSA information on the

programs in which students are enrolled. (This information is needed because the 150% Subsidized Loan Limitation provisions are based on the borrower's enrollment in a specific program.) Because student outcomes vary greatly across programs of study both within and across institutions, these program-level data are essential. In short, to the extent to which FSA collects student-level indicators of success at the program-level for students who have received federal student loans and/or Pell Grants, the nation has the potential to better measure the payoff of the large investment the nation is making in its post-secondary students.

But note that these efforts require cooperation between different government agencies which hold different data systems that need to be integrated for maximum effect. That however leads to yet another set of issues that require Congressional action.

3. Improving intergovernmental data sharing agreements

There are many data systems housed in different federal agencies. By merging together these different existing data systems, we can measure the return on the investment taxpayers and students earn from the time and money they have spent on higher education.

It is important to remember that these data systems were created for many different purposes—and not for the measurement of student success and return on investment.

For example,

- The Federal Student Aid student level data system was designed to track the disbursement of Title IV funds.
- The American Community Survey has detailed data on educational attainment, occupation, and other outcomes that could be tied to more specific student level information.
- The Census Local Employment Household Dynamics program holds extensive wage data that states have agreed to share through their Unemployment Insurance earnings data. These too could be tied to more specific student level information.
- And of course the IRS holds individual level wage data, in some ways the ultimate measure of student success. These data too could be merged with student level information, as was done for the College Scorecard.

The point is that scattered across many different agencies are the data that we need to better measure what taxpayers are getting back from the billions upon billions of dollars the nation spends every year on higher education. But to do so, these disparate data have to be merged.

The problem is that merging these data is difficult and cumbersome. Moreover, each necessary data sharing agreement is currently a hand crafted effort, requiring lots of time and lots of energy—all handicapped by complex rules and laws governing each of the different data systems. This means that MoUs between agencies for data sharing are often negotiated, renegotiated, and then negotiated again—with numerous lawyers and data owners involved in complex negotiations. Complex rules then govern the level at which the data can be reported.

I by no means want to suggest that protecting the privacy of students and taxpayers is not of the highest priority. However, the rules governing each of these different data systems all too often leads to paralysis preventing the generation of the evidence we need to support good decision making.

So we literally end up spending months if not years handcrafting data sharing agreements. In contrast, there is no infrastructure to support a regularized path to combining these multiple data sources. There are some places that Congress could encourage data sharing and increased access to improve transparency and accountability.

The Commission on Evidence Based Policymaking is expected to report the results of its two year investigation. The commission is explicitly focusing on key issues related to the use of survey and administrative data:

- Existing barriers to accessing and using data government already collects
- Strategies for better integrating existing data with appropriate infrastructure and security, to support policy research and evaluation
- Practices for monitoring and assessing outcomes of government programs
- Whether a data clearinghouse could enhance program evaluation and research opportunities

The results of the Commission's work will hopefully provide a roadmap to how better to use existing administrative data systems for accountability. But regardless of the Commission's recommendations, legislation will be necessary to coordinate the different laws, rules and regulations that right now impede the merging of already existing data. And Congress needs to

consider the benefits of these merged data weighed against the increased privacy risks of combining them.

Concluding Comment

There are multiple paths Congress could consider to improve data collections in a way that could make data more useful, usable, and used by students and policy makers. All of these can increase the foundation for better consumer choice and, through better choice, better institutional performance. However, as the nation considers these paths, the federal government needs to be careful about mixing consumer information tools and regulatory tools. While there may be overlap in the information consumers need and the information regulators need, mixing the two can create problems. And the way in which data are collected, curated, and displayed varies greatly depending on the primary focus of the effort.

Notes

[1] For additional information, see College Measures: www.air.org/center/college-measures
[2] Michael Hurwitz and Jonathan Smith, *Student Responsiveness to Earnings Data in the College Scorecard*, Social Science Research Network, May 2016, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2768157.
[3] For more information on the private student loan market and its loan underwriting methods, see Andrew P. Kelly and Kevin J. James, *Looking Backward or Looking Forward: Exploring the Private Student Loan Market*, AEI, June 2016, hwww.aei.org/wp-content/uploads/2016/05/Looking-Backward-or-Looking-Forward.pdf.
[4] See U.S. Department of Education, National Center for Education Statistics, "IPEDS 2016-17 Data Collection System – 2016-17 Survey Materials," https://surveys.nces.ed.gov/ipeds/VisResults.aspx?mode=results.
[5] 20 U.S. Code § 1018.
[6] For its most recent annual report, see U.S. Department of Education, Federal Student Aid, *2016 Annual Report*, 2016, https://www2.ed.gov/about/reports/annual/2016report/fsa-report.pdf.
[7] See U.S. Department of Education, National Center for Education Statistics, and National Postsecondary Education Cooperative, *Information Required to Be Disclosed Under the Higher Education Act of 1965: Suggestions for Dissemination*, November 2009, http://nces.ed.gov/pubs2010/2010831rev.pdf.
[8] Kevin Carey and Andrew P. Kelly, *The Truth Behind Higher Education Disclosure Laws*, AEI and Education Sector, 2011, http://educationpolicy.air.org/sites/default/files/publications/HigherEdDisclosure_RELEASE.pdf.
[9] http://files.eric.ed.gov/fulltext/ED500004.pdf
[10] The specter of a testing regime for colleges and universities that would immediately be compared to the mandatory tests of No Child Left Behind should alone be enough to give the government pause.
[11] See the various reports and data bases at College Measures, http://www.air.org/center/college-measures .

Chairman GUTHRIE. Thank you for your testimony. I now recognize Mr. Delisle for 5 minutes for your testimony.

TESTIMONY OF JASON DELISLE, RESIDENT FELLOW, AMERICAN ENTERPRISE INSTITUTE

Mr. DELISLE. Thank you. Good morning, Chairman Guthrie, Ranking Member Davis, and distinguished members of the subcommittee. Thank you for giving me the opportunity to testify today about data on our Higher Education System.

I have been asked to focus my testimony on data about the Federal Student Loan Program. And I should note that my comments today are my own, and do not necessarily reflect the views of the American Enterprise Institute.

As you know, the Federal Government's Direct Loan Program dominates the student loan market today, issuing 90 percent of all loans made each year. So what started out in 1965 as a program for undergraduates from low-income families today makes loans to all undergraduates, parents of undergraduates, and even graduate students, regardless of their financial circumstances.

The program even allows parents and graduate students to borrow effectively unlimited sums through the PLUS Loan Program. So now, around 1.3 trillion, this talk about standing loans under this entire program, rivals the Federal Housing Administration's largest mortgage program.

Options to repay or not repay these loans have exploded in number and in generosity in recent years. These include plans with fixed or graduated payments spread over 10 to 30 years, and a variety of plans with payments set to borrowers' incomes, which I collectively refer to as income-based repayment, or IBR.

Yet given the size and complexity of the program, the data that the Federal Government makes available about it to researchers or the public leaves much to be desired. Specifically the data often are not broken at the student level and, therefore, provide only high-level summary statistics.

The data also generally reflect only snapshots in time and are not longitudinal, meaning information about what happens to loans and borrowers after the money is disbursed is simply not observable. The best available data sources that the Federal Government already compiles, those that are student-level and track borrowers over time, are not available to anyone outside the government, not even researchers who hold restricted use licenses from the National Center for Education Statistics.

So, many key questions about the program cannot be answered by entities outside the government. I believe this creates policy blind spots, and I will provide two cases to illustrate.

I think the Student Loan Program today is in something of a nonrepayment crisis. Over 8 million people are in default on their Federal student loans. That number has grown year after year, even though the country is now many years into an economic expansion with low rates of unemployment.

Other estimates suggest that over 40 percent of borrowers whose loans have come due are in default, are delinquent, or are in forbearance or hardship deferment. Without better data about these borrowers after they leave school, it really is difficult to fully un-

derstand the situation or even to begin to develop solutions to the problem.

My other example is the case of income-based repayment. When the Obama administration and Congress dramatically expanded this program starting in 2010, internal estimates suggested the added cost would be around $700 million a year. We are now learning that costs are substantially larger, running in the billions annually.

It turns out the original estimates were based on indefensible assumptions that have only recently come to light, such as the Department of Education's assumption that graduate students with PLUS loans, meaning the students who borrow the most, would not use income history payment at all or that enrollment in the program would not grow.

If entities outside the Federal Government had access to better data about this program, researchers might have uncovered these faulty assumptions before lawmakers expanded the IBR program. But, fortunately, a readymade solution could help improve the availability of data. There are two data sources of Federal agencies use to study the loan program that are not currently available outside the government.

These include a sample file extracted from the Department of Education's National Student Loan Database System, NSLDS, a recordkeeping system that tracks the status of individual loans and borrowers. And another dataset developed by the Treasury Department that links NSLDS data to Internal Revenue Service tax records for a sample of borrowers, all the information is deidentified.

So, while far from perfect, these datasets overcome many of the limitations of what is available to researchers otherwise. The Department of Education in cooperation with Treasury could make these datasets available in the same manner as other restricted-use datasets through the National Center for Education Statistics.

This is where Congress could be helpful by making its interest known in such a project and ensuring that sufficient resources are provided to the agencies to make it happen. Far too much is at stake for lawmakers to be satisfied with the current state of affairs. Taxpayers and students deserve better than the policies that we have today that are often developed through anecdotes and assumptions for lack of available data. My recommendation provides one relatively simple way to address these blind spots in our student loan system.

And that concludes my testimony today. I look forward to any of the questions that you may have.

[The statement of Mr. Delisle follows:]

Statement before the U.S. House of Representatives Committee on Education and the Workforce
Subcommittee on Higher Education and Workforce Development

Hearing Title: Empowering Students and Families to Make Informed Decisions on Higher Education

Data on the Federal Student Loan Program

Jason D. Delisle
Resident Fellow

Wednesday, May 24, 2017

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Introduction

Good morning, Chairman Guthrie, Ranking Member Davis, and distinguished Members of the Subcommittee, and thank you for giving me the opportunity to testify about data on the federal student loan program.

My name is Jason Delisle and I am a resident fellow with the Center on Higher Education Reform at the American Enterprise Institute (AEI), a non-profit, non-partisan public policy research organization based here in Washington, DC. My comments today are my own and do not necessarily reflect the views of AEI.

The federal government's Direct Loan program dominates the student-loan market today, issuing 90 percent of all loans made across the country each year.[1] Students pursuing everything from short-term certificates to master's degrees qualify on a no-questions-asked basis for nearly $100 billion of these loans every year at terms more generous than most private lenders would offer.

The federal role in higher-education lending has grown ever since lawmakers enacted the first loan program under the National Defense Education Act of 1958. The Higher Education Act of 1965 expanded access to loans to more colleges and students through the Guaranteed Student Loan Program, but the interest rate subsidies it provided were restricted to students from low-income families. In 1980, Congress created a loan program for parents of undergraduates (Parent PLUS), and then in 1992, eliminated annual and lifetime borrowing limits for those loans. That year, lawmakers also authorized the Unsubsidized Stafford Loan program, which allows all undergraduate students to borrow federal loans regardless of their financial circumstances. In 2006, Congress created the Grad PLUS loan program, which removed limits on the amount graduate students could borrow.

This expansion, along with rising college costs and increases in student enrollments, have led to a rapid increase in the stock of outstanding debt in recent years. Now at $1.3 trillion, the student loan program rivals the Federal Housing Administration's largest mortgage program in size.[2]

Options to repay these loans have also exploded in number and in generosity. These include repayment plans with fixed or graduated monthly payments spread over 10 to 30 years, and a variety of plans with payments set according to borrowers' incomes (which I collectively refer to as Income-Based Repayment, or IBR). Payments in IBR are set at 10 percent of adjusted gross income after an exemption of 150 percent of the federal poverty guidelines ($18,090 for a single person). Unpaid balances are forgiven after 20 years, or 10 years for borrowers working in a nonprofit or government job.[3] While enrolled in any of these plans, borrowers can qualify for several types of deferments and forbearances that allow them to suspend payments for years.

Despite the ever-expanding benefits, loan types, and repayment options, delinquency and default rates suggest that the current system is not working. Over 8 million people are in default on their federal student loans today, a number that has continued to grow year after year, even though the country is now many years into an economic expansion with low rates of unemployment.[4] Estimates also suggest that over 40 percent of all borrowers whose loans have come due are in default, are delinquent, or are in forbearance or deferment.[5] Nearly one in four federal student

loans issued to undergraduates this year is eventually expected to enter default.[6]
Given the size, scope, and complexity of the student loan program, the data that the federal government makes available leaves much to be desired. While there have been some improvements in recent years, the data form only a patchwork rather than a complete picture. Many key questions about the federal student loan program cannot be answered with the data available to the public and researchers. Improving the quantity and quality of the data is imperative for ensuring that the program works well for all types of borrowers and does not waste taxpayer dollars. I'll provide two cases to illustrate this point.

The available information points to an ongoing student-loan default crisis, but without better data about borrowers after they leave school, it is nearly impossible to fully understand the program or even begin to develop solutions. For example, reports suggest that many of the borrowers who default never even make the first payment on their loans.[7] But it is impossible to analyze the data to better understand this issue. Some statistics also imply that a large share of defaulted loans are held by borrowers who left school over a decade ago, but many borrowers also leave default quickly and return to good standing.[8] The lack of data means we do not understand what explains those very different patterns, and how policymakers might tailor solutions to these two groups.

Without better data, the government will continue to underestimate the cost of the loan program. Consider that when the Obama administration dramatically expanded the IBR program in 2010, Congress and the public were told this change might cost around $700 million a year.[9] We are now learning from the Government Accountability Office and other federal agencies that the costs are substantially larger, running in the billions.[10] And it is still unclear which types of borrowers (dropouts, graduate students, the unemployed, etc.) are benefiting from this program and its recent expansions. One can only wonder whether Congress and the Obama administration would have pursued different policies if they had known then what we know now.

The key problem is that the data are running far behind the policy, the exact opposite of how things should operate. Things are getting better: federal agencies have been working to make more data available to researchers and the public. But there are still dangerous blind spots in the information accessible to those outside the federal government.

Below I explain the type of questions that the available data can answer about the federal student loan program and, more importantly, which questions it cannot. Finally, I offer a few recommendations for how the government can improve the data it provides to researchers about the student loan program.

Office of Federal Student Aid

The Department of Education's Office of Federal Student Aid (FSA) offers two main categories of publicly-available data on the student loan program. Under one category, FSA provides information on the portfolio of all outstanding federal student loans—a measure of the "stock" of debt. The other category provides college and university-level data on quarterly loan disbursals, short-term cohort default rates, and typical monthly loan payments for graduates of some programs.

Loan Portfolio Summary Statistics

Since late 2013, FSA has provided summary statistics about the outstanding portfolio of federal student loans on its website. The statistics provide information on the number of borrowers and total loan balances in various states of repayment.[11] For example, the statistics show the total number of borrowers and outstanding debt enrolled in the IBR repayment plans and how those figures have changed since 2013.

But because the data are aggregate statistics and not student-level, they are only minimally useful. For example, we do not know how many borrowers enrolled in IBR are making $0 monthly payments; how many students' loan balances are growing because they are not covering interest on the debt (i.e., "negative amortization"); how many borrowers are using IBR to get out of defaulted; or how many borrowers in IBR have debt from graduate school.

The FSA summary statistics on the loan portfolio also include information about repayment status, such as the number of borrowers and amount of debt in active repayment, default, forbearance, hardship deferment etc. Therefore, the data reveal that some 40 percent of borrowers whose loans have come due are not making regular payments because they are in default, forbearance, or deferment. We also know that there are approximately 8 million borrowers in default on their federal loans currently, up from 6.5 million in 2013.[12] FSA has also recently begun to include information about the flow of borrowers into default status and about default resolutions.[13] Nevertheless, the information is still quite limited and tells us nothing about borrowers, how long they've been in default, what share of borrowers who used forbearance before defaulting, etc.

Title IV Volume Reports by School

The institution-level data that FSA provides on student loans offer a different perspective. These spreadsheets display how much and how many of each type of loan (Subsidized Stafford, Parent PLUS, etc.) FSA disburses to each college or university.[14] If one wants to know the total amount of Parent PLUS loans disbursed at a particular university, how many parents received them, and how those figures have changed over time, this data source provides that information. Yet because the data include only aggregate statistics, these reports are not very useful for answering questions other than the types I have listed here.

Cohort Default Rates by School

The other institution-level data on student loans on the FSA website provide information about cohort default rates.[15] These rates are part of an accountability regime for eligibility for federal student aid. Institutions whose students experience high rates of default may not participate in the aid programs.

These data are unique relative to what the federal government makes available regarding student loans because they are institution-level *and* longitudinal. That is, they provide information about what happens over time to borrowers and loans issued at a particular school. They cover only three years of loan repayment for each cohort, however. One cannot know how many students

default in years four, five, or later. (Department of Education documents show that the lifetime default rate on undergraduate loans exceeds 20 percent.[16]) Moreover, the data cannot answer even basic questions about students who default, such as the share of defaulters who completed their program versus the share who dropped out.

Gainful Employment Rule

FSA also provides data related to the "gainful employment" (GE) regulations issued under the Obama administration. Like the cohort default rate data, these data provide limited information about what happens to borrowers and loans after students leave school. The first set of GE data was released in late 2016 and early 2017, and mostly covers students who graduated in 2011 or 2012 as well as their most recent available earnings outcomes.[17] The Department of Education is expected to release data for subsequent cohorts on an ongoing basis.

The GE data are unique in that they provide information on student outcomes for individual *programs*, whereas most federal data sources summarize student outcomes only at the *institution* level. GE data include typical debt payments for program graduates, from which approximate debt balances at graduation can be inferred. The data also include mean and median annual earnings of graduates three to four years after completion, and the number of covered students in each program.

While FSA provides GE data for certificate programs at all types of institutions, it provides data on degree programs *only at for-profit colleges* (in other words, it excludes degree programs at public and private not-for-profit colleges). Debt, earnings, and cohort sizes are only reported for completers, meaning we know nothing about dropouts from GE programs. Finally, the debt statistics reported in GE include some private loans; it is impossible to separate out federal loans in the data. Thus the data do not present a clean picture of borrowing and repayment patterns with respect to federal student loan policy. The information reflects borrowing in the private market as well.

The College Scorecard

One signature data initiative of the Obama administration's Department of Education was the College Scorecard, intended as an informational tool for prospective students. Separate from the data that FSA provides, the Scorecard offers additional data on loan performance after students leave school, broken down by college and university, but not by programs within schools.[18] The Scorecard includes data on undergraduate student cohorts dating back to 1996; however, not all variables are available for all years.[19] The data are available publicly but housed separately from the FSA data. The Scorecard also excludes graduate and professional students; it covers only baccalaureate and sub-baccalaureate credentials.

The most important contribution of the College Scorecard data to our understanding of student loans is the repayment rate, defined as the percentage of borrowers from a particular university who have repaid at least one dollar of their original federal student loan balance.[20] Loan repayment rates for one, three, five, and seven years after borrowers leave school are available

via the College Scorecard. Repayment rates are also available for subcategories of students along various dimensions, including completion status, family income, dependency status, Pell Grant eligibility, gender, and first-generation status.

This is important because many borrowers reduce or postpone payments by switching repayment plans or using forbearance options. These borrowers are not captured in statistics on loan defaults, even though they too are not making progress on paying down their debts. The Scorecard data therefore provide a better measure of loan repayment than the default rates, indicating the institutions where students might be struggling to repay.

Aside from repayment rates, the Scorecard also reports students' median debt levels upon entering repayment, along with median debt by the subcategories mentioned above. Debt levels at the 10th, 25th, 75th, and 90th percentiles are available as well.[21] These are important data for understanding how much students borrow at particular institutions, but because it is aggregate data, it does not provide information about students who borrow the most and those who do not borrow at all.

National Center for Education Statistics Surveys

The National Center for Education Statistics (NCES), which is part of the Department of Education, collects and analyzes education data, including data on the federal student loan program. NCES administers several large, nationally-representative surveys of undergraduate and graduate students. These include the National Postsecondary Student Aid Study (NPSAS) and two "spin-off" datasets—the Beginning Postsecondary Study and the Baccalaureate and Beyond Study—that use a subsample from the NPSAS for longitudinal surveys.

National Postsecondary Student Aid Study

The NPSAS provides a comprehensive, student-level dataset about financial aid, demographics, and college prices.[22] NCES builds the dataset every four years (soon to be every two years) by sampling institutions and then students attending the selected institutions.[23] The data are collected from federal databases, institutions' administrative records, and student and family interviews.[24] Student loan data are collected primarily from the National Student Loan Data System (discussed later in this testimony) and is highly reliable; it is not self-reported by universities or borrowers and therefore less subject to error.

The NPSAS is a valuable source of data on federal student loans mainly because it provides student-level data, but also because of other information it includes about students. For example, it is possible to determine how much students from low-income families borrow in federal student loans compared with students from high-income families. Other permutations include borrowing patterns among dependent and independent students, or debt levels of students pursuing short-term certificate programs. It is also possible to examine how these data have changed over time by using earlier NPSAS datasets. And because the NPSAS data include nationally-representative samples for both undergraduate and graduate populations, it offers the most comprehensive data on graduate school debt available.

