

# **Towards a Framework for Accountability in Higher Education**

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  - Low earnings
  - Unmanageable debt
- Past higher education accountability efforts improved student outcomes, but old systems need to be adapted to new realities in higher education
- Minimum standards for outcomes that students value are not as elusive: federal aid should **“do no harm”**

# Principles for Accountability Metrics

1. Represent unambiguously positive outcomes for students
2. Minimum acceptable performance to set thresholds
3. Difficult to manipulate (outside of actually improving student outcomes)
4. Simple and easy to understand
5. Measured over time horizon that allows action before too many students are harmed but also ensures accuracy
6. Applied to all sectors (as many as possible)

# Proposed Metrics



Net earnings



Loan repayment rate



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*(median earnings | working) – (median O.O.P. costs) – (median HS earnings)*

- Measured 3 years after program exit
- Includes noncompleters

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- Out-of-pocket expenditures on tuition and fees net of grant aid
- Amortization period: 10 (sub-BA), 15 (BA), or 20 (post-BA) years

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- State-level earnings for all high school graduates, 25-35 years old
- Automatic adjustment for business cycle, regional fluctuations

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- Would require slight changes in reporting for data already collected
  - Could be achieved through sharing 1098-T data with ED

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- Greater than 1 if balance has increased => negative loan RR
- Less than 1 if balance has decreased => positive RR

## Proposed metrics

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- Defining programs
  - 2-digit CIP code
  - Allows sufficient sample sizes to cover 91% of all students (51% of programs)
  - Very little difference in performance with more detailed CIP

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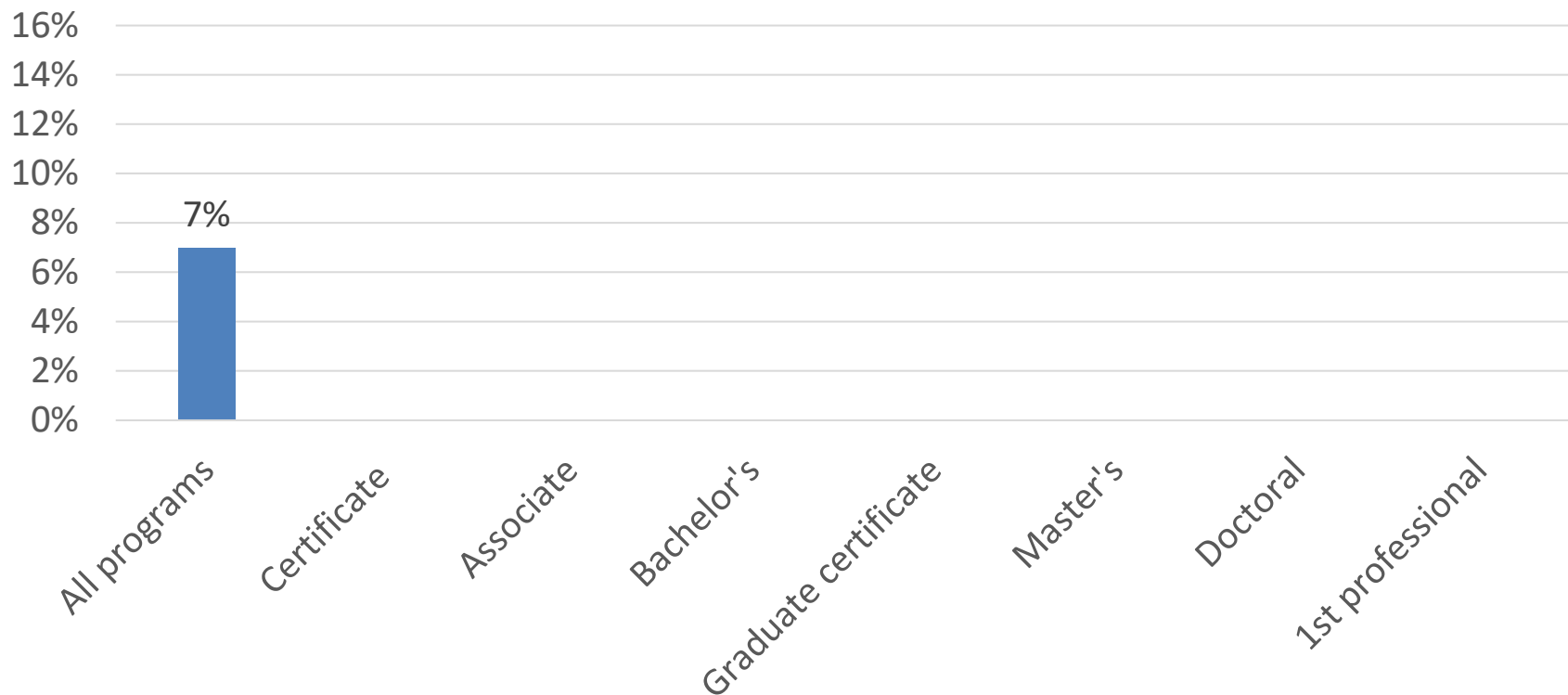
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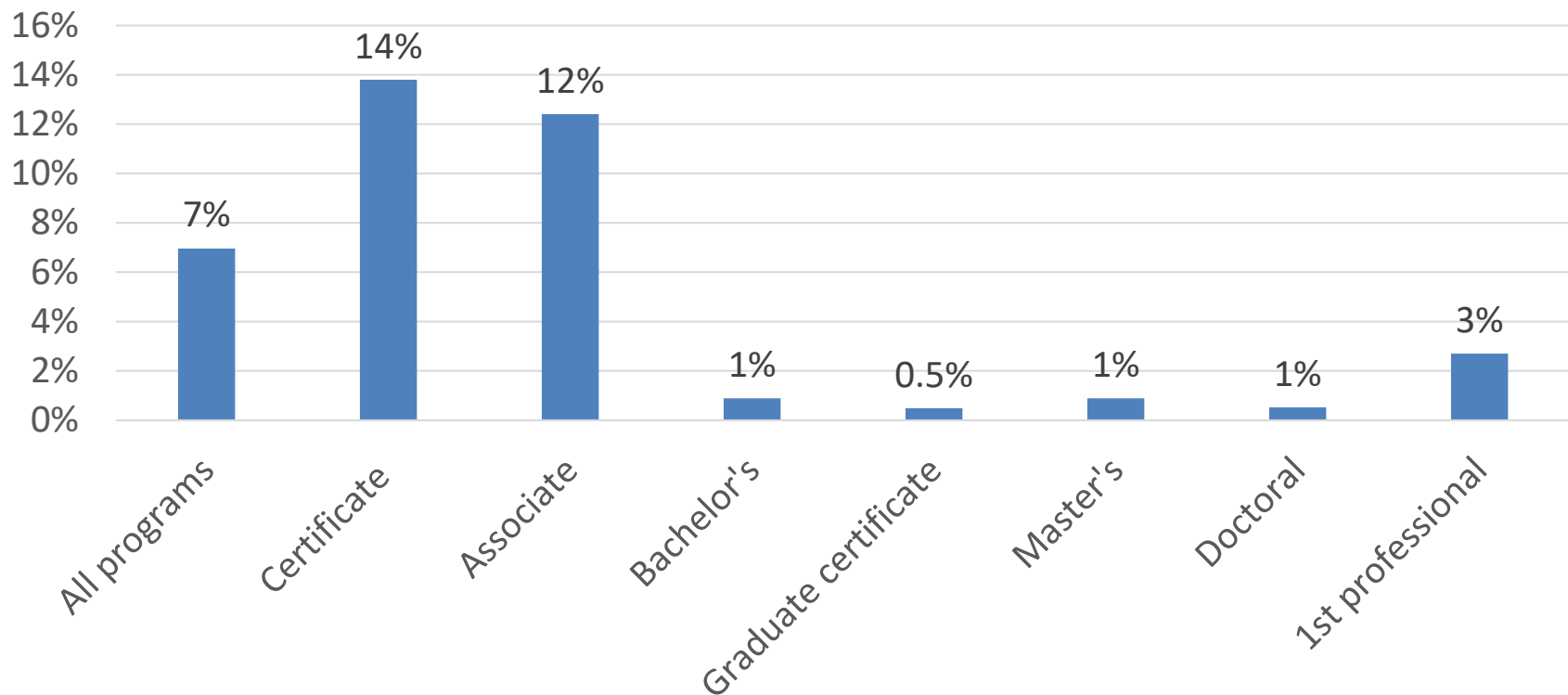
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- Modeling performance
  - College scorecard program-level earnings + program-level loan balances
  - CAVEAT: best approximation of performance with available data