The NPSAS is not, however, without shortcomings. For example, NPSAS is nationally representative, but its sample size is too small to be used for state-level or institution-level analyses.[25] And when the data are filtered across multiple categories, the small sample sizes provides less reliable information about the larger population. For example, the dataset includes rich information about borrowing among graduate students. But using it to examine how much graduate students who pursue *education degrees* borrow, broken out by *race and type of institution*, results in a small subsample of students. The data about their debt will thus be of limited use.

The NPSAS provides only a snapshot in time of the undergraduate and graduate populations, resulting in another limitation. Data about how students repay and manage their federal student loans cannot be included because the survey only covers students who are *currently enrolled*. For example, researchers can use the NPSAS to figure how much debt different categories of students have when they complete their degree (a variable included in the dataset) but not how much debt *students have when they drop out* (there is no way to determine if a first-year student eventually drops out).

The NPSAS dataset is available only to researchers who obtain a restricted-use license from NCES. To obtain the license, researchers must agree to follow certain protocols to protect any potentially personally identifiable information in the dataset. However, NCES maintains a data retrieval tool that is available to the public, called DataLab, which allows users to perform some, but not all, of the analyses possible with a restricted-use license.

Beginning Postsecondary Study and Baccalaureate and Beyond Study

NCES uses the NPSAS to obtain baseline data for longitudinal studies that follow a subset of students who participated in the survey. These include the Beginning Postsecondary Students (BPS) longitudinal study[26] and the Baccalaureate and Beyond (B&B) longitudinal study.[27] Because they are derived using the NPSAS—with an even smaller subsample—these studies are subject to the same limitations as the NPSAS with respect to data on student loans, except that they add a longitudinal element. The studies are also conducted less frequently than the NPSAS.

The BPS study follows a sample of first-time students at the end of their first, third, and fifth academic years.[28] The data provide researchers a way to examine how much students borrow during their academic careers and compare it with a number of other student characteristics and enrollment patterns (graduation, transfers, part-time status). But the timeframe of the study is too short to allow for data on student loan repayment patterns.

The B&B study uses a sample of students included in the NPSAS who complete bachelor's degrees. It offers insight into post-graduation income and loan repayment, as well as graduate school enrollment and debt.[29]

The B&B provides a unique source of data for tracking students' borrowing and repayment patterns. But a series of issues severely limits its usefulness. The timeframe it covers is short relative to the timeframe over which students are likely to repay loans. Students who dropped out or completed two-year degrees and certificates—a group that makes up the majority of

students—are excluded from the study. Finally, sample sizes are small, making it difficult to examine student debt data by subgroup.

Non-Public Federal Agency Data on Student Loans

Thus far, my testimony has covered data sources for federal student loans available to the public or researchers via a restricted-use license. There are two other major data sources that federal agencies use to study the loan program but are not currently available outside the government. These include a sample file extracted from the Department of Education's National Student Loan Database System (NSLDS), a record-keeping system that tracks the status of individual loans and borrowers, and a dataset developed by the U.S. Treasury Department that links NSLDS data to Internal Revenue Service (IRS) tax records for a sample of borrowers.

The Department of Education, the Congressional Budget Office, and the Treasury Department have periodically issued statistics and reports using these data, providing some of the most insightful analysis on the federal student loan program to date.[30] Treasury and the Department of Education also use the data to inform policy proposals and formulate budget estimates. These datasets overcome many of the limitations noted for other sources, but they are not without their flaws. The analyses are infrequent, cannot be scrutinized by third parties, and often serve to answer a limited set of questions motivated by the policy agenda of whatever administration happens to control the Executive Branch. Below I briefly discuss the two datasets, keeping in mind that because the data are not available outside the government, information about them must be gleaned from reports.

National Student Loan Data System and Sample File

NSLDS is the Department of Education's central database for tracking federal student aid programs.[31] Institutions of higher education, lenders holding federally-backed loans, loan servicers, and the Department of Education all submit information to the database. Students and borrowers can also access it to view their loan balances, loan statuses, and disbursements.

Aside from being a tool for borrowers, NSLDS provides the most comprehensive source of data on the federal student loan program. It includes student- and borrower-level data that covers the entire life of a borrower's loans. It includes records and dates for each loan's status changes such as when the loan is disbursed; when it is in the in-school period; when it is paid in full; or if it enters repayment, default, deferment, or forbearance. It therefore provides information on patterns of repayment over long periods of time. NSLDS also includes information on the repayment plan for borrowers under the Direct Loan program.

One major limitation of the data is that NSLDS does not track cash flow.[32] It reports a borrower's loan status, but not his monthly payments over time. Such information must be inferred from annual changes in the borrower's loan balance. Finally, the NSLDS only includes information on a borrower's loans, other federal student aid, and the school he attended. It does not include other information about the borrower during repayment, such as income, employment status, etc. Those are key variables needed to more fully understand repayment

patterns.

The Congressional Budget Office, the Department of Education, and the Treasury Department use an annual subsample of loan and borrower records from NSLDS to inform cost estimates, develop policy, and conduct other analyses. Thus, a sample file from the database is generated each year that could allow outside entities to conduct similar analyses. Until recently, no effort was made on the part of the Department of Education to release a version of this file to outside entities. However, earlier this year the Obama administration announced that it had been working to "create a privacy-protected, public-use microdata file from the National Student Loan Data System (NSLDS) that can facilitate valuable research and other studies of higher education."[33] It is not clear what the status of this effort is under the Trump administration.

U.S. Treasury Department NSLDS-IRS Match

In recent years, the Treasury Department has developed a dataset that adds to the data housed in the NSLDS. The Department matched a random sample of NSLDS records to de-identified tax data from the IRS Compliance Data Warehouse.[34] This dataset combines individual-level data on student loans and repayment with information contained in each borrower's tax records, such as income, marital status, family size, and use of tax credits and deductions. Thus, it represents the most comprehensive and detailed source of information on the federal student loan program and borrowers. Income data from tax records matched to a borrower's student loan history is especially useful for analyzing the impact of the IBR plan. It also allows researchers to analyze the burden of student loan payments relative to a borrower's income over a long time period (1999 to 2014).

Researchers have produced two important studies using this data. One revealed how the demographics of borrowers have changed over time, skewing more towards "non-traditional students" who are older, are independent of their parents, have lower incomes, and are less likely to enroll full-time.[35] These borrowers are also more likely to attend non-selective institutions, particularly public two-year colleges and for-profit institutions. The study found that loan performance among this demographic of borrowers has been extremely poor in recent years, with high rates of default, negative amortization, and reliance on benefits that allow borrowers to postpone repayment for long periods of time without defaulting. The other study that used these data provided some of the first analyses of borrowers who use IBR, suggesting that the program helps reduce defaults.[36]

Conclusion and Recommendations

To conclude, I will reiterate that the existing, publicly available data on federal student loans are limited in two main ways. First, they are often not broken down at the student level and therefore provide only high-level summary statistics. Second, the data generally reflect snapshots in time and are not longitudinal, meaning information about what happens to loans and borrowers after the money is disbursed is not observable. The best available data sources—those that are student-level and track borrowers over time—are derived from infrequent surveys with small sample sizes and short time horizons.

Fortunately, a ready-made solution exists to these problems. The Department of Education, in cooperation with Treasury, could make the two datasets that the federal government already compiles—the NSLDS sample file and the NSLDS-IRS matched sample file—available in the same manner as other restricted-use datasets, like the NPSAS. Researchers and organizations that agree to follow the National Center for Education Statistics privacy-protection rules could obtain the same de-identified data the government uses to analyze the federal student loan program and formulate policy. While that falls short of full availability, it is likely necessary to address concerns over privacy.

I should also note that this solution does not fill in all of the gaps in the data. For example, it will not provide institution-level loan performance information. But it need not do so to vastly improve what we know about the federal loan program and help us discern what policies could strengthen it for borrowers and taxpayers alike.

The NSLDS data also has shortcomings that stem from its primary purpose as a database for reporting and tracking the status of students and their loans. It was not designed to collect data for research, analysis, and policy development. That is why, for example, it does not contain information about borrowers' monthly payments or other cash flow information. These issues suggest a further recommendation. In addition to releasing the NSLDS sample file, the Department of Education could overhaul its data collection systems so that they capture information that researchers and policymakers need to better understand the program—and how it affects borrowers.

Moreover, to avoid unnecessary controversy, I want to emphasize that these efforts are distinct from any broader agenda to create a student unit-record or link federal aid to performance metrics beyond existing policies. Congress need not repeal the ban on a student-unit record system for federal agencies to release the NSLDS sample file and the NSLDS-IRS matched file to researchers. The federal government can make the existing datasets available regardless of the merits of those broader goals and lawmakers' views on them.

Finally, releasing and improving these existing datasets will require that the Department of Education and the Treasury Department commit scarce time and resources to the goal. Private loan servicing companies, with whom the Department of Education has contracted to operate much of the loan program, will also need to commit additional time and resources and submit to the government a significant amount of new information about borrowers to improve the data. This is where Congress could be helpful, both in making its interest known in such a project and in ensuring that sufficient resources are provided to the agencies. Far too much is at stake for lawmakers to be satisfied with the existing data. Taxpayers and students deserve better than policies developed through anecdotes and assumptions, and these recommendations offer a straightforward path to get there.

Notes

[1] For more information about the history and expansion of the federal student loan program, see Jason D. Delisle, *Private in Name Only: Lessons from the Defunct Student Loan Program,* American Enterprise Institute, February 2017, www.aei.org/wp-content/uploads/2017/02/Private-in-Name-Only.pdf.
[2] Board of Governors of the Federal Reserve System, "Mortgage Debt Outstanding," March 2017, www.federalreserve.gov/econresdata/releases/mortoutstand/current.htm.
[3] For more information about federal income-driven repayment plans, see U.S. Department of Education, Federal Student Aid, "Income-Driven Plans," https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven.
[4] Author's calculations using U.S. Department of Education, "Federal Student Loan Portfolio," 2016, https://studentaid.ed.gov/sa/about/data-center/student/portfolio.
[5] Rohit Chopra, "A Closer Look at the Trillion," Consumer Financial Protection Bureau, August 5, 2013, www.consumerfinance.gov/about-us/blog/a-closer-look-at-the-trillion/.
[6] U.S. Department of Education, *Student Loans Overview: Fiscal Year 2017 Budget Proposal,* https://www2.ed.gov/about/overview/budget/budget17/justifications/q-sloverview.pdf.
[7] Josh Mitchell, "More Than 40% of Student Borrowers Aren't Making Payments," *Wall Street Journal,* April 7, 2016, www.wsj.com/articles/more-than-40-of-student-borrowers-arent-making-payments-1459971348.
[8] Author's calculations using U.S. Department of Treasury, "Report on Initial Observations from the Fiscal-Federal Student Aid Pilot for Servicing Defaulted Student Loan Debt," 2016, https://www.treasury.gov/connect/blog/Documents/student-loan-pilot-report-july-2016.pdf.
[9] White House Office of Management and Budget, "The Budget for Fiscal Year 2011: Summary Tables," www.gpo.gov/fdsys/pkg/BUDGET-2011-BUD/pdf/BUDGET-2011-BUD-28.pdf.
[10] Government Accountability Office, *Education Needs to Improve Its Income-Driven Repayment Plan Budget Estimates,* November 2016, www.gao.gov/assets/690/681064.pdf.
[11] U.S. Department of Education, "Federal Student Loan Portfolio."
[12] Ibid.
[13] U.S. Department of Education, "Default Rates," https://studentaid.ed.gov/sa/about/data-center/student/default.
[14] U.S. Department of Education, "Title IV Program Volume Reports," https://studentaid.ed.gov/sa/about/data-center/student/title-iv.
[15] U.S. Department of Education, "Official Cohort Default Rates for Schools," September 28, 2016, https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html.
[16] U.S. Department of Education, *Student Loans Overview.*
[17] U.S. Department of Education, "Gainful Employment Information," https://studentaid.ed.gov/sa/about/data-center/school/ge.
[18] U.S. Department of Education, "College Scorecard Data," https://collegescorecard.ed.gov/data/.
[19] U.S. Department of Education, "Data Documentation for College Scorecard," January 2017, https://collegescorecard.ed.gov/assets/FullDataDocumentation.pdf.
[20] Ibid.
[21] In January 2017, the Department of Education revealed that a coding error had significantly inflated repayment rates reported in the Scorecard. The data have since been fixed. See U.S. Department of Education, "Updated Data for College Scorecard and Financial Aid Shopping Sheet," January 13, 2017, https://ifap.ed.gov/eannouncements/011317UpdatedDataForCollegeScorecardFinaidShopSheet.html.
[22] U.S. Department of Education, "National Postsecondary Student Aid Study," https://nces.ed.gov/surveys/npsas/.
[23] NCES conducted the NPSAS every three years between the 1986-87 and 1995-96, and every four years since. The 2015-16 survey data will be available later this year.
[24] NCES has announced plans to add a more limited NPSAS two years after it releases the full NPSAS using only administrative data.
[25] In some years, however, NCES oversampled several states and plans to oversample states again starting with the 2017-18 analysis. Notwithstanding those exceptions, the existing set of NPSAS data are only suited for national-level analyses.
[26] National Center for Education Statistics, "Beginning Postsecondary Students," https://nces.ed.gov/surveys/bps/.
[27] National Center for Education Statistics, "Baccalaureate & Beyond," https://nces.ed.gov/surveys/b&b/.
[28] The current BPS (12/17) surveyed students in 2012, 2014, and will survey them for the final time in 2017. Past cohorts are BPS 90/94 (8,000 students), BPS 96/01 (12,000 students) and BPS 04/09 (16,700 students).
[29] The first cohort was drawn from the 1993 NPSAS, with follow-ups in 1994, 1997, and 2003 (11,000 students).

Another cohort was drawn from the 2000 NPSAS, with a follow up in 2001 (10,000 students). The most recent cohort was drawn from 2008 NPSAS, with follow ups in 2009 and 2012, and one planned for 2018 (19,000 students).

[30] For example, see Congressional Budget Office, *January 2017 Baseline Projections for the Student Loan Program,* January 2017, www.cbo.gov/sites/default/files/recurringdata/51310-2017-01-studentloan.pdf

[31] U.S. Department of Education, "National Student Loan Data System," www.nslds.ed.gov/nslds/nslds_SA/.

[32] Congressional Budget Office Working Paper, *Guaranteed Versus Direct Lending: The Case of Student Loans,* June 2007, www.cbo.gov/sites/default/files/110th-congress-2007-2008/workingpaper/2007_09_studentloans_0.pdf.

[33] Lynn Mahaffie, "More Transparency in Higher Education Will Help Improve Student Outcomes," U.S. Department of Education, January 12, 2017, https://blog.ed.gov/2017/01/transparency-higher-education-will-help-improve-student-outcomes/.

[34] For a full description of this process, see Adam Looney and Constantine Yannelis, *A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and the Institutions They Attended Contributed to Rising Loan Defaults,* The Brookings Institution, September 2015, www.brookings.edu/wp-content/uploads/2016/07/PDFLooneyTextFallBPEA.pdf.

[35] Looney and Yannelis, *A Crisis in Student Loans?*.

[36] Holger Mueller and Constantine Yannelis, "Students in Distress: Labor Market Shocks, Student Loan Default, and Federal Insurance Programs" (working paper, National Bureau for Economic Research, Cambridge, MA, March 2017), www.nber.org/papers/w23284.

Chairman GUTHRIE. Thank you for your testimony. And I recognize Ms. Voight for 5 minutes for her testimony.

TESTIMONY OF MAMIE VOIGHT, VICE PRESIDENT OF POLICY RESEARCH, INSTITUTE FOR HIGHER EDUCATION POLICY

Ms. VOIGHT. Thank you. Chairman Guthrie, Ranking Member Davis, and members of the subcommittee, thank you for the opportunity to testify today.

My name is Mamie Voight, and I am vice president of policy research at the Institute for Higher Education Policy, or IHEP, a nonprofit, nonpartisan organization that promotes college access and success, especially for underserved students.

I help lead the Postsecondary Data Collaborative, a broad collection of organizations representing institutions, States, students, employers, and privacy and security experts, committed to the use of high-quality data to improve student success and close equity gaps.

Distinguished members, the research is clear: investing in a college education pays off. But while college is often a worthwhile investment, students and families, policymakers and institutions can't answer critical questions about which programs at which institutions provide an adequate return on this investment, and for which students.

Before making other investments, like buying a home or a car, we shop around, we perform inspections, we lift the hood, and we kick the tires. In other words, we ask questions. The college marketplace should be no different, but we lack the high-quality information needed for the market to function. We cannot answer critical questions about colleges, like how many part-time and low-income students graduate? Do students transfer? How do students fair in the workforce?

Students need these answers and so do policymakers, Federal and State, who are charged with enacting good policies and stewarding taxpayer dollars, and so do colleges which often cite data use as a driving factor in helping them better serve students, especially underrepresented students. But policy barriers prevent these stakeholders from accessing information even when the data already exists.

Our data infrastructure consists of several databases and multiple players. It is duplicative efficient and cumbersome, and many students remain missing or invisible. We can and should do better. In recent years, institutions and States have recognized the insufficiency of Federal data, and created voluntary initiatives to collect better information, documented in my written testimony.

These voluntary initiatives illuminate data gaps and prove it is possible to collect better data. But piecemeal voluntary reporting isn't enough. We need a more complete solution. And a better solution exists, a secure privacy-protected postsecondary student data system, like the one proposed in the Bipartisan College Transparency Act and Student Right to Know Before You Go Act, would integrate existing Federal, State, and institutional data sources into a more coherent, nimble, secure, and privacy-protected network. It would create better information that counts all students while reducing reporting burden on institutions.

More than 70 organizations representing students, institutions, veterans, college access providers, and employers have endorsed the College Transparency Act; recognizing that this system would create a more functional postsecondary marketplace. The Federal Government is uniquely positioned to compile better postsecondary information, even if non-Federal entities disseminate it.

For example, consider how valuable your weather app is. Privately developed weather apps are primarily made possible by data from the National Weather Service. Just as the Federal Government is uniquely positioned to compile weather data because it has access to things like satellites, it also is the best option for compiling data on education and the workforce given the information it already holds. It is the only entity with comprehensive information on employment outcomes. In fact, the Departments of Treasury and Education have already linked education and workforce data to answer questions about students who receive Federal financial aid. But those answers will remain incomplete without a system that includes nonaided students, too.

Student protection must be at the heart of any data system. It must protect their privacy, preserve their right to information, and secure their data. The data network should be limited to answer only questions of national interest, about college access, completion, cost, outcomes, and equity; and data should be secured using industry-leading protocols. Strong data governance should design the system to use data in compliance with the law, notify students, prohibit the sale of data or use of data for law enforcement, and issue penalties for misuse. We can protect student privacy while providing students with the information they deserve. It is not an either/or choice.

Members, as you steward over 160 billion in taxpayer dollars to help students access and succeed in college, please consider the questions you cannot answer. A more coherent student-level data system would address substantial shortcomings, and before students decide where to invest their resources they deserve answers to these same questions. Thank you.

[The statement of Ms. Voight follows:]

Empowering Students and Families to

Make Informed Decisions on Higher Education

Testimony Provided to the

Subcommittee on Higher Education and Workforce Training

Committee on Education and the Workforce

United States House of Representatives

Mamie Voight

Vice President of Policy Research

Institute for Higher Education Policy

Chairman Guthrie, Ranking Member Davis and Members for the Subcommittee, thank you for the opportunity to testify today.

My name is Mamie Voight and I am Vice President for Policy Research at the Institute for Higher Education Policy (IHEP), a nonprofit, nonpartisan research, policy, and advocacy organization working to promote college access, success, and affordability, particularly for students who have been underserved by our postsecondary system—including low-income students and students of color.

The research is abundantly clear: investing in a college education pays off.[1] But while college is often a worthwhile investment, students, policymakers, and institutions cannot answer crucial questions about which programs at which institutions provide an adequate return on this investment, and for which students.

At IHEP, we recognize that the use of high-quality data is necessary to drive improvements in student success and educational equity, which is why we lead the Postsecondary Data Collaborative (PostsecData). PostsecData brings together dozens of organizations committed to the use of high-quality data to improve student success and close equity gaps. Working with these partners, which represent students, institutions, and employers, we conduct research, identify potential policy solutions, and advocate for higher quality data, all in the interest of better serving students.

The Value of Information

Through our work with the PostsecData Collaborative we know this: our current postsecondary data infrastructure is a disjointed puzzle that needs to be improved. While our system is data rich, we are information poor. Institutions report data to multiple entities—states, accreditors, voluntary data initiatives, and various places within the federal government, including the Integrated Postsecondary Education Data System (IPEDS) and the National Student Loan Data System (NSLDS). In most cases, these various data systems do not talk with each other, and in some cases institutions are reporting very similar data to multiple places. In other instances, institutions must report data to the Department of Education that another federal agency already holds, such as data on the receipt of veteran's education benefits.

As a result, the current system falls short of answering critical questions about college enrollment, completion, costs, and outcomes, and many existing data collections fail to capture the diversity of students pursuing college today. Students and taxpayers have a right to know what they can expect in return for investing their time and resources. Policymakers and institutions also deserve better information to guide equitable decisions about higher education policy and practice.