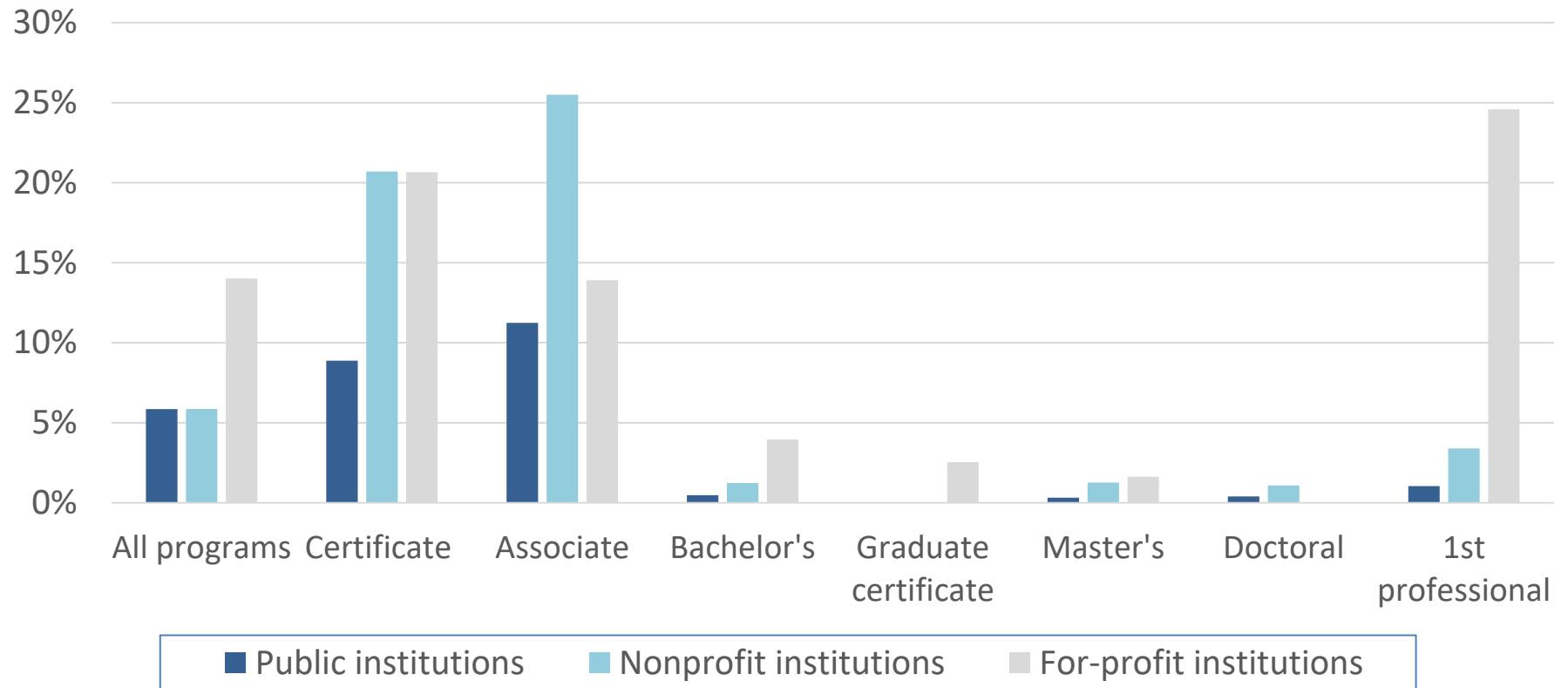
## Percent of students in programs with both negative earnings premia and negative repayment rates