To illustrate the lack of data available today, consider this:

Ava is a working mother of two and is considering enrolling at a local college part-time to learn a new skill. Her resources are limited, and based on her annual income, she will qualify for some federal aid. As Ava considers the postsecondary options in her community, she seeks answers to the following questions about each college:

- How many part-time and low-income students graduate from colleges near me?
- How long does it take students to complete their degrees or certificates?

- What about the students who do not complete? Do they transfer and complete their studies elsewhere?
- How do students fare in the workforce after leaving college?
- How much do students borrow, and can they successfully repay their loans?

Like all prospective students, Ava should be able to answer each before deciding where she will enroll. But existing policies prevent us from answering these basic questions about college access, progression, completion, cost, and outcomes. Members of this very committee recognize the need to strengthen our data infrastructure. Chairwoman Foxx and Representative Sablan introduced a bill in 2015 titled Strengthening Transparency in Higher Education, which calls for key data elements to be displayed in a College Dashboard,[2] signaling the importance of data in student decision-making.

Answers to these questions also would prove immensely valuable to policymakers and institutional leaders. Each year we invest billions of taxpayer dollars in our nation's postsecondary education system. And targeted student aid helps millions of hard-working students make the promise of a college education an attainable reality. Yet policymakers lack valuable information about which institutions provide an adequate return on investment for which students, making it difficult to enact policies to drive institutional improvement. That needs to change.

Additionally, our nation's college leaders seek to provide educational offerings that meet the needs of their students and position them for success. But many lack comprehensive information about how their students fare after leaving their institution—either for subsequent education or for employment. A strong postsecondary data infrastructure will help college leaders develop and implement targeted strategies aimed at supporting student success.

Indeed, college leaders often cite data-use as a driving factor in helping them better serve students, and federal policy should be responsive to these institutional needs.[3] But asking for additional metrics without evaluating the state of our current postsecondary data infrastructure would increase institutional burden associated with compliance reporting. A more efficient and streamlined reporting system will reduce the current data-reporting requirements as well as the financial and human resources necessary to complete current requirements. Alleviating this burden will allow institutions more time and resources to *use* the data to improve student outcomes.

The Problem: Our Current Postsecondary Data Infrastructure

The current puzzle that is our postsecondary data infrastructure is duplicative, inefficient, cumbersome, and worst of all—it does not allow key constituents to answer pressing questions about today's higher education system. Composed of the Integrated Postsecondary Education Data System (IPEDS), multiple data systems within the Office of Federal Student Aid, state longitudinal data systems, private data collections, workforce data held by multiple federal and state agencies, and more, the system is a maze of complexity, riddled with holes.

For instance, IPEDS serves as the primary public tool for collecting and reporting data on higher education. However, IPEDS is an aggregate data collection, meaning more than 7,000 institutions must use student-level data to calculate and report individual metrics. Making a change to IPEDS requires defining a new metric, providing detailed reporting instructions to institutions, and then each of those 7,000+ institutions

must calculate and report the new metric. As a result, changes are slow, and many students remain missing or invisible in IPEDS metrics. For example, the graduation rates in IPEDS only measure the percentage of first-time, full-time students who complete their degree or credential at their first institution within six years. It leaves out part-time students, transfer-in students, and does not count outward transfer as an outcome—a particular problem for community colleges. As a result, these graduation rates only reflect about half (47 percent) of today's entering students.[4]

Student-level data reporting is less burdensome and more adaptable to a changing higher education landscape. The Office of Federal Student Aid at the Department of Education (ED) collects student-level data on students who receive Title IV financial aid, and ED has used those data to answer questions about student debt, loan repayment, and earnings.[5] Because ED had student-level data, they were able to explore metric definitions and make informed decisions about data quality and appropriate specifications for public reporting. Also, those data were linked to earnings information held by the Department of Treasury (Treasury). This linkage is promising, yet incomplete because it leaves out non-aided students, an issue that is discussed in greater detail below.

The aggregate IPEDS reporting and the incomplete linkages between ED and Treasury offer just two examples of the cumbersome, inefficient, and incomplete data systems that compose our national postsecondary data infrastructure. So how can federal policymaking help fix these problems, answer key questions about higher education, and make the puzzle pieces fit? By identifying the data to collect and designing an infrastructure to collect them.

Metrics: What Data to Collect?

First, policymakers must determine what should be measured. Equitable access and success in higher education relies on information that reflects the higher education experience of all students at all institutions, yet many of today's students are missing or invisible in current data systems. For example, data on graduation rates are limited to first-time, full-time students, data on employment outcomes are limited either to federal aid recipients or students who do not cross state boundaries, and cost and financial aid metrics are not always disaggregated by race/ethnicity or socioeconomic status.

Without better information, progress toward equity and success for all students is quite simply stagnated—prospective students and policymakers will continue to be forced to make key decisions without sufficient information. To advance the goals of social mobility and equity, we need a key set of comprehensive and comparable metrics that answer these critical questions about who attends college, who succeeds in and after college, and how college is financed. Specifically, the answers must provide information on how underserved students fare. Improved data that target student success will enable policymakers and institutions to help students—especially students of color, low-income students, and first-generation students—overcome barriers to college success, as well as empower the students themselves.

Over the past decade institutions and states have recognized the need for better data. As a result, many created and joined voluntary data initiatives to collect better information to inform institutional improvement, consumer information, and policymaking efforts. At IHEP, we reviewed the details of these initiatives and found a great deal of agreement about what is important to measure. In *Toward Convergence: A Technical Guide for the Metrics Framework*, we categorize and define a set of about 30 metrics and 10 disaggregates that states and institutions find important in measuring college access, progression, completion, cost, and outcomes (see Table 1). These metrics measure performance, efficiency, and equity, and are designed to offer insights to institutions to help them improve. Some of

the metrics, such as enrollment or graduation rates, are collected already at the federal level in ways that fail to include all students. The proposed definitions underlying the Framework in Table 1 are intended to refine metrics to count all students, all institutions, and all outcomes. Given the field's convergence on these metrics, they should be incorporated into government data systems, filling information gaps and answering unanswered questions about student success and equity.

Table 1: A Field-Driven Metrics Framework

	ACCESS	PROGRESSION	COMPLETION	COST	POST-COLLEGE OUTCOMES
PERFORMANCE	Enrollment	Credit Accumulation Credit Completion Ratio Gateway Course Completion Program of Study Selection Retention Rate Persistence Rate	Transfer Rate Graduation Rate Success Rate Completers	Net Price Unmet Need Cumulative Debt	Employment Rate Median Earnings Loan Repayment and Default Rates Graduate Education Rate Learning Outcomes
EFFICIENCY	Expenditures per Student	Cost for Credits Not Completed Cost for Completing Gateway Courses Change in Revenue from Change in Retention	Time/Credits to Credential Cost of Excess Credits to Credential Completions per Student	Student Share of Cost Expenditures per Completion	Earnings Threshold
EQUITY	Enrollment by (at least) Preparation, Economic Status, Age, Race/Ethnicity	Progression Performance by (at least) Preparation, Economic Status, Age, Race/Ethnicity	Completion Performance by (at least) Preparation, Economic Status, Age, Race/Ethnicity	Net Price and Unmet Need by (at least) Economic Status, Preparation, Age, Race/Ethnicity Debt by (at least) Economic Status, Age, Race/Ethnicity, Completion Status	Outcomes Performance and Efficiency by (at least) Preparation, Economic Status, Age, Race/Ethnicity, Completion Status

Key Student Characteristics

Enrollment Status	Economic Status
Attendance Intensity	Race/Ethnicity
Credential-Seeking Status	Age
Program of Study	Gender
Academic Preparation	First-Generation Status

Key Institutional Characteristics

Sector	Selectivity
Level	Diversity
Credential/Program Mix	Minority-serving Institution (MSI) Status
Size	Post-traditional Populations
Resources	Modality

A Solution: Fixing Our Postsecondary Data Infrastructure

These voluntary initiatives have illuminated data gaps and proven that it is possible to collect better data. However, they do not serve as a replacement for data collection at the federal and state levels. By their nature, these initiatives are voluntary, so they do not include information on all institutions. When faced with life-altering, expensive college decisions, students should not have to rely upon voluntary reporting or explore more than a dozen initiatives to find the information they need. Furthermore, it is burdensome for institutions to participate in multiple voluntary initiatives. We must learn from these initiatives and use their experiences to implement a more permanent and effective policy solution.

As evidenced by the voluntary initiatives, the inability to answer critical questions and collect the metrics outlined above comes not from a lack of data, but rather from policy barriers that prevent existing postsecondary data systems from being linked. Integrating existing federal, state, and institutional data sources into a more coherent, nimble, secure, and privacy-protected network would create more usable information that could help students navigate the complex higher education marketplace. This type of network also is crucial to produce the information necessary to evaluate and meet workforce demands, to identify and close equity gaps in our postsecondary system, and to inform policy design.

Agreement has been growing around the best way to modernize our nation's postsecondary data infrastructure. Through PostsecData, IHEP has engaged with organizations representing institutions,

states, students, and employers to explore options for improving our nation's postsecondary data infrastructure.[6] This research has found that the best approach to producing the information necessary to answer students' questions is to develop a secure, privacy-protected postsecondary student data system.[7] In fact, members of both the House and the Senate have introduced two bipartisan bills, the College Transparency Act and the Student Right to Know Before You Go Act, to create such a system.[8] More than 70 organizations, representing students, institutions, veterans, college access providers, and employers, have publicly endorsed the College Transparency Act out of a recognition that this system would create a more functional postsecondary marketplace that serves all students. This type of system would:

- Empower all students to make more informed choices about where to spend their precious time and money,
- Only be used to help students,
- Protect student privacy and adhere to best practices in data security,
- Reduce reporting burden for colleges and universities by replacing the student components of the IPEDS,
- Better steward taxpayer dollars,
- Uncover equity gaps so colleges and universities can change policies and practices to better serve underrepresented students, and
- Align education with labor market demand and help employers identify programs that are effectively preparing students for the workforce.

Such a network would be limited in scope to answer only questions of national interest about college access, progression, completion, cost, and outcomes. Other systems, such as institutional data systems and state longitudinal data systems would still be necessary to answer more detailed questions.

Student protection must be at the heart of any data system. It must protect their privacy alongside their right to information, while securing their data using industry leading protocols, such as those developed by the National Institute for Standards and Technology (NIST) and by the International Organization for Standardization (IOS) and the International Electrotechnical Commission (IEC).[9] Strong data governance structures should minimize the data collected, ensure all data are used in compliance with the law, provide notice to students of the collection, prohibit the sale of data or use of the system for law enforcement, issue penalties for misuse, conduct periodic audits, limit disclosures, especially of personally identifiable information, and craft provisions to handle a breach. Data should be used only to help, and never to harm students or limit opportunity, and this principle should serve as the foundation of all governance policy.

Why Should the Federal Government Act Now?

In 2014–15, the federal government disbursed more than $162 billion in federal student aid,[10] and needs better information to steward that taxpayer investment. Furthermore, at kitchen tables around the country, students like Ava are wrestling with life-changing postsecondary decisions, making choices with their families about where to go to college, what to study, and how to pay for it. Today they make those decisions in an unbalanced marketplace with limited access to information. For the marketplace to function effectively, all students need access to high-quality information to help them make

postsecondary decisions. The same information is needed to help state and federal policymakers and college and university educators implement policies and practices to help more students succeed, especially low-income students and students of color.

Federal Government's Unique Position

The federal government is uniquely positioned to compile that information—even if non-federal entities disseminate it. For example, consider how valuable the weather app on your phone is. I know I use mine daily to make decisions, such as what to wear and whether to walk to work or take the bus. These are much lower stakes decisions than where to go to college or what to study. Even privately developed weather apps are primarily made possible by data from the National Oceanic and Atmospheric Association's National Weather Service, housed at the U.S. Department of Commerce. The data are made available to non-governmental experts to translate into information for public use. Just as the federal government is uniquely positioned to compile weather data because it has access to satellites, for example, it also is the best option for compiling data on education and the workforce—given the information it already holds.

Federal Data on Workforce Outcomes

The Social Security Administration (SSA) and Internal Revenue Service (IRS) hold administrative data on employment outcomes for essentially all workers.[11] In fact, the federal government is the only entity with such comprehensive wage record data, making it the best source of workforce outcome information for colleges and universities.

Many states currently report workforce outcome data by linking education data to unemployment insurance (UI) records. However, these UI records—and the metrics they generate—are limited because they omit federal employees, military employees, the self-employed, and people who move across state lines.[12] Consider a state like Virginia, for example, where many residents work just across the state border in Maryland or Washington, D.C., and many residents work for the federal government. Federal sources fill these gaps by relying on tax records for people nationwide, regardless of where they study, live, or work.

To be sure, these workforce data are highly sensitive and must be closely secured. To provide the aggregate institution and program-level information that students, policymakers, and institutions need, the personally identifiable information (PII) on earnings should never be shared externally and never even needs to be shared with ED. ED would send student-level data organized in program and institution-level cohorts to the Department of Treasury to link with individual-level data on wages. Treasury would calculate the results for specific programs and institutions and share the *aggregate* information back with ED. The College Scorecard uses this information-exchange process to calculate employment outcomes for students who receive federal financial aid.

These data are illustrative of the value such information can provide, but the Scorecard's employment metrics should be improved in two ways. First, future efforts should report employment data at the program level, rather than only the institution level because employment outcomes vary by program even within institutions.[13] Second, improved data metrics and data systems should include students who do not receive federal aid, as discussed below.

Counting All Students

Existing employment metrics only include students who received federal Title IV financial aid because ED only has data on these students in the National Student Loan Data System (NSLDS), and statutory barriers

prevent ED from collecting student-level data on non-Title IV students. However, data on aided and non-aided students are essential to answer critical questions about our higher education system for several reasons:

1. All students—regardless of whether they receive federal aid—deserve quality information on education and employment outcomes to help them make informed decisions. Only the federal government has access to complete earnings information, so institutions and states cannot answer questions about workforce outcomes as accurately as the federal government.

2. About 30 percent of students do not receive federal financial aid,[14] and in some institutions and systems, even greater proportions of students do not receive federal aid. Consider the California Community College System, where only 22 percent of beginning students received Pell Grants and 3 percent received Stafford loans in 2013. Omitting non-federally-aided students leaves out at least three-quarters of students in this large system.[15] If metrics are calculated on only a subset of students—those receiving Title IV aid—then the results will be skewed. Just as first-time, full-time graduation rates do not paint a complete picture of completion, neither do metrics limited to Title IV recipients. Both students and institutions deserve information that reflects the full student body.

3. Institutions as a whole, and all of their students, benefit from taxpayer investment through Title IV aid and federal higher education subsidies. As such, outcomes data should reflect the entire institution, not simply a fraction of its students.

4. Non-Title IV recipients also reap the benefits of federal investment in higher education. All tuition-paying students can claim education tax benefits, and in fact, the IRS already holds some data on essentially all students based on the 1098-T form,[16] which is used to process education tax credits and deductions.[17]

5. Non-Title IV students must be included in a student-level data collection if it is to replace the student components of IPEDS and reduce burden on institutions. Many metrics in IPEDS, such as graduation rates and enrollment figures, include aided and non-aided students.

6. To promote equity and champion civil rights, data must allow policymakers and institutions to identify and close socioeconomic gaps in college access, success, and outcomes. To accomplish this, we need quality information on low-income students (i.e. Pell Grant recipients) and non-low-income students (i.e. students who do not receive federal aid), just as the Every Student Succeeds Act requires disaggregated data to be reported on the performance of economically disadvantaged students as compared to students who are not economically disadvantaged.[18]

Conclusion

Our country was built in part on the idea that, with hard work and a good education, any American can climb the ladder of social and economic mobility. And by 2020, there will be 55 million new job openings,[19] providing the very economic opportunity that can help our cities and communities thrive. Nearly two-thirds of all jobs will require some postsecondary education and training.[20]

Each day, millions of Americans are wisely investing in their futures by acquiring new knowledge and skills in college classrooms and are working hard to climb that ladder.

Members, you are entrusted to responsibly steward taxpayer dollars and make sound investments to help students access and succeed in our higher education system. As you undertake this responsibility, I ask you to consider the key questions you cannot currently answer.

A centralized data system would address the shortcomings of our current system by producing the information necessary to inform policy design.

And before Ava decides exactly where to invest her time and resources, she and millions of others just like her deserve answers to these same questions.

Thank you.

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Chairman GUTHRIE. Thank you for your testimony. And I will now recognize Mr. Benton for 5 minutes for testimony.

TESTIMONY OF ANDREW K. BENTON, PRESIDENT AND CHIEF EXECUTIVE OFFICER, PEPPERDINE UNIVERSITY

Mr. BENTON. Good morning, Chairman Guthrie, Ranking Member Davis, members of the committee. I am privileged to serve on this panel.

I am Andrew Benton, and I have the privilege of serving as the president of Pepperdine University located in Malibu, California.

Succinctly stated, data analysis is important both in informing consumer decisions and in ensuring institutional accountability. The questions then become what information is to be collected? How much is to be collected? And for whom and for what purpose is it being collected? In this age of college pricing concerns, I must also express concerns about the cost burden of data collection.

I want to use my time well, so I offer these limited points for your consideration. First, we live in a data-rich era, and calls for higher education data come from all quarters, especially from government. However, this data should be maintained, first and foremost, at the institutional level if our response to these requests is to be effective and respectful of student privacy.

Second, we strongly value and support tools including data that prospective students and their families can use to find a right-fit institution which will enable and encourage their success. In fact, Pepperdine, along with 600 other colleges and universities, participates in the University and College Accountability Network, UCAN, which includes over 50 data elements that we believe are important to student success. It is not required of us; we do this because we care about our students. And by the way, this costs the Federal Government nothing.

Third, universities like Pepperdine are accountable to regional and national accrediting agencies, to their home State, in our case California, and to the Federal Government. We take our responsibility to demonstrate transparently the quality of our educational programs and, importantly, our responsible stewardship of Federal funds. We provide all the data necessary to meet our responsibilities, and we do so in great detail.

Fourth, in these various efforts it is important to remember that students are more than data points, and they come to our institutions with expectations of privacy, and we need to honor that. It is, in effect, a promise that we have made to them.

It is for this reason that I specifically commend, and gratefully, Chairwoman Foxx for her work to protect student privacy by authoring language in the Higher Education Act that prohibits the establishment of a Federal student unit record data system.

For over 40 years the Federal privacy laws have allowed schools to release student-specific confidential data only with the written approval of the student. The ban on the establishment of a Federal student unit record data system maintains these important protections. This ban is particularly important for students who do not receive any Federal aid, but would be included in the new comprehensive data system nevertheless.

I want to say just a word, as I head toward my close, about privacy. The notions of privacy and security are often conflated. Certainly, they are related, but they are not the same things. In short, the privacy issue associated with the student unit record data system is that personal information about a student would be entered in a database without the student's expressed consent. Standing alone, that is a violation of privacy.

A security issue with such a system would include the unauthorized access to or use of the personal information, whether or not an individual had consented to having his or her information added to the system in the first place.

Finally, the potential existence of a massive Federal registry, including presently about 20 million students, increasing by 3 million each year, will be very tempting for other governmental agencies and the private sector to mine, to the potential detriment of our students and alumni.

For these reasons the focus needs to be at the individual institutional level, supporting the institution's fiduciary sense of responsibility for seeing that students acquire the knowledge and skills necessary to enjoy a rich, intellectual life, also enabling them to provide for themselves and for their families. It is the responsibility that we take very seriously at Pepperdine University, and our commitment is shared by many.

I thank you for your time to explore these important issues and for giving me the opportunity to appear before you.

[The statement of Mr. Benton follows:]

"Empowering Students and Families to Make Informed Decisions on Higher Education"

Testimony of Andrew K. Benton
President, Pepperdine University
Malibu, California
Before the
Subcommittee on Higher Education and Workforce Development
Committee on Education and the Workforce
U.S. House of Representatives

May 24, 2017

I appreciate having the opportunity to appear today to discuss higher education data and accountability. I am Andrew Benton, and I am president of Pepperdine University, located in Malibu, California.

In terms of the questions raised by today's hearing, I recognize the importance of data both in informing consumer decisions and in ensuring institutional accountability. The questions then become: *What* information is to be collected? *How much* is being collected? And, *for whom* and *for what purposes* is it being collected? In this age of attention to college pricing, I must also express concern about the cost burden of data collection.

Institutions of higher education have the responsibility to identify their missions and the means for assessing their progress towards their goals. They then have the responsibility to convey relevant information pertaining to those goals to the audiences who can put it to use on behalf of students.

Pepperdine is committed to serving the needs of each and every one of our students and our alumni. Providing the information and resources students need to benefit fully from their college experience is one important way we honor that commitment. We live in a "data-rich" era, and calls for higher education data come from all quarters, especially from government. However, if we are going to put data to work for students, it should be maintained first and foremost at the institutional level if our response to these requests is to be effective and respectful of privacy.

Second, we strongly value tools—including federal resources such as College Navigator--that prospective students and their families can use to find a right-fit institution. Individuals should have access to accurate and reliable information to choose a college that meets their needs and aspirations. Pepperdine, along with over 600 other colleges and universities, also participates in the University and College Accountability Network (UCAN) developed by the National Association of Independent Colleges and Universities (NAICU), which includes over 50 data elements that member institutions volunteer to provide to help students and families choose a best-fit institution.

You might be interested to know that UCAN was developed in direct response to congressional interest in improved consumer information during the last reauthorization of the Higher Education Act. Recognizing that prospective students and their families might find the data-intense College Navigator to be daunting, independent colleges sought to develop an instrument that would be neither too long nor too short, hopefully just right. The information selected for inclusion on UCAN is based on feedback from parents and students regarding what they needed to know in order to make more informed college choices, and it includes quantitative data such as:

- Cost of attendance;
- Tuition and fees history;
- Percentage of freshmen receiving financial aid;
- Average amount of undergraduate loans owed at graduation;
- Admissions data, including number of transfer students;
- Percentage of students who graduate; and
- Number of degrees awarded.

I believe this resource serves as a model of how the federal government could make college search tools more user-friendly for students and families. A copy of Pepperdine's UCAN profile is appended to my testimony.

In addition to students and families, Pepperdine is accountable to regional and national accrediting agencies—providing them with the data they need to assess the quality of our offerings. We are also accountable to the government. For example, we comply with the reporting requirements of the state of California, and we provide the data required by the Department of Education related to our federal student aid recipients. We also provide aggregate information about our students and programs to the Integrated Postsecondary Education Data System (IPEDS) and provide the campus safety and other consumer information reports required under the Higher Education Act. We take seriously our responsibility to demonstrate the quality of our educational programs and our responsible stewardship of federal funds.

We believe that our use of data appropriately addresses the needs of our various stakeholders. Students and their families are provided the information they need to make an informed choice about attending our institution. Accreditors receive the information they need to evaluate academic quality. Federal and state authorities receive the data necessary to assure compliance with regulatory requirements and the sound handling of federal financial assistance. We believe in accountability.

In these various efforts, the objective is not to collect whatever data exists about an individual student and then decide what to do with it. We believe our approach provides both quantitative and qualitative data and information, which allows students and families to gain a more in-depth understanding of and familiarity with an institution like ours, without being overwhelming or betraying the privacy of current or former students. Students come to our institution with expectations of privacy, and we need to honor that; it is, in effect, a promise we make to them.

It is for this reason that I commend Chairwoman Foxx for her work to protect student privacy by authoring language in the Higher Education Act that prohibits the establishment of a federal student unit record data system. For over 40 years, federal privacy laws have allowed schools to release student-specific confidential data **only** with the written approval of the student. The ban on the establishment of a federal student unit record system maintains these important protections.
This ban is particularly important for students who do not receive any federal financial aid, but would be included in the new comprehensive data system. It is difficult to understand what federal interest would outweigh the privacy interest of **un**aided students.

I want to take a moment here to speak a little bit about privacy. First of all, the notions of privacy and security are often conflated. Certainly, they are related—but they are not the same things. Data security refers to protecting against the unauthorized release of personal information such as a Social

Security number. Data breaches are breaches of security. There is simply no credible assurance that data security cannot and will not be breached.

Data privacy, on the other hand, refers to personal information about an individual--the use of which is controlled by that individual.

In short, the privacy issue associated with a student unit record data system is the fact that personal information about a student would be entered in a database without that student's express consent. Standing alone, that is a violation of privacy. A security issue with such a data system would be unauthorized access to or use of the personal information included in the system—whether or not an individual had consented to having his or her information added to the system in the first place.

Any conversation regarding the extent to which privacy would be protected in a unit record system would need to address six fundamental questions:

1. What is the public policy question that needs to be answered?
2. How do you inform the student or seek permission from the student for this information?
3. How will you collect the data?
4. What data is going to be collected and how will it be used—today and tomorrow?
5. Who will have access to the data?
6. How long will the data be accessible?

In addition, the potential existence of a massive federal registry will be very tempting for other government agencies and the private sector to mine to the potential detriment of our students and alumni. Inevitably, there will be pressure to share the information for other uses and/or to continue to pile on any other information that people might like to have. These efforts are, in fact, already underway. The proposed data system that prompted the congressional ban dealt only with college students. Today, the discussion has grown to incorporate pre-K, elementary and secondary education, postsecondary education, and workforce participation and earnings, and includes your children and grandchildren, as well as mine.

The focus really needs to be at the individual institutional level supporting the institution's sense of responsibility for seeing that a student acquires the knowledge and skills necessary to enjoy a rich intellectual life and enabling them to provide for themselves and their families. It is a responsibility we take very seriously at Pepperdine and our commitment is shared by many.

Thank you for taking the time to explore these important issues and for giving me the opportunity to appear before you.

Attachment

A hard copy of the Pepperdine UCAN profile is attached. The on-line version, which has interactive features, may be accessed at: http://members.ucan-network.org/pepperdine.

Chairman GUTHRIE. Thank you for your testimony. Ms. Voight had a very proper analogy using the weather, and then we go to someone from Malibu next; it kind of works there.

I would like to recognize the chairwoman for the full committee, Ms. Foxx, 5 minutes for questions. Dr. Foxx, I apologize.

Mrs. FOXX. That is okay. Thank you very much, Chairman Guthrie. This has been a very enlightening set of presentations and I want to thank the panel members very much for being here. This is an important issue. Getting information to make good decisions at the policy level is critical to us, and I have always believed that.

I noticed that, again, most of you used the term "data." We had a hearing here a couple of years ago where we had stacks of reports and one person on the panel said, do you know what, we are drowning in data and we don't have much information.

And I think that is probably true based on what most of you have said today, is that we have a lot of data, but that data is not informing us well to make decisions.

And I appreciated very much Dr. Schneider mentioning this Commission on Evidenced-Based Policymaking, which is going to bring forth its report later this year, and I am certainly looking forward to that.

Unfortunately, the Federal Government has a pretty lousy record of keeping information private, and we had a hearing in the OGR Committee a couple of weeks ago, with IRS representatives and the Federal Student Aid Office, indicating what a lousy job the Federal Government does of keeping information private.

Dr. Schneider, do you have another comment you could make on how we can protect actual privacy, not relying on the security mechanisms that we currently have? Do you have an expanded point you would like to make on that?

Mr. SCHNEIDER. So, I actually think that the issue is more complicated than just the protection of the data because clearly any large data system is going to be subject to risk, right. And we should, in fact, do everything we can to protect those data. And Senator Wyden has just proposed a new bill for protecting privacy using, you know, heavy encryption. The real question, and the one, again, that I believe Congress has to weigh in on, is what is the balance between the risk of that data system and the rewards and the benefits of it?

And that, to me, is again a fundamental issue for the Congress to decide about where we come down in the risk-reward ratio, because clearly there are risks to assembling these data, there are also benefits to having these data, we have heard some of them, and it is only Congress that has to decide where the inflexion point is with the risk and benefits of having those data.

Mrs. FOXX. And I want to thank you very much for pointing out how we have gotten to the place that we have gotten, where I think we have a lot of wanted data without necessarily the needed data.

Mr. Benton, thank you for your comments about the student unit record ban. I do feel very keenly about keeping privacy. Would you like to talk a little bit more about why you believe this is important to your students, and perhaps a little bit more about what you are doing with UCAN at Pepperdine and the other institutions that are a part of that effort?

Mr. BENTON. Thank you. First, a word about UCAN, formed about a decade ago by the National Association of Independent Colleges and Universities. It was in direct response to congressional concerns about getting the right level of information to students. And so UCAN, with its 50 different points of information, was created and about 600 of us have loaded it onto our websites.

So if you want to look up Pepperdine some time, just Pepperdine-U–C-A–N, Pepperdine UCAN, and you can see about the graduation rates and indebtedness upon graduation, the majors that we offer, and the various programs that are ours. We think of it as being just right.

I think there are some scorecards, maybe they are a little bit short on information, but then we think this one provides 50 points of information for parents and students. And today I think students and their parents are pretty deep into the research as to which college or university should be theirs maybe as early as the summer before their senior year, because they are going to be applying by November. It is very important they have good and accurate information.

On my concern about privacy, just I will say this. It is a promise that we have made to our students. It is a promise that we have made to them in 1974, and it provides a candid relationship between the students and their alma mater. And for me, it is actually an ethical, even moral issue that the information they give to us is left in their academic files, and we are happy to share it in an aggregated basis, but to be asked to turn that over to the Federal Government causes me great concern.

Mrs. FOXX. Thank you very much. Thank you, Mr. Chairman. I yield back.

Chairman GUTHRIE. The chairwoman yields back. The ranking member of the full committee, Mr. Scott, is recognized for 5 minutes for questions.

Mr. SCOTT. Thank you, Mr. Chairman. The challenge, of course, is to get as much information and still maintain the privacy. And let me ask Ms. Voight a question. How many different programs are we talking about and are they compatible? And what does the pending legislation do in terms of getting one set of data that people can use and rely on?

Ms. VOIGHT. Right now our existing data infrastructure is incredibly complicated. It is duplicative; institutions have to report information to multiple different entities, to States, to regional initiatives, in some cases to voluntary initiatives like UCAN, to the Federal Government, and to multiple places within the Federal Government. They have to report data to IPEDS and NCES. They have to report data to FSA and to the data systems that Jason was talking about.

So, institutions are reporting data to many different places, and that is highly burdensome on them. An improved system that would streamline that collection would help to alleviate the burden on those institutions, so that instead of focusing those efforts on reporting data for compliance purposes, they could, instead, use that data and focus their energies on educating students and using the information to help students succeed, and to help close equity gaps. And so a streamlined system would help us to get there.

Mr. SCOTT. What does the bill do?

Ms. VOIGHT. The bill creates that type of system, so it would overturn the ban on a student unit record system and create a student-level collection.

Mr. SCOTT. We had a comment that nobody periodically reviews the questions. Would somebody review the questions and the data that would have to be collected?

Ms. VOIGHT. That would be an important part of the governance policy, yes, to make sure that there were regular reviews of the data that were collected to make sure that data are minimized. That is a key principle of data privacy, to minimize the data that are collected, to only collect the information that is absolutely necessary to answer questions of national importance. So that would need to be reviewed regularly.

Mr. SCOTT. Is data collected after college, and how would that be collected?

Ms. VOIGHT. So, the way that would work in the bill is that the education data that institutions would report would be linked to existing data that the Federal Government already holds. The Department of Treasury has information on wages and earnings through IRS records, and those could be linked to education records through this bill.

Mr. SCOTT. Obviously that suggests some privacy concerns if you are connecting all that data. What does the bill do to guarantee privacy of that information?

Ms. VOIGHT. The bill has a number of privacy provisions in it. For one, data are prohibited from being sold, ever. They cannot be sold. They cannot be used for law enforcement purposes. There are strict penalties for misuse of the data, and those should remain in place. There are disclosure limitations, so the data that we are talking about now at the student level would never be disclosed to the public. Aggregate data would be.

So, in fact, the earnings information would be kept so privately that it would never even go back to the Department of Education; it would never go back to NCES. The Department of Education would send student records to Treasury, which would then aggregate results and send those aggregated results back to the Department of Education. So it really does take privacy and security very seriously.

Mr. SCOTT. Who could get the data?

Ms. VOIGHT. The aggregate results would be intended to be available to the public, to inform students and families, policymakers and institutions, but student-level data would be highly restricted and only the people who absolutely would need access to it to do those matches and run those calculations would have access.

Mr. SCOTT. Would you be able to get to the—I mean, you are talking about reports, then how would the information be published?

Ms. VOIGHT. It could be published in a number of different ways. And I think that one thing that's important is that the data be made available in ways that private industry can use the aggregate results, not the student-level data, but the aggregate results. Just like in the weather app example, we can have private industry pull in the aggregate institution-level or program-level data, and find

ways to make it most appealing and usable to consumers, to students, and families. So that would be incredibly important.

You could also think about the types of things that this body has proposed around the college dashboard, and presenting some of the most important information to consumers in that type of dashboard format.

Mr. SCOTT. Would this information be available on a college-level basis, so that you would be able to look at a particular college to determine how the Pell-eligible students are doing, and how certain minority groups and how everybody else is fairing?

Ms. VOIGHT. Exactly. We would have institution-level data and program-level data in some cases. We know that is incredibly important for workforce outcomes, because student earnings depend not just on which institution they go to, but very much what they study, what they major in, so that program-level data would be very important as well.

Chairman GUTHRIE. Thank you. The gentleman yields back. And I recognize myself, 5 minutes for questions.

First, President Benton, in your testimony you outlined a balancing act between data transparency and privacy. Dr. Schneider has testified about the need to access more data to better understand the taxpayers' return on investment, and I know you have talked about it in your testimony.

But, again, what are your thoughts on availability of data in your opinion? Who should lead the research that demonstrates success? Is that government, States, or institutions?

Mr. BENTON. I know that at our university we have a very robust Office of Institutional Effectiveness, and we yield this information on a regular basis, so that we can make parents knowledgeable about the considerable investment they are about to make and so that students can think about the benefits of being a business major or comparative literature major, just two examples.

And we are happy to share that, but we share it on an aggregate basis to respect privacy. We share that with the State, and, if asked, we share that with the Federal Government. And so we have no objection to that and we think that is a part of this age of consumers in which we need to provide information like that.

Chairman GUTHRIE. Thank you. Dr. Schneider, you mentioned in your testimony that one of the reasons the earnings information available for the college scoreboard does not adequately measure variation in earnings outcomes is because it is aggregated at the institution level rather than the program level. Why do you believe it is so important to provide this information on a programmatic level? And is it possible to report this information for federally aided students without creating a new Federal Unit Record System?

Mr. SCHNEIDER. So, first of all, the variation in student wages varies much more by what someone studies and where they study it. So, there are a handful of institutions, most of them private, that are, you know, you go there and it doesn't matter what you major in. You have the secret handshake, you know, the ring, and the social capital and the networks, and you do fine.

But if you are attending a regional campus where most students go, if you major in many areas, you are going to be at the bottom

of the income distribution, and 10 years later you are still going to be at the bottom of the income distribution. We need to understand the outcomes at the program level, because that is what is driving so much of the wage outcomes that students will likely experience. So at that level it is fundamentally important.

The question then becomes, and I think, again, this is an issue for the Congress to decide, what is the responsibility of States, for example, versus the Federal Government? So, I work with many States. They have information on all the students mostly in public institutions, but the State of Minnesota, Virginia, have data not-for-profit, some even have data for-profits on the outcomes of those data.

So, right now, States like Texas report incredibly detailed information about the wage outcomes of all the public students attending public institutions, graduating from public institutions, and that is the State doing that. So, there is incredibly valuable information. I have worked with seven States liberating this information about outcomes at the program level.

So we have proven without doubt that the program-level information is fundamentally important. The question, again as I posed earlier, was whether or not the Federal Government has a sufficiently compelling interest in the remaining one-third of the students to create a database that encompasses them as compared to FSA students.

Chairman GUTHRIE. Okay. Thank you. And Mr. Delisle, I am very concerned to hear from your testimony that nearly one in four Federal student loans issued to undergraduates this year is eventually expected to default. Do we have any sense from the currently available information about the most likely indicators of default or that could help us craft policies to guard against defaults? And what additional information would be most useful to have on defaulters?

Mr. DELISLE. Yes. We have in some information that the agencies, the Department of Education decides to put out that we can use to look at predictors of default, they are just sort of not necessarily predictors, it is just sort of big, categorical averages. So we know lifetime expected default rate for students by type of institution, but, again, it is not information that is updated very regularly.

So, really the issue is that the types of data and the statistics that the agencies are using to develop those kinds of reports, or summary statistics, I think should be made available so that researchers are able to update them and scrutinize them on a more regular basis.

Chairman GUTHRIE. Thank you. That concludes my questions. And I will recognize the ranking member of the subcommittee, Ms. Davis, 5 minutes for questions.

Ms. DAVIS. Thank you very much, Mr. Chairman. I wanted to turn to Ms. Voight. And I know that there are concerns about the student unit record data system, and I wonder if you could address the question of whether or not the Federal Government should have an interest in collecting data on students beyond those who receive Federal financial aid.

Ms. VOIGHT. Yes. The Federal Government has a clear role to play here. The Federal Government is a huge investor in our higher education system investing over $160 billion in the system. And we need that information not only on aided students, but also on nonaided students for a number of reasons.

For one, the data that will be made available to the public will be institution-level data or program-level data, like we have discussed. In order to have those data accurately reflect institutions, they need to include all students at the institution. About 30 percent of students don't receive Title IV financial aid, and so if they are omitted from the aggregate calculations, then the institution-level data that will be out there will be misrepresenting the actual outcomes at the institution.

We also really need information on Title IV and non-Title IV students if we are to address equity concerns and use these data to really address the equity imperative. Just like under ESSA we need information on economically disadvantaged and noneconomically disadvantaged students. We also need information in higher ed on aided students and nonaided students so that we can address equity concerns. And really, fundamentally underlying all of this is that all students deserve access to good information to inform their choices, regardless of whether they get aid or they don't.

Ms. DAVIS. Thank you. I know we are familiar with this aggregating data, and that certainly was an important move a number of years ago, and still in ESSA, but at the higher education level there is a focus on reporting graduation rates, but we don't disaggregate that data in terms of part-time, full-time, disadvantaged students from different geographic areas, et cetera.

Why don't we do that? I mean, you had mentioned that we really don't get enough information out of the system as it exists today. So how important really is that?

Ms. VOIGHT. It is very important. Right now our IPEDS graduation rates only reflect first-time and full-time students. That is less than half of students attending college today. In order to answer questions about who is graduating and give accurate information to students, we need better information on part-time students, on transfer students, and we need to disaggregate by income status, like you mentioned. So, using Pell, often is used as adisaggregate to understand those equity implications.

So, we very much need that information.

The reason that it is hard to get through our current infrastructure comes back to that burden question about institutions. Every institution has to write code on their individual campus and calculate all of the different metrics that are requested in IPEDS. In a simplified system, a student-level system, the institutions, instead, would report that student-level data and the NCES could run those calculations.

Write one code across all institutions, it would build some efficiencies into the system. So that is a key benefit of creating this type of system. And the other thing to keep in mind when thinking about the first-time, full-time graduation rates, which we often complain about and hear complaints about because they are not representative of students, to get back to your earlier question

about why we need data on Title IV and non-Title IV students, is the exact analogy there.

Several years from now we will be complaining that our earnings outcomes are only reflective of a portion of our student body, just like now we complain that our graduation rates are only representative of a portion of our student body. In order to provide accurate information we need to count all students and all outcomes.

Ms. DAVIS. Yes. And part of it gets back to that whole issue of, you know, we have tons of data and not enough information. But thinking about our families, really, that are asking questions about what is best for their son or daughter, how does that make a difference?

I think that, you know, you are talking about some of the benefits of doing that largely to an institution as well as to individuals. But I am just thinking how we communicate that better in a way that is, you know, easily digested, actually. Whether it is online, wherever that is.

Ms. VOIGHT. Absolutely. Students care about outcomes. The vast majority of students, over 80 percent, say that they want to go to college to get a better job and to set themselves up for success after college. So they want that information about how college is going to help them achieve their life goals.

So the information needs to be provided in digestible formats, in dashboard-type tools to help communicate it to students in usable ways. And it also can be made available to a variety of different stakeholders to use it to help communicate to college access providers, to counselors and to teachers, and families to help do that communication with students.

Ms. DAVIS. Thank you.

Chairman GUTHRIE. Thank you. The ranking member yields back. And I recognize Mr. Thompson for 5 minutes for questions.

Mr. THOMPSON. Thank you, Chairman. Thank you for this important hearing, and thanks to the panel for being here.

Chairman, I want to take a personal privilege, I am joined in the audience by Brittany Burlingham, a constituent from Union City, Erie County; an outstanding young woman who is a social worker major at the Edinburgh University, and a case aide for the Bair Foundation; and she is here with the Congressional Foster Youth Shadow Program today. So, I really appreciate you, Brittany, joining me here.

Mr. SCOTT. Will the gentleman yield?

Mr. THOMPSON. Absolutely.

Mr. SCOTT. Since you introduced your foster care, I would like to introduce mine. Christopher Mundy from Los Angeles is with us today. I appreciate it.

Mr. THOMPSON. Excellent, excellent. Well, I know, with the ranking member, we are just real proud to be participating in that program today with these outstanding individuals. You know, my background was health care and when I worked health care, you know, we had to provide informed consent when people would come to us. And believe it or not, part of that is by law we are supposed to reveal what procedures cost. People are shocked to hear that actually is the law today.

And so my question, and I do appreciate this hearing, I think good transparent data helps point prospective students to preferred institutions according to their needs and whether it is the knowledge they are looking for, the eventual—hopefully, the outcome of a great career, certainly at an affordable rate that works for them. And our efforts at getting this data right will help those who choose to use it.

I want to kind of separate away from the data just with my first question. You know, two of the most important relationships is this interaction between the prospective student and the institution of higher education, of learning.

And so my question is, what do we require, or should we require, institutions of higher education to disclose regarding their performance?

You put things like direct and indirect cost, graduate rate, average income earnings of graduates to prospective students, when they interact with those prospective students, whether it is a visit, whether it is a phone call, whatever contact. Do we require or should we require institutions to provide disclosure in those most important interactions? Dr. Schneider?

Mr. SCHNEIDER. So we know that there are at least 40 disclosures that are required of schools at the current time. We also know that schools are very spotty on the extent to which they comply with those disclosure requirements. So, for example, Pell graduation rates have been a disclosure, not a reporting, but a disclosure requirement for a long time, and only about a third or a quarter of the schools have actually disclosed that required information.