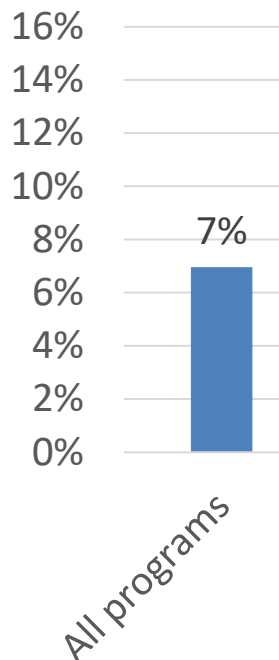
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*What this means for students in these programs:*

- >500,000 students per year
- \$6.2b in federal student debt at exit
- \$6.4b in federal loans 3 years later
- Est \$6.8b in out-of-pocket costs
- 2 out of 3 students came from schools with alternative programs that would provide positive net earnings and/or loan repayment

## What this means for schools

% of students in failing progs	All institutions
0%	0.79
1-25%	
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0%	0.79
1-25%	0.07
25-75%	0.05
75-99%	0.02
100%	0.07

## What this means for schools

% of students in failing progs	All institutions	Public institutions	Nonprofit institutions	For-profit institutions
0%	0.79	0.75	0.91	0.73
1-25%	0.07	0.11	0.04	0.04
25-75%	0.05	0.09	0.02	0.04
75-99%	0.02	0.03	0.01	0.01
100%	0.07	0.02	0.02	0.18