So, in my written testimony I talk about, you know, trying to straighten out the disclosure requirements, and try to figure out which ones are really required—I am sorry, which ones the Congress wants to be disclosed and how better to do that.

I remember taking my daughters to visit colleges. It was always about, like, great food clubs and swimming pools and lazy rivers, and it was never about anything about the cost or the likely outcomes.

I think part of what we are talking about is the distribution of responsibility to get that kind of information into the hands of consumers. Right? So, I work with Money magazine, which has a very well-regarded college ranking system, and when they asked me, well, should we weight cost versus this, versus this, versus this more heavily? I said, that is an editorial decision, not my decision. That is for the editors to decide. And you brand it as a Money magazine ranking system, not as a Federal ranking system, not as any other kind of official ranking system.

If a consumer wants to buy your ranking system, buy your magazine, fine. And that is driven by editorial decisions. So, I think one of the—and Mamie was making this point earlier, one of the things that we need to keep in mind, is the Federal Government collecting data, and again there are many decisions about the data, and then the dissemination of the data.

So, I believe that having good data and then having many people access that data, all privacy protected, all aggregated, and then developing different ways of accessing that data and communicating it to students is fundamental, but for the Federal Government to

collect data, I mean, we work for years on the College Navigator, and like I look at it now and I say, well, god, that may have been good, you know, 15 years ago; it is long in the tooth and needs to be updated, and God knows if we will ever get around to doing that.

So, we need to make the distinction between the dissemination of this information as well as compared to the collection of the data. And maybe the Federal Government has unique capacities for collecting information, but it certainly has not proven itself to be very good at disseminating.

Mr. THOMPSON. Thank you. Thank you, Chair.

Chairman GUTHRIE. The gentleman yields back. Mr. Courtney is recognized for 5 minutes for questions.

Mr. COURTNEY. Thank you, Mr. Chairman. And thank you for hosting this hearing; and to the witnesses for a really thoughtful discussion.

I would like to, again, just sort of make a comment that a lot of the testimony has been framed in terms of the benefit to the students and to the families, but I do think Mr. Delisle made an important point that the data gaps is creating blind spots in terms of public policy.

And yesterday we had an absolutely perfect example of that. The Trump administration came out with their budget proposal which makes a pretty radical change to the Stafford Student Loan Program by eliminating the subsidized loan program. It is about a $39 billion hit on students who have to pay in-school interest under this proposal.

In the back of the budget explanation, the budget director, and I give him at least credit for his honesty, states very clearly that while the in-school interest subsidy has not been rigorously evaluated, lessons from behavioral economics indicate that the subsidy is less likely to increase postsecondary enrollment.

That is not data-driven analysis, that is guesswork. That is basically saying we are going to shift $39 billion of cost to students while they are in school, and again, with absolutely no analysis that I think the Congress or the public or certainly the ones who are going to pay the price here can really have any confidence that a good decision is being made.

The other proposal in the budget: to cancel out the Public Service Student Loan Forgiveness Program, something that was a part of this committee's work 10 years ago when we passed the College Cost Reduction Act. Again, just as that program was about to hit this year for the first 10-year cohort, that basically made career decisions and job decisions built around relying on that benefit, again, the administration, with the stroke of a pen, in its budget is wiping that out; again with no analysis that anyone I think can really possibly justify that kind of a change.

So, again, the need to have data is important for students and families, particularly as they make choices about, you know, where they matriculate, but also obviously it is critical in terms of the role that the Federal Government has.

And again, I would like to sort of go back to that point. And Ms. Voight, you talked about, again, the scope of the Title IV skin in the game, which is about $160 billion. But, in fact, the universe of

benefits that the Federal Government provides extends beyond that in terms of the tax code, whether it is the 529 tax-deferred savings accounts, whether it is the American Opportunity Tax Credit, whether it is the student loan interest deductions.

So, maybe you could talk a little bit about the fact that, you know, we are really talking about virtually almost every student who goes to college. Certainly my kids benefited from the 529 program. Maybe you could shed some light on that.

Ms. VOIGHT. Absolutely. So, the Federal investment in higher education is very large in the student aid programs, but, as you said, that is not the only Federal investment. We have investments through the tax code, and we have investment in terms of research dollars that go to institutions of higher education.

So, to properly steward all of the Federal investment we need information on all students attending institutions of higher education, not only those who are getting Title IV aid. Also the institution as a whole benefits from being a part of the Title IV Program. It is not only the students who are getting that aid, it is the institution as a whole that is able to operate because they have that funding.

The tax example is a good one because the IRS does have information on students who attend institutions of higher education for purposes of claiming the tax credits and deduction. So that information very much is there, and the Federal Government is well-positioned to compile that information and report on outcomes.

Mr. COURTNEY. Thank you. Well, again, I think for all the reasons that you stated, the Transparency Act and Know Before You Go, I mean, it is time for us to do this and move forward and, again, hopefully defer any kind of drastic budget decisions like the ones proposed yesterday until I think Congress has better, you know, sources of information before making that kind of drastic change.

And with that, I yield back, Mr. Chairman.

Chairman GUTHRIE. Thank you. The gentleman yields back. I recognize Mr. Allen for 5 minutes for questions.

Mr. ALLEN. Thank you, Mr. Chairman. And thank you, panel, for being with us today. I come from the business community, so I am interested in the investment and return aspects of not only capital, but also education.

In listening here today, I think if I were a university and I was just getting started out and I was trying to attract students, the first thing I would have is I would advertise that I give an efficient, low cost, you get an education at X-dollar.

When you get here, because most students really don't know what they want to do even when they get to college, I think I would test, I would say, we have a system where we can understand how you are wired and where your passion is, and we can kind of put you on that career track. And then the other thing is, this is what you can expect to earn when you get out.

So, Mr. Schneider how—and then we have this privacy issue, so how do we accomplish—because education is very expensive and, you know, once you go through college, I don't know what the facts say about once you get through college, folks would then have to go back to college to learn a different career track, and then maybe

a third term until they figure out, you know, maybe what they are set up for as far as a career. But how do we accomplish this in higher education?

Mr. SCHNEIDER. Well, again, I think it comes down to the question of the responsibility of institutions, which I don't think actually have the capacity to generate the kinds of post-graduation outcomes that are fundamental to the calculation of ROI or measuring success; States which have very good data systems and could get better with some help from Congress, for example, or the Federal Government.

So, right now my partner States are doing an incredibly good job on exactly what you are talking about: measuring the return on investment at the program level for different students. We have learned many lessons that they are not incorporating into their messaging and into actually in performance budgeting systems, for example, about the importance of technical degrees, career and technical education, associate degrees.

So, there is a whole radical change in the way in which colleges are thinking about their training programs, and there is an emphasis on skills rather than simply degrees.

Mr. ALLEN. Right.

Mr. SCHNEIDER. So, this is a fundamental message that the data that the States are collecting are enabling us to disseminate.

Mr. ALLEN. Well, is this a recent paradigm shift? Or is this something we have been talking about for a long time as far as trying to understand, okay, you have got to prepare yourself for a career; this is what the investment looks like? And then once you have reached that investment, I mean, when do we start looking at this? Because, you know, we have got 1.3 trillion in student loan debt out there today, and, as was mentioned, it is one out of four who may not be able to pay it back.

Mr. SCHNEIDER. Right.

Mr. ALLEN. So, I mean, is this recent or is it we have been talking about this for a long time?

Mr. SCHNEIDER. Well, so I will take some credit for helping this thought process along. So, I think, you know, we started with an access agenda. This is all common, you know, in the higher ed research community. We started with an access agenda, and then we realized that access without success was not success. So then we had a completion agenda, and again, you know, success is not graduating without a good job; family-sustaining wages is not sufficient.

And it really has been driven by States and governors who look at their investment in higher education's human capital investment.

Mr. ALLEN. Right.

Mr. SCHNEIDER. And as soon as you start talking about education as human capital investment, the return on that investment becomes fundamentally important.

Mr. ALLEN. Mister, is it Desile?

Mr. DELISLE. Delisle.

Mr. ALLEN. Delisle. Okay. Yes, your comments on this?

Mr. DELISLE. Sure. I wanted to talk about the comment about the one-in-four default and how long. Has it always been like this? How long has it been going on? We don't really know, which is sort

of the reason why we need to get some of the data on student loan performance out so that other people can look at it.

The Department of Education, only a few years ago, began providing one statistic once a year, showing the lifetime expected default rate for undergraduate student loans— and that is where the one-in-four number comes from. But I don't know if that was the case 20 years ago.

Mr. ALLEN. Well, yeah. Well, it is discouraging to know that default rate is probably going to grow when I am in a situation in my district where everywhere I go we need good qualified people in the workplace. So there is a big disconnect here, and we really need to get to the bottom of it.

And I am out of time and I yield back. Thank you.

Chairman GUTHRIE. Thank you. The gentleman yields back. I recognize Mr. Polis for 5 minutes for questions.

Mr. POLIS. Well, I thank the chair for holding this very important hearing. Last week Mr. Mitchell and myself introduced the College Transparency Act, which would provide very important data about how our institutions of higher education are performing, which we should care about, of course, because it is our tax dollars that are going there. And where we go to college is one of the most important decisions we make.

Mr. Mitchell and myself introduced the College Transparency Act because we both believe that we are making that decision students and families should have access to as much accurate information as possible. We wouldn't expect someone to buy a home without researching it, and higher education shouldn't be any different.

At the same time, colleges and universities need better information about their own outcomes so they can improve. The College Transparency Act gives them the needed information about where they are performing well and where they can make improvements.

Ms. Voight, you spoke about the disjointed and mismatched data systems we have now and the need for better data. The University of Colorado Boulder, which is located in my district, fully agrees, and what they said is, "In general, student-level submission will reduce reporting burden, improve data usability to track students from entry in the postsecondary education through employment, and eventually provide families with outcome information. Modernizing the U.S. Department of Education Student Data System to accept and utilize student-level submissions is a significant improvement."

That is from the University of Colorado. Members in both chambers introduced bipartisan bills that either create an exception to the student unit record ban or remove it. The Student Right to Know Before You Go Act, which was introduced last Congress, received bipartisan support, including from Speaker Ryan.

Can you share more about the barriers to creating a more efficient higher ed data system? Despite all this bipartisan support from Democrats and Republicans, why isn't it happening? And then can you address within that the privacy concerns that we address in the College Transparency Act, and if you have any suggestions for additional privacy concerns so we can, you know, completely make sure we address those?

Ms. VOIGHT. Absolutely. So, as you mentioned, there is bipartisan support for this idea of creating a student-level data collection. And we have seen broad support grow in the field, representing institutions and States, and workforce agencies and student groups, and the privacy and security community who recognize the value of this type of system.

So, there has been quite a bit of evolution over the past nearly a decade since the ban on this type of system was put into place.

We have seen that agreement grow, and I think it is under recognition that we really need this type of information. The primary barrier right now is that it remains illegal to create this type of system. There is a statute that is preventing it. So that is the primary barrier.

The College Transparency Act has a number of provisions around protecting privacy. I think that it very much takes seriously the need to protect privacy and secure data while also recognizing the importance of providing information to key constituents.

Mr. POLIS. Thank you. You know, and Mr. Benton, you shared several concerns about student privacy in your testimony, and you may know that I am a strong privacy advocate. I have introduced a number of pieces of legislation to provide additional protections, including the Student Digital Privacy and Parental Rights Act, the Email Privacy Act, the Protecting Data at the Border Act.

In your testimony you said calls for higher education data comes from all quarters, especially from the government. I disagree. Frankly, I don't think that the government is driving this conversation at all. It is actually organizations representing institutions of higher education, students, businesses, consumer groups, even donors, and privacy advocates. These are who I hear about in terms of supporting higher education data, not the government.

Mr. Chair, I have a letter from 79 organizations supporting the College Transparency Act, and ask unanimous consent to insert it in the record.

Chairman GUTHRIE. Without objection.

[The information follows:]

Postsecondary Data Collaborative and Workforce Data Quality Campaign Applaud Bipartisan, Bicameral College Transparency Act

The Postsecondary Data Collaborative (PostsecData) and the Workforce Data Quality Campaign (WDQC), in cooperation with the undersigned organizations and individuals, applaud Senators Hatch (R-UT), Warren (D-MA), Cassidy (R-LA), and Whitehouse (D-RI) and Representatives Mitchell (R-MI), Polis (D-CO), Garrett (R-VA), Krishnamoorthi (D-IL), Stivers (R-OH), Panetta (D-CA), Dunn (R-FL), and Upton (R-MI) for championing transparency through their introduction of the College Transparency Act, which would create a secure, privacy-protected postsecondary data system. Supported by four members of the Senate Committee on Health, Education, Labor and Pensions and two members of the House Committee on Education and the Workforce, this bipartisan bill would help students, policymakers, and institutions to make informed choices by providing better information about college access, success, costs, and outcomes.

The research is abundantly clear: Investing in a college education pays off.[1] But while college is worth it on average, students, policymakers, and institutions cannot answer crucial questions about which postsecondary programs provide an adequate return on investment for which students. Students and taxpayers have a right to know what they can expect in return for their college investment. Yet, existing policies prevent us from answering basic questions, such as:

- How many low-income, adult, transfer, and part-time students earn a postsecondary certificate or degree from a particular institution?
- How much do students borrow, and can they repay their loans?
- How long does it take students to complete college, on average?
- How many non-completers from a particular college never reenroll, and how many transfer to finish their degree at another institution?
- Do students go on to succeed in the workforce?

Answers to these questions would help students and families choose programs that demonstrate strong outcomes, while helping policymakers and educators to implement policies and practices that help more students succeed. For the marketplace to function effectively, all these stakeholders need access to high-quality information that reflects all types of students and can look at outcomes across state lines. The federal government—with its access to existing data, including on employment and earnings—is uniquely positioned to compile that information, while reducing institutional reporting burden.

The College Transparency Act would reform federal policy to create a secure, privacy-protected postsecondary data system that would:

- Empower all students to make more informed choices about where to spend their precious time and money,

[1] College Board, Education Pays 2016, https://trends.collegeboard.org/sites/default/files/education-pays-2016-full-report.pdf

- Only be used to help students,
- Protect student privacy and adhere to best practices in data security,
- Reduce reporting burden for colleges and universities by replacing the student components of the Integrated Postsecondary Education Data System (IPEDS),
- Better steward taxpayer dollars,
- Uncover equity gaps so colleges and universities can change policies and practices to better serve underrepresented students, and
- Align education with labor market demand and help employers identify programs that are effectively preparing students for the workforce.

The bill is laser-focused on protecting students' privacy. It includes protections that limit data disclosures, prohibit the sale of data, penalize illegal data use, protect vulnerable students, prohibit use of the data for law enforcement, and safeguard personally identifiable information.

The College Transparency Act represents broad consensus among students, colleges and universities, employers, and policymakers that a secure, privacy-protected postsecondary student data system is the only way to give students the information they need to make informed college choices. It builds upon previous bipartisan, bicameral efforts to strengthen national data systems through the Student Right to Know Before You Go Act. We urge policymakers to pass legislation to create a postsecondary data system that gives the right people the right information to make the best possible decisions about higher education.

AccessLex Institute

Achieve Atlanta

Achieving the Dream

Advance CTE

American Association of Community Colleges

American Educational Research Association

Asian & Pacific Islander American Scholarship Fund

Aspen Institute College Excellence Program

Association for Career and Technical Education

Association of Public and Land-grant Universities

Association of Public Data Users

Atlanta Regional Workforce Development Board

Bottom Line

California EDGE Coalition

Campaign for College Opportunity

Center for American Progress

Center for Law and Social Policy (CLASP)

Cobb Chamber of Commerce

College Now Greater Cleveland

Colorado Center on Law and Policy

Community Foundation for Greater Atlanta

Council for Adult and Experiential Learning

Dallas County Community College District

Data Quality Campaign

Democrats for Education Reform

Excelencia in Education

Five Star Development, Inc.

Georgetown University Center on Education and the Workforce

Georgia Association for Career and Technical Education

Georgia Department of Education

Global Resource Management, Inc. (GRMI)

Greater North Fulton Chamber of Commerce

GW Institute of Public Policy, George Washington University

Holder Construction Company

Indiana Institute for Working Families

Institute for Higher Education Policy (IHEP)

Knowledge Alliance

Learn4Life

Lehman College of The City University of New York

Louisiana State University

Mahoning Valley Manufacturers Coalition

MCCI Medical Group

Metro Atlanta Chamber

NASPA - Student Affairs Administrators in Higher Education

National Higher Education Benchmarking Institute

National Association for College Admission Counseling

National Association of Student Financial Aid Administrators

National Council for Workforce Education

National Skills Coalition

New America

New Growth Group, LLC

New York Association of Training & Employment Professionals (NYATEP)

Nexus Research and Policy Center

Partners for a Competitive Workforce

Policy Matters Ohio

Postsecondary Analytics

Public Insight Corporation

Rebuilding America's Middle Class

Scholarship America

Skills2Compete Colorado

SkillWorks

Southwest Ohio Region Workforce Investment Board

Student Veterans of America

The Bell Policy Center

The Education Trust

The Institute for College Access & Success (TICAS)

The State University of New York

Third Way

Towards Employment

uAspire

UNCF

United Way of Greater Atlanta

U.S. Chamber of Commerce

Veterans Education Success

Virginia Community College System

Workforce Data Quality Campaign

Workforce Solutions Group

WSP USA

Young Invincibles

Mr. POLIS. And this sort of shows the broad nongovernmental support for data from a very broad coalition and I encourage my colleagues to look at it. It includes the Association of Public and Land-Grant Universities and Community Colleges, U.S. Chamber of Commerce, veterans groups, so many other groups.

And Mr. Benton, I wanted to see what your response would be to these universities, businesses, and students that kind of this demand is coming from and who support the College Transparency Act. In fact, some of these are privacy groups as well. Don't you think that these privacy groups are taking privacy concerns seriously? Or is there any particular change you think we need to make to the bill to better protect privacy?

Mr. BENTON. I just had a chance. Thank you, sir, I just had a chance to read the bill yesterday. I find it very well worded, easy to understand, and I probably would have suggestions, but I didn't come prepared for that.

Mr. POLIS. Thank you. No, and obviously, we encourage follow-up from the committee, so I will ask you in writing, have any suggestions about further strengthening the privacy positions of the bill. Certainly those of us who are in the forefront of the Student Data Privacy Movement, and privacy movement, I want to make sure that those concerns are addressed, and that the data can be used by many of the stakeholder organizations to actually improve the affordability and quality of the college education.

I yield back the balance of my time.

Chairman GUTHRIE. The gentleman yields back. I recognize Mr. Mitchell for 5 minutes for questions.

Mr. MITCHELL. Thank you, Mr. Chair. You started this hearing today talking about what we don't know, despite the fact that we do 12 separate surveys in IPEDS, spend a million hours gathering them. I ran an institution and for many years we did IPEDS. So I can best describe them as a circus with definitions that left a lot to be desired and the information that was provided to consumers limited, at best.

And if we don't know, consumers can't know what the opportunity in education is, what their outcomes can be. They are the users. In all ways they also pay for it. They pay for it for tuition, they pay for it in time, and the taxpayers pay for it, $165 billion, and we don't know, never mind them. Only 21 percent of the students are currently captured in the IPEDS, and somehow we have to sort of glean some useful information from that.

One of the witnesses testified to say we are in a data rich era. Well, there may be a lot of data floating around, but the question is, is it relevant? Can they access it and can they understand it?

A couple of questions I guess I want to pursue, maybe Mr. Schneider you could help me out with. In your opinion, what is the most key information that consumers' families need in order to start making an assessment of a college or university?

Mr. SCHNEIDER. Well, so in my mind, ultimately they need to know what they get in return for the time and the money that they spend

Mr. MITCHELL. And that is assessed by what is the likelihood of graduating, to get a job, right?

Mr. SCHNEIDER. And so it is, are you employed? So, ultimately, the goal of the university education and college education, there are multiple goals obviously, but we are in no position to measure what students have learned because that is a quagmire and we are not going there. But we can measure what they do earn, are they employed, what they are earning. And this is fundamentally important information. So, the question for me is twofold: how do we get that information? And then how do we disseminate it?

Mr. MITCHELL. And the fundamental question is not ultimately at the end, it is a percentage of people that start a postsecondary education and fail to complete anything, yet have a massive student loan or growing student loans.

Mr. SCHNEIDER. Right. Correct.

Mr. MITCHELL. That they will have difficulty paying.

Mr. SCHNEIDER. So, completion rates, actually the State of Texas, which I work with a lot, has information at the program level which is fundamentally important about debt at the program level, by the way.

Mr. MITCHELL. Yes.

Mr. SCHNEIDER. Graduation rates, time to completion at the program level, because, again, there is incredible variation across programs in these fundamental inputs.

Mr. MITCHELL. Exactly the issue is one of programmatic distinctions. The graduation rate, the employment rate, the earnings of the student graduating from the architecture program, I leave the university out, versus the nursing program are dramatically different.

Mr. Benton, can you share with me, for example, the graduation rates and the employment rates from—name two programs from institutions, rather than do that for you. Can you share the distinctions for me?

Mr. BENTON. The graduation rates for Pepperdine?

Mr. MITCHELL. Employment rates; no, for the program, not overall. So that is a problem with UCAN. I have got a chance to look at it, UCAN gives overall information, but their outcome rates from one program to another, we all know, are dramatically different. How is that information shared with students that are looking at Pepperdine or any other university that is participating in UCAN?