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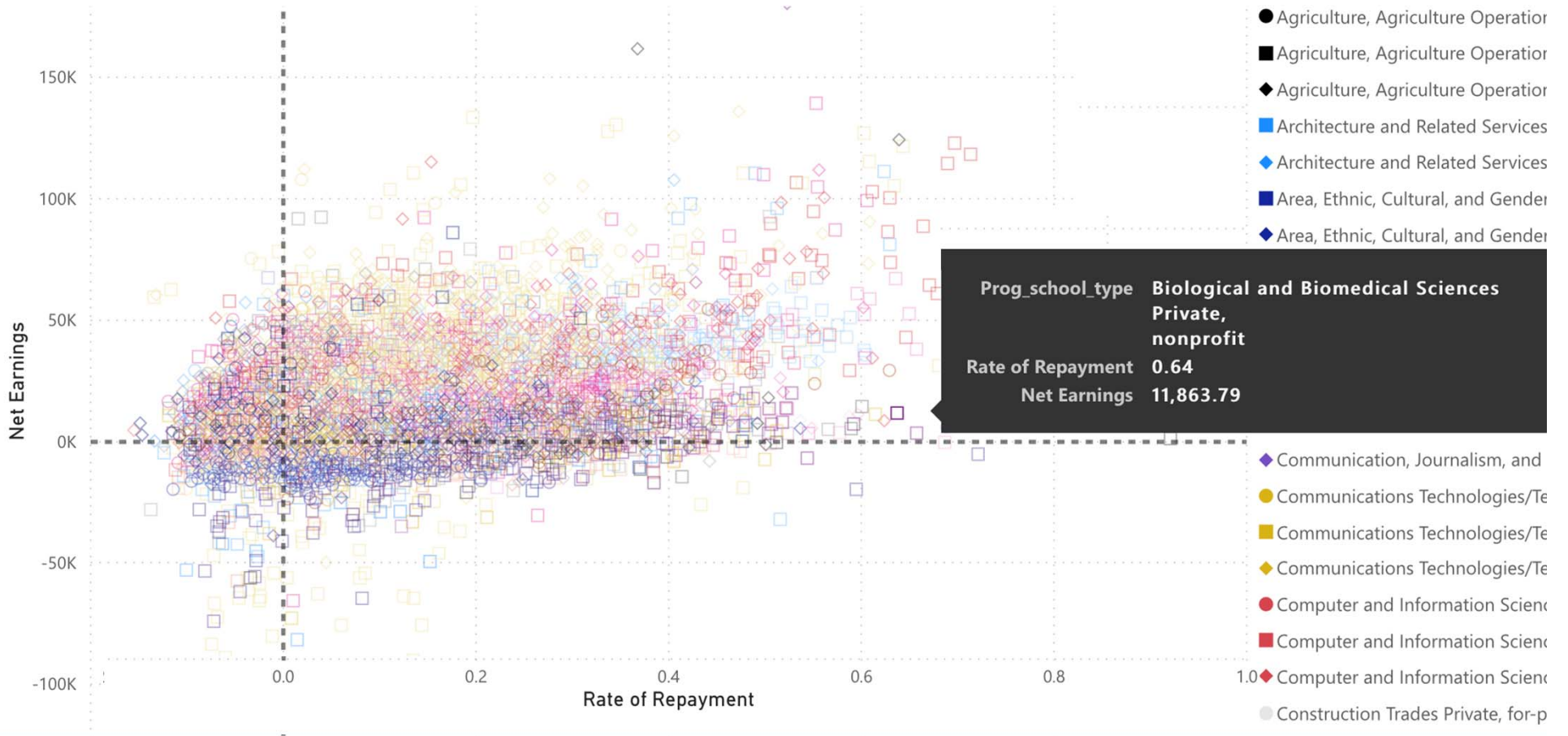