Mr. BENTON. I can only speak for mine. We maintain information on how many of our students are employed within 8 months of graduation in a field related to the major or how many have gone on to graduate school. And that is a pretty high rate, that is about 85, 80 percent.

Mr. MITCHELL. Sure it is. Sure it is. But the question is, I chose to attend the college or Michigan State University for one reason: they could tell me what happened with their students when they graduated. The Political Science Department couldn't. They couldn't give me data, they couldn't give me outcomes information, and that was back in 1974. It wasn't quite a data-rich environment then.

That is the question I pose to the institutions using UCAN is how does the student get information about the architectural program or the nursing program or the mechanical engineering program? Because they are making an investment not in just a par-

ticular university, but, in fact, in a program that they can hopefully start their career in. How do they get that information in the current system?

Mr. BENTON. For us, just ask.

Mr. MITCHELL. Why is it not put out publicly so that everyone can see it, including taxpayers?

Mr. BENTON. I am not sure that it isn't, but I am just saying we have that information. If you are an accounting major, we can tell you what is probably going to happen to you.

Mr. MITCHELL. Give me one second, Mr. Chair, I know I am on the time, one second, if you could be so kind. And one last comment which may not sit well, is that students seeking absolute privacy from the Federal Government have choices in institutions to attend. You can attend Hillsdale College, among others. They take no Federal and State money, and they do no reporting.

If you want assurance against any involvement in terms of reporting your status in institution, you can make that choice. But otherwise, institutions do utilize those resources to offset the cost just to sustain their institution. And we need to share the information for return on investment to the taxpayers and the consumers that—

Chairman GUTHRIE. And the time is up.

Mr. MITCHELL. Thank you, gentlemen. Thank you, Mr. Chair.

Chairman GUTHRIE. I now recognize Ms. Blunt Rochester for 5 minutes for questions.

Ms. BLUNT ROCHESTER. Thank you, Mr. Chairman. And I want to thank the panel as well. I want to also speak to my colleague, Mr. Mitchell. You made some very, very important points. This really is about making sure that taxpayers, consumers, the institutions, or business community, we as legislators can make informed decisions and choices. And so I really appreciate the panel. I want to thank Dr. Schneider for your comments about how we got here because that was very informative as well.

And my questions are for Ms. Voight, kind of along the lines of how we got here. In your remarks you mentioned the system being duplicative, inefficient, and cumbersome. So, from your perspective, if you could talk a little bit as well about how we got here.

Ms. VOIGHT. We have been collecting information on higher education since the 1800s, and IPEDS is over 30 years old now. So, we developed these data systems at a different time when our higher education system looked different. And over time, as we have recognized different needs, new needs, and new things to measure, we have sort of added them in piecemeal and it has created this complexity of a system.

But we have a lot of this data that exist at the institution level, the State level, or the Federal level that we are simply not using now. We have heard a lot about the difference between data and information today, and we are data rich, but we are information poor. We are not able to convert that data into information.

And if I may follow up on the conversation about the earnings information in particular, because the Federal Government does have that information. When institutions are on the hook for providing it, they have no good way to get accurate information on workforce outcomes.

So, if an institution is presenting that type of information they are doing it usually through surveys of students, which are inherently problematic and inaccurate. They are usually not fully representative of the outcomes of students, and so the quality of those results would be insufficient.

Ms. BLUNT ROCHESTER. That actually gets into some of my other questions. You actually said in your testimony as well that there are critical questions about access and completion that our current data information infrastructure can't answer. Can you go into more depth about the specific questions that can't be answered as it relates to access, success, and completion?

Ms. VOIGHT. Absolutely. So, in terms of access we need to know who is going to college and where they are going, that is really an equity conversation. In terms of completion, we need better information on how part-time students are doing, how transfer students are doing, and whether students transfer from a 2-year to a 4-year institution in particular, because many students entering community colleges have those goals.

We need better information on cost and student debts. So many of the things that Jason has discussed, we need better information to answer those questions and we need better information on workforce outcomes, how much students are earning, and whether they are able to repay those debts. And the Federal Government really is the best solution for compiling that information.

Ms. BLUNT ROCHESTER. And lastly, what are some of the most important metrics that can influence policy and practice that the Federal Government is currently unable to collect from colleges and universities?

Ms. VOIGHT. The Federal Government really needs the underlying information in order to calculate some of these metrics. So, for example, to measure transfer, the Federal Government doesn't currently have the underlying student-level data to be able to measure transfer across institutions or across States.

The same for workforce outcomes, we can only answer those questions right now through linkages for Title IV students, not for non-Title IV students. And we have talked some today, Mark in particular has talked about the work that States have been doing to provide this information.

States have done a lot to start providing consumer information on workforce outcomes. So metrics like median earnings or the percent of students earning over a certain amount, which is very valuable information, but the State data are limited as well. The State data are bounded by State boundaries. So, if a student moves across State lines they are lost in terms of both measuring whether they have transferred and graduated, and whether they have gotten a job.

State systems also are missing Federal employees, military employees, and the self-employed, whereas the Federal Government has that information.

Ms. BLUNT ROCHESTER. Thank you. I yield back my time.

Chairman GUTHRIE. Thank you for yielding. I now recognize Mr. Garrett for 5 minutes.

Mr. GARRETT. Thank you, Mr. Chairman. And Mr. Benton, I apologize because I have a finite amount of time. But I want to

start with you and ask you if you have any idea the number of employees that Pepperdine, a fine institution, has on the payroll in order to ensure the ability to comply with regulations as it relates to data submission to the State and Federal entity.

Mr. BENTON. Insofar as financial aid?

Mr. GARRETT. Anything. How many people do you have whose job essentially is to send data to the State and Feds that is required of you?

Mr. BENTON. Ten to 15.

Mr. GARRETT. Okay. And I presume they are compensated well at a university like Pepperdine?

Mr. BENTON. Not as well as they would like, but, yes, sir.

Mr. GARRETT. Well, that is all, that is a universal theme. I will start briefly, Mr. Chair. And Mr. Benton, thank you. Anecdotally telling you a story about my father who was a real estate agent. When I went to college he asked what I wanted to major in and I told him history, and he said, oh, you are going to be a realtor, too.

And I guess point is, and I ended up studying history and education because that was a pathway to a career, but the point is, I think that we all too often encourage young people to go out and find something they love and pursue it without regards to the return on investment.

And I think that what we are talking about here today sort of dovetails with that. I would sort of echo some of the frustration expressed by my colleague, Mr. Mitchell, who has made a career in technical education, and acknowledging that there are two groups that we should be interested in here.

Number one, the taxpayer; and number two, the student. The good news is that if we do right by one, we do right by the other.

And so, I guess my frustration is Mr. Delisle talked about predictors of default and said it is sort of an ethereal thing, that we can't be sure. But to the extent that, and I believe at Pepperdine for sure, that if you are a history major, you can say percentage of history majors are employed within 12 months or in graduate school within 12 months, that is not the case everywhere, right.

The number one driver of capital investment is the probability of return on investment, and we do a bad job of telling young people that what they are studying or not studying may or may not lead to a fruitful career.

Well, there are no guarantees in life, but all this data is out there, and if it is being amalgamated and if it's being amalgamated for the satisfaction of the House Committee on Education and Workforce, then we miss the point.

The questions about, not about data collection, about data dissemination: who gets it? And I want to tip my hat to a colleague, Mr. Polis, who is not in the room right now, but he spoke to his personal commitment over the years to privacy, and I will say that I admire his fight to that end.

However, I want to differentiate between dissemination of your data, Dr. Schneider, and your data, everyone in the room, right? We have an interest in protecting the data of the individual. I think we have an interest in disseminating the data of the collective, so that the consumer can get that return on investment that

they deserve or at least enter into the equation with all the information.

We know, for example, that history majors from Cal State Fullerton might not have the same outcome as history majors from Pepperdine. And I don't say that to be pejorative to either institution, but the consumer should know that going in.

So, Madam Chair, to the extent that we remove barriers to the collection of information, I guess this is an impassioned plea to ensure that information doesn't come just to us or the universities, or the States, but to the consumers of the product that is higher education.

And I take this opportunity, I will conclude, to hit again on the fact that I think we can help our Nation and our young people greatly if we can break the paradigm that success is a 4-year degree from a liberal arts university, in a corner lot in a subdivision, and encourage people to explore areas where we know those ROI and CTE fields where that might be appropriate to the individual.

So I know I have sort of gotten off topic a little bit, but if we are here to do good and we are going to open the door to collection of more data, the way we do good is make sure the end users, the consumers, I am for looking north-south, I am getting some, get that data so that they can make informed decisions for themselves and their families.

Thank you. I yield back.

Mrs. FOXX. The gentleman yields back. Ms. Adams, you are recognized.

Ms. ADAMS. Thank you, Madam Chair and Ranking Member Davis. And thank you for convening this hearing. And to those of you who testified, thank you very much for your comments.

As the panel may know, North Carolina is one of the 37 States that have a State longitudinal data system, and our State created this in order to enhance our ability to track student and institutional performance, as well as to produce accountability reports in a more efficient manner.

Ms. Voight, I keep hearing from my colleagues on the other side that collecting student-level data is Federal overreach. But I think that if the Federal Government is investing billions of dollars on students and in the institutions that they attend, then the Federal Government is well positioned to compile the information.

In your opinion, why should the Federal Government create a student-level data collection like the one that has been introduced by my colleagues? If you can respond to that, I would appreciate it.

Ms. VOIGHT. The Federal Government has a clear role to play given the Federal investment in higher education. In Title IV, you know, as we have discussed today, so I think that is a key point. But you bring up the important question about State longitudinal data systems as well, because as you mentioned, North Carolina has a strong one. And those systems have been really valuable in providing some information. But a lot of that information remains incomplete.

The Federal Government has access to more complete information, particularly on workforce outcomes for students, information that is more complete than what States have. Some States have

tried linking together their longitudinal data systems as well to try to deal with issues of students who cross State boundaries and try to get closer to what the Federal solution would do, but that is highly complex to link together all of those systems. In a pilot project they have linked together 4; getting to 50 would be a huge undertaking.

So, the Federal Government can do this much more efficiently and much more effectively, and provide much more complete information than a State situation.

Ms. ADAMS. Thank you, ma'am. And Mr. Benton, in your testimony you called for data to be held at the institutional level rather than combine in a manner that would allow students to be tracked across institutions. Yet we know that about 60 percent of today's students attend more than one institution. Additionally, institutions on their own have very limited information, as has been said on their students' employment outcomes, and can only collect such information at great expense to the institution.

I believe that students considering which institution to attend should have accurate information on graduation rates, including the results for students who transfer. So, do you agree, and how could institutions ever provide such information without sharing data?

And if institutions hold on to their own data, as you propose, how would we be able to provide students comprehensive and reliable information on employment outcomes?

Mr. BENTON. Thank you for the question. We do maintain data on the success rates of those who transfer to us. We do not follow them if they leave us. We assume that the gaining institution will have that information. But we maintain impeccable records at Pepperdine University, and we submit those in an aggregated basis to anybody with a legitimate need to know.

Ms. ADAMS. Okay. All right, thank you, sir. Madam Chair, I am going to yield back.

Mrs. FOXX. Thank you, Ms. Adams. Mr. Grothman, you are recognized for 5 minutes.

Mr. GROTHMAN. Okay. We will go for Mr. Delisle. And I would like to thank you for having this hearing here today. I think one of the reasons why people feel so frustrated today compared to—in their ability to live the American dream compared to 30 years ago.

So many people have been led down the path to believe that a 4-year degree is worthwhile, so, it hurts them twice. First of all, they spend time not earning money when they should be earning money when they are young. Secondly, they wind up deeply in debt.

In any event, a question for Mr. Delisle. A recent New York Times Editorial Board article titled, "Student Debt's Grip on the Economy," the argument I have been making for the last 2–1/2 years, that our current financing of higher education disincentivizes young couples from getting married, having children, and buying homes.

And I can personally say I recently talked to a young couple back in my district, because of the income-based repayment schedule, they feel they couldn't afford to get married given the huge amount

of debt. They are in their early 30s. I don't know how they are ever going to be able to buy a house and have kids. It is just horrible.

But in any event, The New York Times article raised another important question we should be talking about, and that is, in general, the value of 4-year college degrees and whether they are worth it. I am going to ask you. Did you happen to see The New York Times article?

Mr. DELISLE. I did, yeah.

Mr. GROTHMAN. Good. And do you agree with the premise that we are sending too many kids to 4-year colleges, in part kids who are underprepared for college, but also just kids who may be making more money with their brains and work ethic somewhere else?

Mr. DELISLE. Well, yes, I read the article, and I am always surprised to hear that student debt is harming the economy because that means higher education is harming the economy. Right?

Mr. GROTHMAN. Right, right.

Mr. DELISLE. And I don't necessarily subscribe to that view. And to the extent that the examples that people have given here about students dropping out and having lots of debt, you know, I can tell you that we don't know how common that is actually. Because of the data on how much debt students have when they drop out, is it common that they have a lot? Is it rare that they have a lot?

There is really not good information on this. And the solutions that I have suggested, you know, aren't even necessarily consumer-facing. They are essentially the Federal Government making available data about its own programs so people can check the numbers.

Mr. GROTHMAN. I will ask you this question and, I don't know, you cannot know just from anecdotal evidence when you get out and about and talk to somebody. I mean, the number of people out there with huge student loans and a degree that does not lead to a job, you run into them all the time, like I said. A couple weekends ago, I ran into a couple, early 30s, one guy I don't think ever graduated, and he is sitting there with tens of thousands of dollars of debt. The gal graduated with I believe about 50 grand in debt, I think, and a degree that is nowhere near related to the job she currently has.

But what percentage of people currently going to a 4-year university—or of all the people currently getting 4-year degrees, what percent do you think should be getting 4-year degrees in a traditional liberal college sort of setting? Do you think they should peel back by 20 percent, 30 percent? What do you think?

Mr. DELISLE. Yeah, I don't know what the right number is, but I will point out your comment about by just looking at anecdotes, I will restate my testimony from this morning, which is I think with a $1.3 trillion program, taxpayers deserve policies that are better than those made by anecdote.

Mr. GROTHMAN. Okay. I will give the rest of you a question since you presumably have an interest this. Percentage-wise, compared to the number of students we currently have trying to work their way to a 4-year degree, percentage-wise how many should be choosing that path?

Any one of the three of you, do you want to take a stab at that? Yes, Dr. Schneider?

Mr. SCHNEIDER. Well, I am not going to give you the exact percentage, but I will—

Mr. GROTHMAN. Take a stab at it.

Mr. SCHNEIDER. Okay. Well, we know that only about 60 percent of the students in 4-year schools graduate, and we know that not graduating has accumulated lots of debt and bad employment outcomes. But I think to flesh out your point, I would just give you not an anecdote, but a data point.

In the State of Florida, the highest paid credential from all postsecondary institutions, 4-year, 2-year, district training centers, is elevator mechanic, $95,000 wage, 100 percent placement rates.

Mr. GROTHMAN. Good.

Mr. SCHNEIDER. Career and technical education is one of the things that we need to emphasize, and we need to get away from the 4-year bachelor's addiction, which I believe is part of your point.

Mr. GROTHMAN. Right. It would be nice if one of the panelists could at least take a stab at that. It is true, if you talk to technical colleges you will find out, people who go to technical college after they have a 4-year degree that didn't lead to a job.

The same thing with trade schools, okay. People rather than beginning to go to the trade school at age 18 or 19 where they could be off and running and making a family-supporting wage at age 22 or 23, are going to the trade schools when they are 28 or 29. They have got a big student debt, and they finally get around to earning family-supporting wages when they are 30 or 31.

Mrs. FOXX. Mr. Grothman, your time has expired.

Mr. GROTHMAN. Okay. Thank you much.

Mrs. FOXX. Ms. Bonamici, you are recognized.

Ms. BONAMICI. Thank you very much, Madam Chair. And thank you for allowing me to join you on this subcommittee. I want to take just a moment of my time to introduce Gregorio, who is a student Portland Community College. He is with me today as a foster youth, shadowing me. He attends Portland Community College, hopes to go to Oregon State University, and he works as a mentor in our very effective Future Connect Program, which helps first-generation students. So it is an honor to have him with me today.

This has been a great discussion I have really enjoyed listening to it, and it is pretty clear from the testimony today that we have some work to do. Our data systems are providing an incomplete picture, and we on both sides of the aisle understand that we can work together to address that.

And speaking of anecdotes, which Dr. Schneider just mentioned, remember in the last presidential campaign one of the candidates, Senator Rubio, said welders make more money than philosophers, we need more welders and less philosophers? And as a journalism major would have said, fewer philosophers. But the point is that we actually need both, and we have had some strong bipartisan support in this Committee for Career and Technical Education.

But anecdotally, it is a problem because, number one, philosophy majors do make more than welders; that was fact-checked. Philosophy majors learn how to think, how to plan, how to communicate, and many of them have started businesses and are doing quite well. And, of course, liberal arts aren't for everyone, and sometimes

graduates in this field do earn less than people in career and technical education, but that is not always the case. And we can't rely on anecdotes and simplistic data systems that don't adequately capture the real facts. And we really need to have this information available for students.

I was speaking with Gregorio and another one of the foster shadows today about how they made their decisions about where to go to college. And I am curious about that because Dr. Schneider said his daughters didn't really look at the data, they looked at a lot of other things as well.

Ms. Voight, in my home State of Oregon, we have been developing a longitudinal data system that can give families comprehensive information. The State is working across a higher education sector, and not just with public institutions, but also private colleges and universities.

We have, of course, Reed College which years ago decided to opt out of participating in the rankings that actually helped them. They are getting a lot more well-qualified students applying.

But Ms. Voight, what key insights have we gained from investing in data systems at the State level, and can they help influence policy? And when some individuals are proposing linking State data systems together, will that solve our gaps? And can you address that? And then I do want to try to get in another question as well.

Ms. VOIGHT. Sure. So we learned a lot from State data systems, and from the work that has been done in States to help to inform State policy decisions. And some States have tried to link those systems together as well, to answer questions about students who cross State lines. But there are challenges in doing that because it is highly complex to link together, especially if you were to think about linking together 50 different State data systems.

Ms. BONAMICI. But do you think it would solve the problem if we could figure out how to do that? Or do we really need to do something at the Federal level?

Ms. VOIGHT. I think the Federal solution would be far better than linking together State systems.

Ms. BONAMICI. Thank you. Mr. Delisle, I wanted to follow up on your comment about income-driven repayment plans because this is something that I have been working on, the bipartisan legislation to help get more students into income-driven repayment. And you cited the GAO study that calculated higher than expected cost. I am very familiar with that report. GAO points out the difference between the loan principal that is forgiven through IDR and the actual cost of those plans, recognizing that borrowers with forgiven debt pay interest.

But the primary takeaway was that the model for estimating the cost is inadequate. So, I agree that we need better data, but, as you note, it seems inappropriate to base any hasty changes to IBR plans based on estimates that suffer from inadequate data, especially when borrowers who are struggling to pay back student loans need access to more affordable repayment options.

So, can you talk about how improved data in student loan programs could lead to targeted interventions that actually prevent defaults and allow policymakers to evaluate the full cost benefits of IDR?

Mr. DELISLE. You know, I will just reiterate that the suggestions I have around making data available to Federal Government already collects and actually compiles and submits to various agencies just getting that out. So it is not necessarily the same kind of privacy and consumer-related information.

But, you know, I will point out that related to the GAO report, you know, this sort of making hasty changes, that is true. I think we want to have data out and know what those changes mean, but I would also point out that because we have the programs before we have had the data means we hastily enacted them.

But I do think it is important to get this information out so that everybody—and to the point of Congressman Courtney earlier, scrutinizing the President's budget numbers, you know, making the data available would allow a lot of other people to look at those and scrutinize them as well.

Ms. BONAMICI. Thank you very much. I see my time has expired. Thank you, Madam Chair.

Mrs. FOXX. Thank you very much. Mr. Krishnamoorthi, you are recognized for 5 minutes.

Mr. KRISHNAMOORTHI. Thank you, Madam Chair. As you folks know, this spring thousands of students made one of the most consequential investment decisions of their lifetime choosing which institutions of higher education to attend. Before making such a consequential investment, wouldn't it make sense for students to have all available data so they can make the most informed decision as possible? We do this when buying a car or a house, so why not with an education?

With that in mind, I would like to ask you a series of questions on ways Congress can help empower prospective students and families with the information they need to make better informed decisions.

Ms. Voight, to help students and families make a more informed decision when choosing a college, in your opinion what data points would give students the information they need to help make the best informed decision about higher education?

Ms. VOIGHT. Students need information about outcomes, in particular they need to know their chances of graduating, their chances of transferring, if that is what they want to do, and they need to know their likelihood of success in the workforce after they leave college, particularly as they are making decisions about how to pay for college, whether to take on student loans, and how much to work to pay for the tuition and the cost of education.

I think underlying all of this in a lot of the conversations today, questions around student choice and allowing students to make really informed choices about the best institution and the best program for them. And they need that information, as you mentioned, to be able to make those informed decisions.

Mr. KRISHNAMOORTHI. By the way, do any colleges or universities currently provide that type of data?