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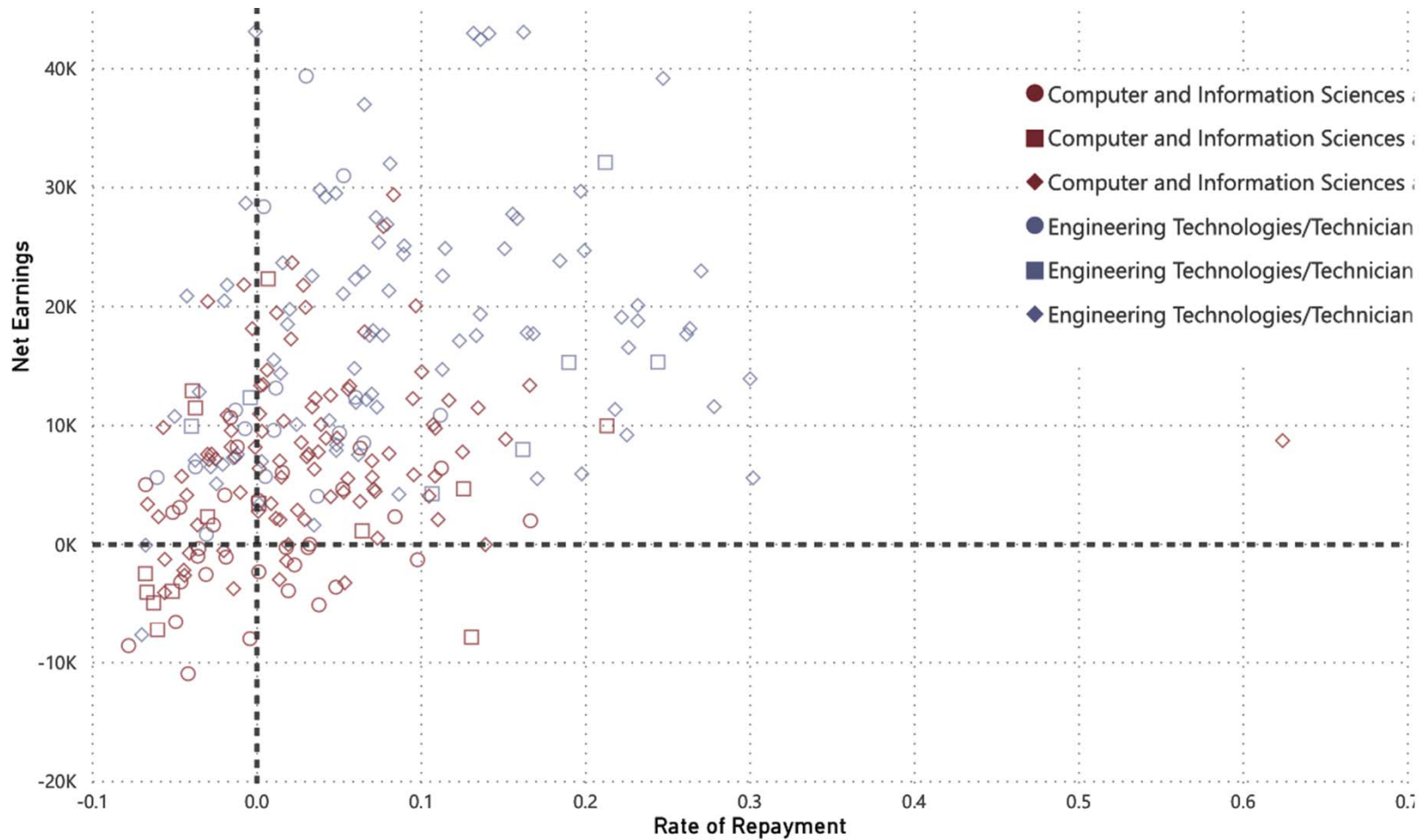
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- In schools with at least 1 failing program:
  - *Public: only 10% of schools had more than 90% of programs fail*
  - *For-profit: over 50% of schools had all failing programs*

# Coming Soon: Visualization Tool



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# Thank you!

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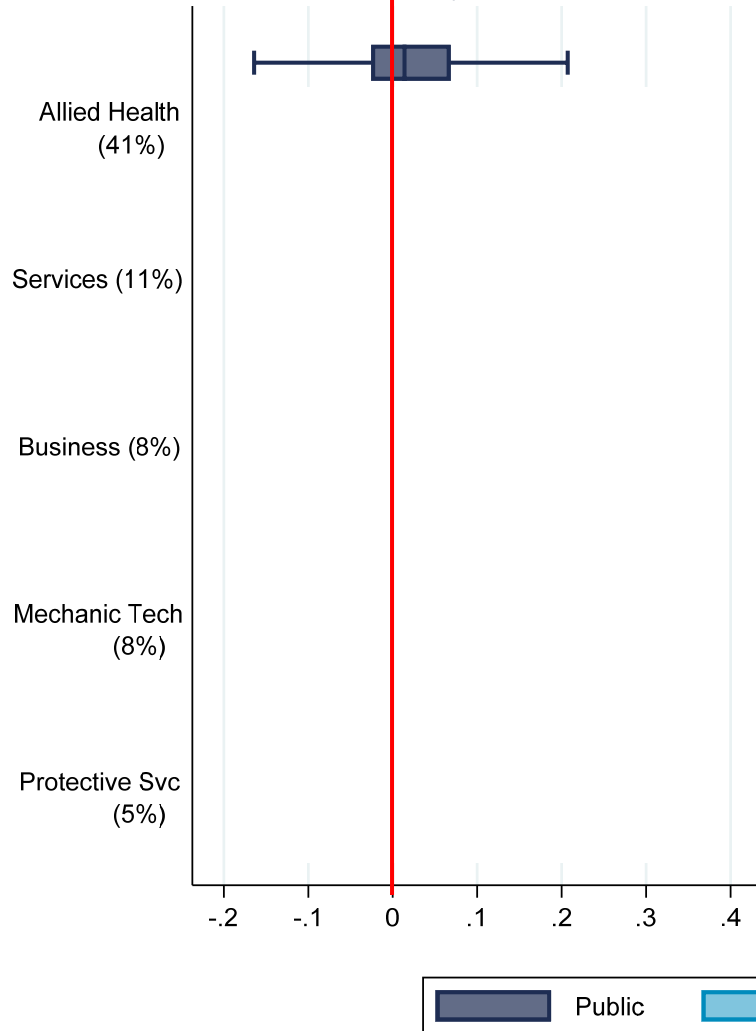
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# Bonus slides