Ms. VOIGHT. Information on graduation rates are available through IPEDS, but they are limited to only first-time, full-time students, so they are missing large portions of the population. And information on earnings, institutions simply don't have the capacity

to collect that information accurately and completely to provide it to students.

Mr. KRISHNAMOORTHI. Got it. Ms. Voight, opponents of overturning the student unit record ban cite privacy concerns. In your opinion, how can we balance student privacy concerns with a growing interest in measuring these college outcomes as you just described?

Ms. VOIGHT. Privacy needs to be a core component of the development of any data system. Whether it is student level or not, privacy needs to be a fundamental value held in the development of any system. And so we need to have in place the proper protections for student privacy while also protecting students' right to information to make those difficult choices and decisions.

So, we need protections like minimizing the data that are collected to only the information that is really necessary to answer questions about college access and success, and cost and outcomes. We need to have clear policies in place for any misuse of data, penalties for misuse of data, prohibitions against the wrongful use of data, selling data, or using it for law enforcement purposes.

Kind of the underlying principle here should be that data should be used to help students and never to harm students.

Mr. KRISHNAMOORTHI. Right. Thank you for your responses. You know, student debt is approaching $1.4 trillion, the largest it has ever been. We need to ensure families are making smarter investments with all readily available information in order for students to make smarter choices and help drive down student debt.

I am a cosponsor of the Bipartisan College Transparency Act, introduced just last week by Representatives Mitchell and Polis. This bill calls for the creation of a secure data system within the U.S. Department of Education's National Center for Education Statistics, and would overturn the ban on collecting individual student data that track enrollment and graduate success.

Most importantly, eliminating data barriers will inform students how others with their backgrounds have succeeded at an institution of higher education, and help point them towards schools best suited to their unique needs and desired outcomes.

Thank you, again, for your testimony.

Mrs. FOXX. Thank you, Mr. Krishnamoorthi. Ms. Davis, you are recognized for closing comments.

Ms. DAVIS. Thank you very much, Madam Chair. And I also want to thank the witnesses here as well once again. I think that it was certainly a good learning experience for all of us, we got a lot of data, a lot of information both. And I know that there is no question that, you know, we have plenty of data, as we said, but trying to make it readily available to students and their families to make good decisions is what we are after.

And I think, Madam Chair, I am glad that we have a bipartisan bill that is looking at risk, benefits, a number of issues, and that gives us really a way of responding and certainly working through and clarifying a number of issues that have been raised today.

And I appreciate the fact that the authors were quite interested in feedback from those of you in the audience as well, who have been here and stayed with us. I think almost everybody here has

been here from the beginning of our hearing and that is very helpful to us and certainly to the witnesses as well.

We welcome your feedback and would very much be pleased to have those reactions to at least the piece of legislation that we have been talking about today. It is certainly not the only piece that addresses these issues, but it is something important for us to use and to build on.

Thank you very much, Madam Chair.

Mrs. FOXX. Thank you, Congresswoman Davis. I want to, again, thank all of you for your testimony today. This has been a great conversation about what data is available, who should have access to it, and what we should do with it. A phrase we have used on the committee a lot today also is to ask accountability to whom and for what. That fits here.

We have also heard about the need to balance risk versus reward when it comes to what data we determine is most helpful to students, families, and taxpayers in general.

One note I think we need to add is a look at privacy. When does a person's right to be left alone get waived for the need for better information? And once we decide that, we must have a conversation about securing the data that is collected. I also want to point out that Dr. Schneider and others have mentioned that some States have great information to be shared with parents and students.

And I hope we will see more States develop such systems, because I frankly think a 50–State mechanism is better than the Federal Government being involved. Again, because we know the Federal Government has a lousy record of keeping information about individuals private, and that is, we don't need to go more places when we aren't doing a good job of keeping what we have.

We have also sparked a conversation about what is the point of higher education? Societies long thought that it is about getting a job. And someone ordered a study, which I want to pursue looking at a little bit more, that 80 percent of students going on after high school say they want to get a job, a good-paying job. Is that something the Federal Government should look at or measure?

Another issue we have touched on relates to giving students in the whole issue, and parents, information to make good decisions. However, our colleague just made the analogy that if you go out and buy a car, you have lots and lots of information before you buy that car.

But, I suspect, if we did a study of people buying a car we would find out that many people make a decision on buying a car on emotion and personal preference, and it has nothing to do with making the best decision based on objective facts. And the same thing is true with choosing where to go to a college or university. Many people have lots of information, but they choose to go to a place based on where their father or mother went, where their brother or sister went, how nice the weather was that day.

My understanding is that colleges have done this study, and if you have a great day when you go visit that school, you are much more likely to go there. If it is raining that day, you are much less likely to go there. So, the Federal Government can provide a lot of

information, but we cannot control how people make decisions and should not control how people make decisions.

So, while I think this has been a wonderful hearing today, I think we all agree, we are going to continue to have this debate. As we look at reauthorizing the Higher Education Act, we are going to be having continual debate about what is the information we need and what decisions and what should the Federal Government do in this regard.

So, again, thank you all very much for being here and sharing your time and expertise. The meeting is adjourned.

[Additional submission by Mr. Messer follows:]

May 24, 2017

The Honorable Brett Guthrie
Chairman
Subcommittee on Higher Education and
Workforce Development
Committee on Education and the Workforce
U.S. House of Representatives
2434 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Susan Davis
Ranking Member
Subcommittee on Higher Education and
Workforce Development
Committee on Education and the Workforce
U.S. House of Representatives
1214 Longworth House Office
Washington, D.C. 20515

Dear Chairman Guthrie and Ranking Member Davis:

The Consumer Bankers Association ("CBA")[1] appreciates the Subcommittee on Higher Education and Workforce Development's interest in improving consumer information in higher education and we would like to take this opportunity to submit the following comments on the hearing entitled, "Empowering Students and Families to Make Informed Decisions on Higher Education." Empowering students and families to make informed decisions will improve outcomes for students, schools and taxpayers. As the voice of the retail banking industry, CBA membership includes private sector lenders who make the majority of private student loans to help families finance a college education. Applying many of the processes and disclosures from the private sector to federal student loans can help inform students and families.

It Is Time for "Know Before You Owe" for Federal Student Loans

Policymakers and regulators have offered multiple solutions to help borrowers with repayment, but plans to address overborrowing have been much more elusive. The multiple efforts at addressing repayment has led to numerous repayment plans and increased confusion among borrowers. The Committee is to be commended for looking beyond repayment and should continue its focus on efforts to empower students and families to make sound decisions *before* they take out a federal student loan. In particular, we encourage the Committee to pursue a "know before you owe" initiative for federal student loans.

Understanding the full cost of credit is critical for making an informed decision on how much to borrow. Unfortunately, federal student loans do not include this information in a manner that is easy to understand for borrowers. Private lenders are required by the *Truth in Lending Act* (TILA) to provide customers with clear and conspicuous disclosures of loan costs and terms throughout the origination process before loans are disbursed. The interest rate, loan fees, annual percentage rate, monthly payment amount, and total cost of the loan, among other important terms specific to the individual borrower are boldly displayed.

[1] The Consumer Bankers Association is the only national financial trade group focused exclusively on retail banking and personal financial services – banking services geared towards consumers and small businesses. As the recognized voice on retail banking issues, CBA provides leadership, education, research, and federal representation for its members. CBA members include the nation's largest bank holding companies as well as regional and super-community banks that collectively hold two-thirds of the total assets of depository institutions. Our members operate in all 50 states, serve more than 150 million Americans and collectively hold two-thirds of the country's total depository assets. A list of our corporate membership can be found at www.consumerbankers.com.

Conversely, federal loan borrowers must weed through more than a dozen page of disclosures, determine which terms apply to their specific loan, and squint to read fine print to discern key loan terms.

In addition to strong underwriting, the current disclosure regime for private student loans has helped to enhance consumer knowledge and decision-making, improving recent private student loan performance. Delinquencies are at all-time lows, with early stage (30-89 day) delinquencies at 2.7 percent and late-stage (90-day+) delinquencies at 1.9 percent.

Congress should require the Department of Education and Consumer Financial Protection Bureau (CFPB) to work together to provide federal loan borrowers with the same kind of concise, meaningful information about their future obligations that is available in the private loan market. These disclosures should be consumer-tested, as the Federal Reserve did in creating model disclosure forms for private student loans in 2009. Additionally, these disclosures should be provided at application and in coordination with a financing letter from the college or university to enable the borrower to make an informed decision prior to the loan funds being disbursed. They should include key terms of the loan, such as interest rate, fees, monthly payment, total cost of the loan, and the annual percentage rate (APR).

As some loans now carry origination fees as high as 4.3 percent, APR is a particularly relevant loan term for federal student loans, and federal borrowers usually must figure out this data point for themselves. The *Transparency in Student Lending Act* (H.R. 1283), bipartisan legislation introduced by Representative Randy Hultgren (R-IL), Luke Messer (R-IN), and David Scott (D-GA), would address the APR issues on federal student loans and should be included with the Committee's efforts to help create informed consumers in higher education.

"Award Letters" and the Importance of Terminology

Today's so-called financial aid "award letter" provided by colleges and universities needs to be reformed to better serve students and families. First and foremost, if the document contains information regarding loans of any type, it should not be called an "award letter," as this can increase the chances of confusion regarding what is a grant or scholarship and what is a loan. If the document contains information regarding loans, it should be referred to as a "financing letter."

Financing letters with information regarding both grants and loans must clearly separate and distinguish between a grant and a loan. Requirements on separating grants and loans would not inhibit financial aid offices from providing information unique to their institution, while assuring policymakers that schools are clearly making this distinction for students and families.

Informed Consumers Should Know All Options

Previous bills aimed at empowering consumers on higher education have often included disclosure or counseling requirements that state borrowers must be told federal loan options are generally better than private student loans. It is often true that federal loans offer the best deal for students, but this is not always the case, particularly in the case of loans for parents and graduate students. Requiring schools or the Department of Education to make general statements on the superiority of federal student loans will not inform or empower students and families. Instead, it will provide misinformation to the millions of borrowers who are better served by the private loan market.

Conclusion

Improving the provision of consumer information in the federal student loan programs is one of the most important steps Congress can take in the upcoming reauthorization of the *Higher Education Act*. An informed consumer makes better decisions, which is critically important in today's environment of escalating college costs. CBA appreciates the Committee's interest in this important topic, and the

members of CBA stand ready to work with you in applying concepts from TILA and the private loan market to improve consumer information for federal student loans. On behalf of the members of CBA, we appreciate the opportunity to submit this statement for the record.

Sincerely,

Richard Hunt
President and CEO
Consumer Bankers Association

[Questions submitted for the record and their responses follow:]

MAJORITY MEMBERS:

VIRGINIA FOXX, NORTH CAROLINA, *Chairwoman*

JOE WILSON, SOUTH CAROLINA
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RAJA KRISHNAMOORTHI, ILLINOIS
CAROL SHEA-PORTER, NEW HAMPSHIRE
ADRIANO ESPAILLAT, NEW YORK

July 7, 2017

Mr. Andrew K. Benton
President and Chief Executive Officer
Pepperdine University
24255 Pacific Coast Highway
Malibu, CA 90263

Dear Mr. Benton:

Thank you, again, for testifying before the Subcommittee on Higher Education and Workforce Development at the hearing entitled "Empowering Students and Families to Make Informed Decisions on Higher Education" on Wednesday, May 24, 2017.

As a follow-up to your testimony, please find enclosed additional questions from Committee members for inclusion in the final hearing record. Please provide your written responses to Education Legislative Assistant Caitlin Burke **no later than July 28, 2017**. Her number is (202) 225-6558 should you have any questions about this request.

We appreciate your time and insight, and we remain grateful for your contribution to the Committee's work.

Sincerely,

Brett Guthrie

Brett Guthrie
Chairman
Subcommittee on Higher Education
and Workforce Development

Chairwoman Virginia Foxx (R-NC)

We hear from institutions frequently about the federal reporting burden from IPEDS surveys and other data collections. Do you think there is a way to reduce the reporting burden in HEA reauthorization while still maintaining the dual goals of student privacy and federal accountability? Do you think it is worth sacrificing student privacy to reduce institutional burden?

Rep. Paul Mitchell (R-MI)

What are the measures that you think are most important for consumers choosing a post-secondary option?

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ADRIANO ESPAILLAT, NEW YORK

July 7, 2017

Mr. Jason Delisle
Resident Fellow
American Enterprise Institute
1789 Massachusetts Avenue, NW
Washington, DC 20036

Dear Mr. Delisle:

Thank you, again, for testifying before the Subcommittee on Higher Education and Workforce Development at the hearing entitled "Empowering Students and Families to Make Informed Decisions on Higher Education" on Wednesday, May 24, 2017.

As a follow-up to your testimony, please find enclosed additional questions from Committee members for inclusion in the final hearing record. Please provide your written responses to Education Legislative Assistant Caitlin Burke **no later than July 28, 2017**. Her number is (202) 225-6558 should you have any questions about this request.

We appreciate your time and insight, and we remain grateful for your contribution to the Committee's work.

Sincerely,

Brett Guthrie

Brett Guthrie
Chairman
Subcommittee on Higher Education
and Workforce Development

Chairwoman Virginia Foxx (R-NC)

1. I believe data should drive public policy. Therefore, I was concerned when I saw in your testimony that incomplete information has led the federal government to significantly underestimate the cost of the loan program. GAO highlighted this concern as well in a November 2016 report that found the Department of Education needs to improve the quality of its budget estimates for the income driven repayment plans. What can Congress do to remedy the information gap failure that occurred here and better inform our student loan policy moving forward?

2. The federal government is currently the largest lender of student loans with an outstanding loan portfolio of $1.3 trillion, yet from your testimony it seems there is a significant lack of needed information available about the performance of these taxpayer supported loans. What are the key pieces of information that policymakers need to know to evaluate the success or failure of the federal student loan programs?

Rep. Paul Mitchell (R-MI)

1. You mention that there are still "dangerous blind spots in the information accessible to those outside the federal government." Can you explain in more detail how our current higher education data reporting system has left these dangerous blind spots and what that could mean for policy makers and more importantly, students and families?

2. What, do you think, is the best way to not just patch up these blind spots, but streamline and update the current data reporting system that will be able to give an accurate picture of how the loan program is benefiting or hurting students and student outcome data in general?

3. You mention that the "available information points to an ongoing student-loan default crisis, but without better data about borrowers after they leave school, it is nearly impossible to fully understand the program or even begin to develop solutions." Because we do not have the student level data you noted, how are we limited as policy makers from making needed reforms and improvements to the student loan program?

4. What are the measures that you think are most important for consumers choosing a college? Does the Department of Education already make these available or would we need to collect new data to gather this information?

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COMMITTEE ON EDUCATION
AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

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ADRIANO ESPAILLAT, NEW YORK

July 7, 2017

Dr. Mark Schneider
Vice President
American Institutes for Research
1000 Thomas Jefferson Street, NW
Washington, DC 20007

Dear Dr. Schneider:

Thank you, again, for testifying before the Subcommittee on Higher Education and Workforce Development at the hearing entitled "Empowering Students and Families to Make Informed Decisions on Higher Education" on Wednesday, May 24, 2017.

As a follow-up to your testimony, please find enclosed additional questions from Committee members for inclusion in the final hearing record. Please provide your written responses to Education Legislative Assistant Caitlin Burke **no later than July 28, 2017**. Her number is (202) 225-6558 should you have any questions about this request.

We appreciate your time and insight, and we remain grateful for your contribution to the Committee's work.

Sincerely,

Brett Guthrie

Brett Guthrie
Chairman
Subcommittee on Higher Education
and Workforce Development

Chairwoman Virginia Foxx (R-NC)

1. In your written testimony, you point out FSA's basic data reporting requirements and discuss some of the data points accessible through FSA's data centers, such as aggregate data on loan disbursements and institutional-level data on defaults. You also note FSA has not been responsive to requests for data and research that would benefit stakeholders. Can you provide the Committee with more details on your interactions with FSA and how they could serve as better partners to stakeholders in this field?

2. In your written testimony, you discuss FSA's responsibilities as a performance-based organization (PBO) and highlight the absence of data reporting language in its statutory priorities. What are some potential FSA reforms you have identified that would give the agency a more active role in assessing the effectiveness of federal investments and facilitating research?

Rep. Paul Mitchell (R-MI)

1. One of the most important things for me is that students have the most accurate and complete information when deciding on where to choose which college to attend. Can you talk about what measures the federal government should be taking, if any, to help ensure that families have access to that kind of information?

2. Many states already have data systems that have more comprehensive information on their students than the federal government, including earnings outcomes on their students broken down for each program that they graduate from. What would a federal data system provide that states can't already do themselves?

3. You highlight the need to report more effectively data that is currently being collected and collecting better data on basic measures on cost, quality, and outcomes would provide a number of benefits. I am working on efforts to do just that—to provide students, families, and institutions better information to make better choices with data that is already collected and reported. How do you believe that allowing for data linkages on information already being collected will benefit all parties involved in higher education: the institutions, students and families, policymakers, and the federal government?

4. Our country is facing a skills gap crisis. The Committee recently passed the *Strengthening Career and Technical Education for the 21st Century Act* that hopes to better connect students to high-quality, in-demand jobs. I've had countless meetings with employers in the tenth district of Michigan who cannot find the skilled labor they need. You mention that better information about student outcome data reveal that there are many affordable, worthwhile opportunities outside of a traditional four-year degree. How could better information about student outcome data, such as earnings and completion, on a programmatic level help close the skills gap and better connect students, especially non-traditional students, to these high-quality, in-demand fields of study—perhaps helping these students get the most return on their investment?

5. What are the measures that you think are most important for consumers choosing a college? Does that Department of Education already make these available or would we need to collect new data to gather this information?

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July 7, 2017

Ms. Mamie Voight
Vice President of Policy Research
Institute for Higher Education Policy
1825 K Street, NW, Suite 720
Washington, DC 20006

Dear Ms. Voight:

Thank you, again, for testifying before the Subcommittee on Higher Education and Workforce Development at the hearing entitled "Empowering Students and Families to Make Informed Decisions on Higher Education" on Wednesday, May 24, 2017.

As a follow-up to your testimony, please find enclosed additional questions from a Committee member for inclusion in the final hearing record. Please provide your written responses to Education Legislative Assistant Caitlin Burke **no later than July 28, 2017**. Her number is (202) 225-6558 should you have any questions about this request.

Sincerely,

Brett Guthrie
Chairman
Subcommittee on Higher Education
and Workforce Development

Rep. Paul Mitchell (R-MI)

1. What are the measures that you think are most important for consumers choosing a college? Does the Department of Education already make these available or would we need to collect new data to gather this information?

2. One of the things that I'd like to ensure is that any new transparency measures that we enact also reduce burden on the colleges and institutions that are required to report it to the federal government. Can you discuss how moving to a new data system may increase or decrease the amount of effort required by institutions?

PEPPERDINE UNIVERSITY

OFFICE OF THE PRESIDENT

July 28, 2017

Representative Brett Guthrie
Chairman
Subcommittee on Higher Education
and Workforce Development

Dear Chairman Guthrie,

Thank you again for the opportunity to testify before the Subcommittee on Higher Education and Workforce Development at the May 24, 2017, hearing entitled "Empowering Students and Families to Make Informed Decisions on Higher Education." In reply to your request dated July 7, 2017, I am submitting a response to several additional questions to be included in the final hearing record. These questions and answers are set forth below.

Question from Chairwoman Virginia Foxx (R-NC)

We hear from institutions frequently about the federal reporting burden from IPEDS surveys and other data collections. Do you think there is a way to reduce the reporting burden in HEA reauthorization, while still maintaining the dual goals of student privacy and federal accountability? Do you think it is worth sacrificing student privacy to reduce institutional burden?

Response

Although it is true that federal requirements related to data collection can impose a substantial burden on institutions of higher education, we willingly undertake this obligation. We do so for two main reasons: 1) to ensure that students and families can make informed decisions; and 2) to demonstrate regulatory compliance. I remain concerned, however, about the ever-expanding scope of data collected and its overall utility in informing student choice.

Under IPEDS, the amount of data collected has grown significantly over the years, yet, to my knowledge, there has been no substantive review of whether the data collected is useful to consumers and decision makers. I would urge such a review.

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Meanwhile, some policymakers have suggested that one way to reduce the burden on institutions is to collect even more data in the form of individual student records. However, establishing a student unit record system would severely compromise student privacy. I simply do not believe that students should be required to turn over all of their personal information to the federal government as a condition of attending a Title IV institution. Accountability is important, but it should not come at the expense of a student's right to privacy.

Another problem with such an approach is that it would do nothing to distinguish between what is useful versus what is not useful to students, families, and policymakers. Furthermore, there are likely to be significant obligations and expenses associated with a student unit record data system, making it unclear whether such a system would in fact reduce the current reporting burden.

Question from Representative Paul Mitchell (R-MI)

What are the measures that you think are most important for consumers choosing a postsecondary option?

Response

I think that consumers themselves are the best ones to answer this question. In my experience, the information that students and their families want and need does not always align with what researchers and policymakers assume they want and need. As a result, we must make an effort to determine what measures are most important to prospective students and their parents before engaging in new data collections or developing new consumer information tools. At the same time, we need to be cautious about assuming that students and their families select colleges based only on measurable metrics such as completion rates.

One example of a consumer information tool that was developed in direct response to consumer feedback is the University & College Accountability Network (U-CAN). Through focus groups conducted in multiple cities in 2007 and again in 2014 and 2015, students and parents identified the information they most need to make an informed college choice.

These measures include information on admissions, enrollment, academics, student demographics, graduation rates, most common fields of study, transfer of credit policy, accreditation, faculty information, class size, tuition and fee trends, price of attendance, financial aid, campus housing, student life, and campus safety. In addition to the quantitative data contained in each college

or university's U-CAN profile, a prospective student also has the ability, through the network, to access qualitative information, as well as information identified by policymakers as important for accountability.

It may interest you to know that the information available via U-CAN is based on data primarily derived from the U.S. Department of Education's IPEDS survey. The information is routinely updated and will soon include data on part-time and transfer students based on the new IPEDS data collection.

While U-CAN is certainly not perfect, I believe it provides a good example of a resource that is tailored to the needs of individual students. What is important to one prospective student seeking his or her best-fit college will not be important to another. Although U-CAN is not the only consumer information tool out there, it is the only one that is based on direct feedback from the individuals who are choosing a post-secondary option. And above all else, I believe our focus should be on the needs of our students.

I hope that you find these responses helpful.

Sincerely,

Andrew K. Benton

Andrew K. Benton
President and CEO

American Enterprise Institute
1789 Massachusetts Avenue, NW
Washington, DC 20036

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August 8, 2017

Honorable Chairwoman Virginia Foxx
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Foxx,

Thank you for the additional questions following my testimony before the Subcommittee on Higher Education and Workforce Development on May 24, 2017. You asked what I believe Congress can do to remedy the information gap regarding the Income-Based Repayment (IBR) program for student loans brought to light by the Government Accountability Office report *Education Needs to Improve Its Income-Driven Repayment Plan Budget Estimates*.

The limited information policymakers have about the IBR program is part of a broader issue with respect to the federal student loan program. That is, the existing, publicly available data on federal student loans are limited in two main ways. First, they are often not broken down at the student level and therefore provide only high-level summary statistics. Second, the data generally reflect snapshots in time and are not longitudinal, meaning information about what happens to loans and borrowers after the money is disbursed is not observable. The best available data sources—those that are student-level and track borrowers over time—are derived from infrequent surveys with small sample sizes and short time horizons.

The lack of useful data leads to an information gap with respect to the IBR program because analysts outside the government (and even inside the Department of Education) cannot gauge how a given borrower's income changes over time. Because income level dictates how much of the loan a borrower will or will not repay, the key variable to estimating size and scope of IBR is simply not available in the data that analysts and researchers can use.

My proposed solution is that policymakers require the Department of Education, in cooperation with the Treasury Department, make the two datasets that the federal government already compiles—the National Student Loan Data System sample file and the same file matched to Internal Revenue Statistics data on borrower income—available in the same manner as other restricted-use datasets, like the National Postsecondary Student Aid Study. Researchers and organizations that agree to follow the National Center for Education Statistics privacy-protection rules could obtain the same de-identified data the government uses to analyze the federal student loan program and formulate policy. While that falls short of full availability, it is likely necessary to address concerns over privacy.

If more researchers and analysts had access to these data, they could conduct their own estimates and projections regarding the IBR program. Their work would augment and supplement the limited information that the Department of Education publishes on the IBR program. Their work would also be an independent check on the projections that government agencies make regarding the IBR program.

You also asked what I believe to be the key pieces of information policymakers need to evaluate the performance of the federal student loan program and its success or failure. The most important data that policymakers need, but are lacking today, is how student loans perform over long periods of time. The data available today are not longitudinal and provide high-level summary statistics but cannot show what happens to loans and borrowers after the money is disbursed. Information about the share of students defaulting on their debts and how many borrowers are in default is available and updated regularly, but this information provides only a small part of the overall picture. To provide a few examples of how limiting the data are, they cannot reveal what happens to borrowers and their loans *after* they default; they do not show how a loan performs leading up to default; and, they cannot show how often borrowers pay off their loans early. All of these pieces of information are important to gauging the success of the student loan program. The solution I outlined in my answer to the earlier question and the one I outline in my written testimony would go a long way toward helping to answer those important questions.

Respectfully,

Jason Delisle, resident fellow

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August 8, 2017

Honorable Paul Mitchell
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Mitchell,

Thank you for the additional questions following my testimony before the Subcommittee on Higher Education and Workforce Development on May 24, 2017. In your first question you asked me to explain in more detail what I called "blind spots" in our higher education data, and in your second question you asked how I would update and streamline the current reporting system. I'll keep my answer limited to the federal student loan program since that was the focus of my testimony.

One major blind spot is a lack of understanding of how the student loan portfolio performs over time. While aggregate-level summary statistics (for instance, the share of borrowers in default) are publicly available, further information is needed to understand the impact of income-based repayment (IBR) programs on students and taxpayers. One particular shortcoming is that we cannot match borrowers' loan balances to their lifetime income profiles. This makes it difficult to gauge the effect of IBR on default risk and to estimate how much debt will be forgiven under the program.

The most efficient way for policymakers to address this blind spot is to make a sample of de-identified NSLDS-IRS data available to researchers on a restricted-use basis, as student-level datasets such as the NPSAS are currently. The ability to track not only borrowers and loan performance, but borrower incomes as well, would vastly increase our understanding of IBR and its effect on student borrowers.

In response to your third question, summary statistics suggest that lifetime (i.e., over the entire duration of the loan) student loan default rates are high and rising. However, researchers have little information about why these defaults are occurring, or how many are avoidable.

As I mentioned in my testimony, reports suggest that many borrowers who default do not make a single payment on their loans. This could be for myriad reasons – perhaps borrowers' incomes are too low to afford payments, or perhaps nonfinancial barriers (such as lack of awareness about repayment plan options) inhibit borrowers from entering repayment. Still other reports suggest that some defaulters left school years or even decades ago. These various explanations for default suggest very different solutions. However, without better information on defaulters, policymakers cannot know the correct solutions to pursue.

Meanwhile, the driving assumption is that all borrowers who default do so because they have very low incomes relative to their debts. That has led policymakers to pursue only one solution: provide ever more subsidies to borrowers to reduce their monthly payments. Yet the problem may not be one of affordability, making the solution of greater subsidies an efficient and ineffective response to the problem. Better data will help reveal the causes and consequences of student loan defaults more accurately and may suggest different solutions.

For your last question, we know that different consumers value different things, but surveys consistently show that the main reasons students attend college are to raise their chances of finding employment and increase their future earnings. Earnings data by institution are currently available through the College Scorecard, but program-level earnings data are not as widely available. The Gainful Employment dataset provides some program-level earnings data, but it only covers program completers at a subset of institutions, so its utility as a consumer tool is limited.

Respectfully,

Jason Delisle, resident fellow

[Mr. Schneider's responses to questions submitted for the record follow;]

Responses by Mark Schneider to follow-up questions from House Testimony before the Subcommittee on Higher Education and Workforce Development on Wednesday, May 24, 2017.

The first question from Chairwoman Foxx pertains to my dealings with FSA. My past experiences with them when I was Commissioner of Education Statistics were often difficult. I hoped that those experiences were so far in the past that they might not be germane to the practices of today's FSA; unfortunately, my current experience with them suggests otherwise.

Here is but one example from my earlier experiences with FSA. NCES was charged by Secretary Spellings with identifying the ability of the Department to track the success of students who received Pell grants, including standard measures such as transfer, persistence, and graduation rates. Of course, FSA has the data to do this and we asked for their help. Note that we were not asking them to compute these statistics nationwide—our request was for data on a small sample of students and schools to assess our *ability* to compute Pell student statistics. Very little cooperation and very little data were forthcoming from FSA—despite the intervention of the Secretary. As a result, an opportunity to better assess the return on the investment the nation makes in Pell students was lost—and it is only now, years later, that we are finally beginning to get the data necessary to assess the ROI on the nation's investment in Pell grants.

As noted, I hoped that experience was ancient history and not germane to current practices. I fear I was wrong. Presently, I am working to assess the effects of post-9/11 GI benefits on veteran education and workforce outcomes. This effort involves several agencies, including the Departments of Defense and Veterans Affairs, plus the Census. We hoped to include FSA in the effort, in order to measure student debt of veterans attending postsecondary institutions under the GI Bill. FSA early on dropped out of the effort and, as of now, we have no expectation of being able to report veteran student debt levels.

Regarding Ms. Foxx's second question, as noted in my testimony, I believe that much of this reluctance to share data is endemic to the culture of FSA. Hopefully, the incoming director of FSA will see the importance of sharing data (while protecting student privacy and fulfilling its main function of dispersing Title IV funds efficiently) and can help shift the attitude of FSA staff. But while leadership can help change the culture, Congress can incentivize leadership to do so. This is why changing the FSA performance standards is important.

In response to Mr. Mitchell's first question, I believe students (and their parents) need answers to a short list of questions:

- Will I get in?
- Will I get out?
- How long will it take?
- How much will it cost? (And how much will I need to borrow?)

- How much money will I make after I graduate?

Here's my assessment of our ability to answer these questions:

- Students can get relatively good information on their prospects for admission (both from government sources but also from private sources such as Peterson's or Barron's).
- Government statistics on graduation rates are getting better, but we need to continue to work on improving those measures to cover more students.
- The government does not have good measures on how long it will take to complete. We can use four, five, and six year graduation rates to compute an average time to degree for bachelor's institutions, and use two, three, and four year graduation rates to compute average time to degree for associate's colleges. However, there is significant variation in time to degree across programs—and these data are not currently in the federal repertoire.
- Net price calculators are required by law to be found on every college's web site, although there is concern about the accuracy (and visibility) of current calculators.
    - Students often have a hard time assessing the extent of debt they will accumulate and information on various repayment options is confusing and often opaque. We must do better.
- Reporting wage outcomes requires the nation's attention. The College Scorecard reports wage data only at the institution level, which masks the large variation of wage outcomes at the program level. Moreover, we need a systematic campaign to help students understand the many pathways (including CTE) into jobs that pay family sustaining wages.

Regarding Mr. Mitchell's second question: the most important information that the federal government can provide to improve the current work of states is data on graduates who leave the state. Most states rely on state Unemployment Insurance wage data—which covers (most) civilian workers in a state. However, graduates who work in other states are not included in any individual state's UI data. In some states, for example, Tennessee, which borders seven different states, this is a serious problem that is best addressed by a match of student level data with federal tax data. As noted in my testimony, I think that Congress will need to decide whether these linked data should be only for Title IV students or for the entire student population.

Regarding data linkages: the federal government already collects large amounts of information on student success. However, data are housed in separate data systems located in different agencies and covered by different laws. We have seen some examples of successful data linkages—the Scorecard wage data is perhaps the most notable; work by Raj Chetty and his colleagues on student mobility is another excellent example.

These efforts are just the beginning of work that will demonstrate the power of linking different data sources to help provide information the nation needs. We <u>must</u> always be cognizant of the need to protect student privacy—but we also need to balance the fundamental right of privacy with the benefits that could accrue to the nation by having better data. Congress is the right (and maybe the only) venue

for that balancing act to be resolved. As this debate plays out, Congress will need to resolve legislative issue concerning the disparate laws governing the use of, for example, Census, IRS, and ED data.

Representative Mitchell's question about the skills gap identifies one of the most important challenges the nation faces. We need to constantly counter the belief that the bachelor's degree is the only path to middle class wages. To do so, we need to continue to document the value of alternative pathways into the labor market and we need to overcome the resistance of far too many college access professionals to the message that CTE can pay off for many students. This is a data problem—we need to continue to identify the high valued credentials that are not bachelor's degree programs. But it is also a messaging problem—we need to work to overcome the biases in our society. I think the Congress, the Department of Education, and the Department of Labor are, together, a bully pulpit for getting that message out—but it is not an easy task.

- Below I attach a copy of a recent piece I wrote that was published in the Orlando Sentinel showing how valuable apprenticeships can be.

With regard to the final question, please refer back to my answers to question 1.

7/8/2017 Skills-oriented apprenticeship can trump bachelor's-or-bust - Orlando Sentinel http://www.orlandosentinel.com/opinion/os-ed-apprenticeship-gives-needed-skills-for-labor-market-20170620-story.html

Commentary: Skills-oriented apprenticeship can trump bachelor's-or-bust

By Mark Schneider Guest Columnist JUNE 20, 2017, 4:55 PM

Earlier this month, President Trump signed an executive order to double the amount of funding for apprenticeship programs, up to nearly $200 million. The goal is, in Trump's words, "training people to have great jobs and high-paying jobs." These goals are also top of mind for young adults: In survey after survey, college students make it clear that they are seeking higher wages and better career prospects in return for their investment.

Historically, America has emphasized the production of bachelor's degrees as the means by which young people can reach these goals. On its face, this seems prudent. On average, bachelor's-degree holders enjoy substantial lifetime returns over those of high-school graduates. But many colleges do not equip graduates with the skills required for labor-market success. In turn, employers bemoan their inability to find students with necessary skills, and graduates face underemployment and lower-than-expected earnings. In short, this bachelor's-or bust approach is not working for students or employers.

The problem is that the bachelor's degree has become the ultimate end of higher education, at the expense of students' rationale for seeking an education: a good job and a steady wage. Instead, if we prioritized teaching marketable skills rather than producing degrees, then an assortment of pathways would naturally emerge that lead students to their desired outcomes. These options could be faster and cheaper than four-year programs, with better outcomes to boot.

Indeed, some alternate pathways already exist. One that has received a lot of recent attention is "coding boot camps" like General Assembly, The Iron Yard, and Galvanize. Students spend three to six months in intensive coding programs, in lieu of four or more years for a B.S. in computer science. Better yet, boot camps often boast high salaries and near-perfect placement rates, a function of their ties to employers in cutting-edge fields.

Apprenticeships also offer work-centric instruction with excellent employment opportunities and solid wages. Yet, despite both the Obama and Trump administrations praising these programs, apprenticeships are still a road less traveled. According to Department of Labor statistics, apprenticeship programs graduated only around 50,000 apprentices in 2016, compared to 2 million bachelor's degrees granted the same year.

What might explain these programs' lack of growth? Apprenticeships have been around for ages but are often viewed as viable for a small slice of students. This stems partly from the perception that apprenticeships are "blue collar" or for those who aren't "college material." The belief that apprenticeships are heavily controlled by labor unions and lead only to jobs in construction has also hampered growth.

In most states, there's a dearth of data on how apprentices fare in the work force. One exception: Florida. Florida tracks the median first-year wages and employment rates for 12 apprenticeship programs offered by "district technical centers," a key component of its post-secondary education system. These programs range from plumbing technology to machining to early childhood education, and most of them result in median first year wages between $40,000 and $55,000, compared to only $34,000 for bachelor's-degree holders.

The most lucrative program, for elevator constructor mechanics, boasts median first-year wages of $91,000. Similarly, employment rates also favor apprenticeship graduates, with all but one program reporting a rate of 83 percent or higher, compared to 71 percent for bachelor's-degree programs.

Yes, federal data show that wages of bachelor's-degree recipients grow at a faster rate than those of students completing apprenticeships. That means, over time, the wage gap between four-year graduates and apprentices will narrow and potentially reverse. However, many graduates of apprenticeship programs are solidly in the middle class, making family-sustaining wages. Importantly, many of them might have had difficulty completing the classroom-focused instruction that's required for a bachelor's degree.

While we praise coding boot camps that train students to fill a need in our increasingly technological economy, we should also laud apprenticeship programs that train students to fix the plumbing, air conditioning, electrical systems, and elevators that make boot camps — and almost everything else in our society — function. And we need to collect and disseminate more data to inform young adults about apprenticeship opportunities, helping to spread the model to more students and develop programs covering more career options.

Mark Schneider is a visiting scholar at the American Enterprise Institute, vice president and institute fellow at the American Institutes for Research, and president of College Measures.

July 28, 2017

Chairman Brett Guthrie
Committee on Education and the Workforce
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Guthrie:

Thank you for the opportunity to testify before the Subcommittee on Higher Education and Workforce Development at the hearing entitled "Empowering Students and Families to Make Informed Decisions on Higher Education" on May 24, 2017. I also appreciate the follow-up questions from Congressman Mitchell. Below, please find answers to these questions for the record.

1. What are the measures that you think are most important for consumers choosing a college? Does the Department of Education already make these available or would we need to collect new data to gather this information?

   Answer: Students need information about college access, completion, cost, and outcomes to make good decisions about where to go to college, what to study, and how to pay for it. We detail a core set of metrics in our 2015 report, *Toward Convergence: A Technical Guide for the Postsecondary Metrics Framework*. A subset of these metrics – including disaggregated graduation rates, net prices, debt and repayment measures, and workforce outcomes – are most critical to students as they make college decisions.

   Table ES-1 (page iv) in the report categorizes the availability of these metrics in federal data systems. In some cases – such as data on enrollment – the information already is available and is of relatively high quality. In other instances, data are available, but the quality should be improved. For example, the Department of Education publishes critical information on graduation rates by race/ethnicity, but these metrics only include first-time, full-time students, omitting many of today's college-goers.

   Similarly, the Department of Education recently published data on post-college earnings, which can be immensely helpful in informing students about their future earning potential. However, these earnings data are incomplete, omitting students who do not receive federal financial aid, making the results unrepresentative of the student body. Also, the Department of Education reports these earnings data at the institution, not the program level, so the results do not provide consumers will all the information they need to make choices about college majors. In all of these cases, a student level data network would facilitate reporting of more comprehensive, representative, and useful metrics. Institutions would report student-level data to the Department of Education, which would calculate aggregate metrics for public consumption, thoroughly safeguarding the student-level data.

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2. One of the things that I'd like to ensure is that any new transparency measures that we enact also reduce burden on the colleges and institutions that are required to report it to the federal government. Can you discuss how moving to a new data system may increase or decrease the amount of effort required by institutions?

   Answer: Currently, all institutions participating in the Title IV federal aid programs must calculate metrics to complete 12 surveys in the Integrated Postsecondary Education Data System (IPEDS) and submit data for each of those metrics every year. Using a student level data network, an institution instead would submit student level data, which it already holds, to the National Center for Education Statistics (NCES). Then NCES would calculate the aggregate metrics for all reporting institutions simultaneously, thereby reducing institutional effort by eliminating required calculations of each metric. After transitioning to the new system, the new reporting will be more streamlined and less burdensome than the current IPEDS reporting.

If you have any additional questions, please do not hesitate to ask.

Sincerely,

Mamie Voight

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The Honorable Suzanne Bonamici
U.S. House Subcommittee on Higher Education and Workforce Development
"Empowering Students and Families to Make Informed Decisions on Higher Education"
May 24, 2017

Questions for the Record:

Ms. Voight, during the hearing, I asked about insights we have gained based on the significant amount of resources the federal government has invested in helping states develop their own longitudinal data systems. Can you explain in more detail the benefits and limitations of state data systems? And can you compare proposals to link together state longitudinal data systems with proposals for a nationwide student unit record system? What are the benefits and limitations of each?

Additionally, how can we be certain that personal identifiable information would be secure and protected in a student unit record system?

Response:

States have made great advances in developing their state longitudinal data systems (SLDS) in recent years and use these systems to help inform state policy and practice. However, the information these systems make available to state policymakers is not necessarily available to students or federal policymakers to inform their decisions. Furthermore, state systems are limited in their ability to answer many questions about postsecondary education and the workforce in several ways.

First, state data systems typically are limited by state boundaries. As a result, students who move across state lines for education or work opportunities are not captured in the system. This becomes problematic when measuring workforce outcomes because students who leave the state for employment will appear in the state's data system as not employed. Federal workforce data measure outcomes regardless of where a student lives, studies, or works and thus yield more complete outcomes data.

Second, states rely on unemployment insurance (UI) records to calculate post-college workforce outcomes. These data are valuable and illustrate the growing appetite for workforce data, as shown in tools like College Measures. However, UI data omit federal workers, military employees, and the self-employed, while federal tax records include these workers. Finally, many state longitudinal data systems do not include private (nonprofit or for-profit) colleges, leaving the systems incomplete.

If we are to count all students, all outcomes, and all institutions, we cannot rely on a patchwork of state systems, especially when some omit entire sectors of higher education. The Western Interstate Commission for Higher Education's (WICHE's) Multistate Longitudinal Data Exchange has linked together four state data systems – and is working to expand to ten states. However, the process is highly complex and relies on voluntary state participation, the resulting

data remain incomplete, and the information is not made available consistently to federal policymakers or students. Replicating this model to include all 50 states would prove unwieldy and still would omit many students and many institutions.

A federal data system, on the other hand, would make better data available to students and families, federal *and state* policymakers, and institutions. State policymakers stand to benefit from a federal data system by obtaining more complete data on students who transfer or work across state lines and those who attend private colleges, as well as federal employees, military employees, and the self-employed. States could use this higher quality information to make more informed decisions about postsecondary policy and practice.

Personally identifiable information must be secured and protected using industry-leading protocols. For example, the National Institute for Standards and Technology (NIST) offers security guidance for federal agencies. Standards developed by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) provide standards that serve as a reference in international trade. Each set of standards set guidelines governing things like access controls, risk assessment, awareness and training, physical and environmental security, and audits. Security protocols should be revisited and updated on a regular basis to ensure they are implemented as effectively as possible.

[Whereupon, at 12:29 p.m., the subcommittee was adjourned.]