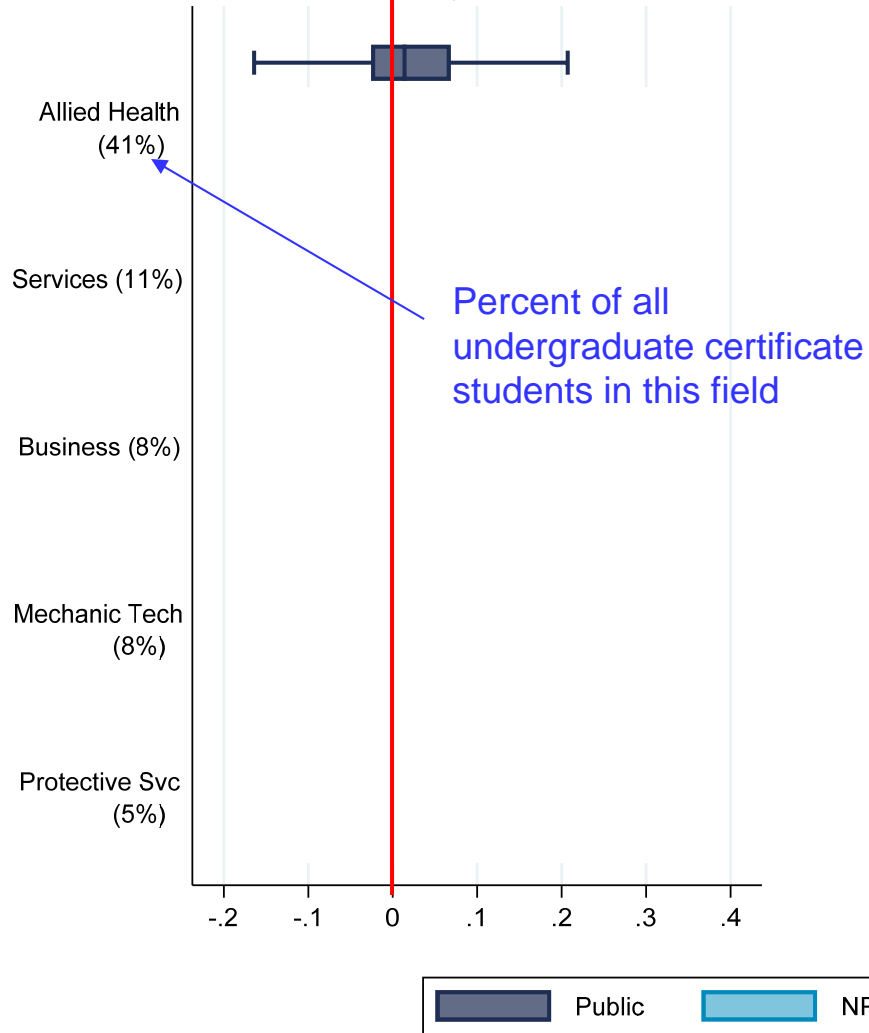
# Undergraduate Certificate Programs

## A. Repayment Rate



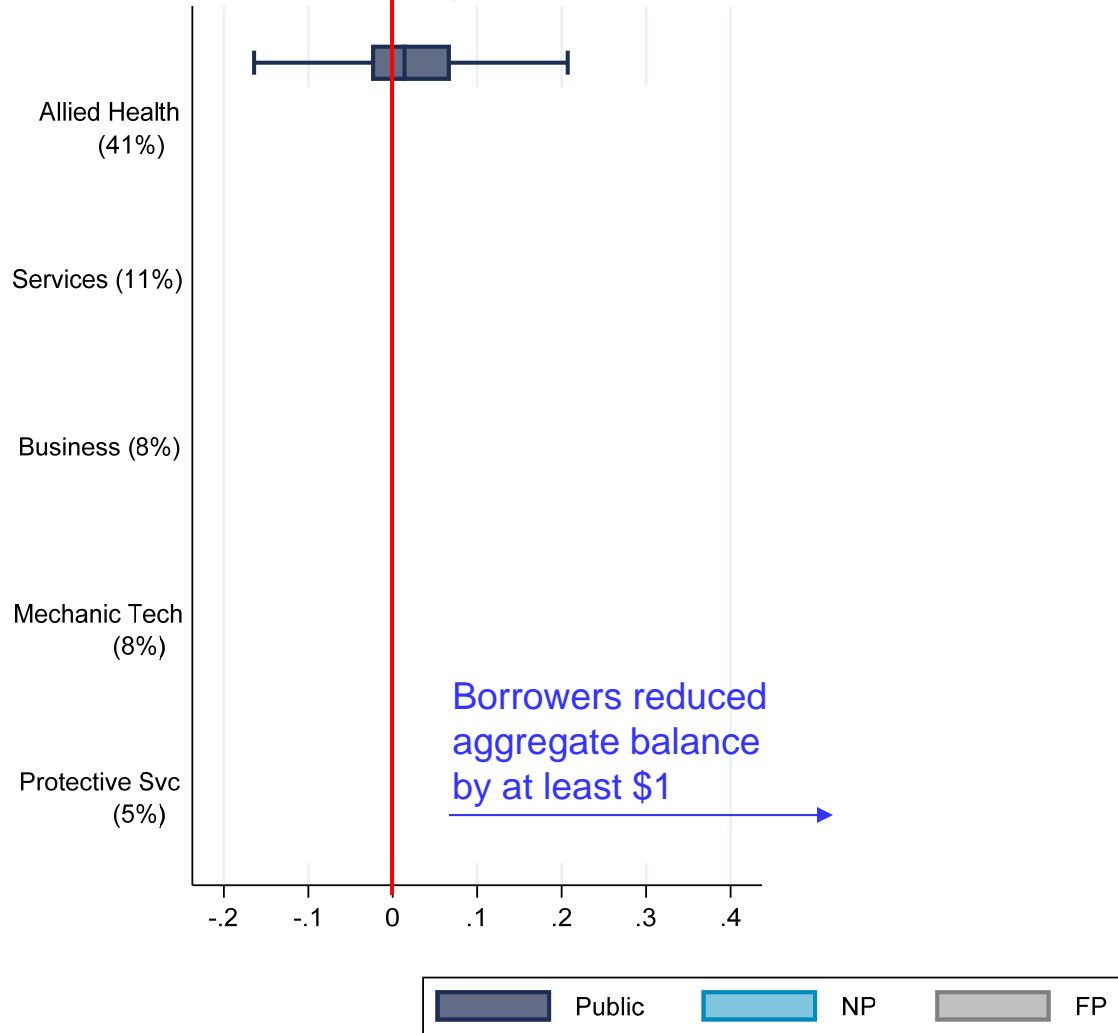
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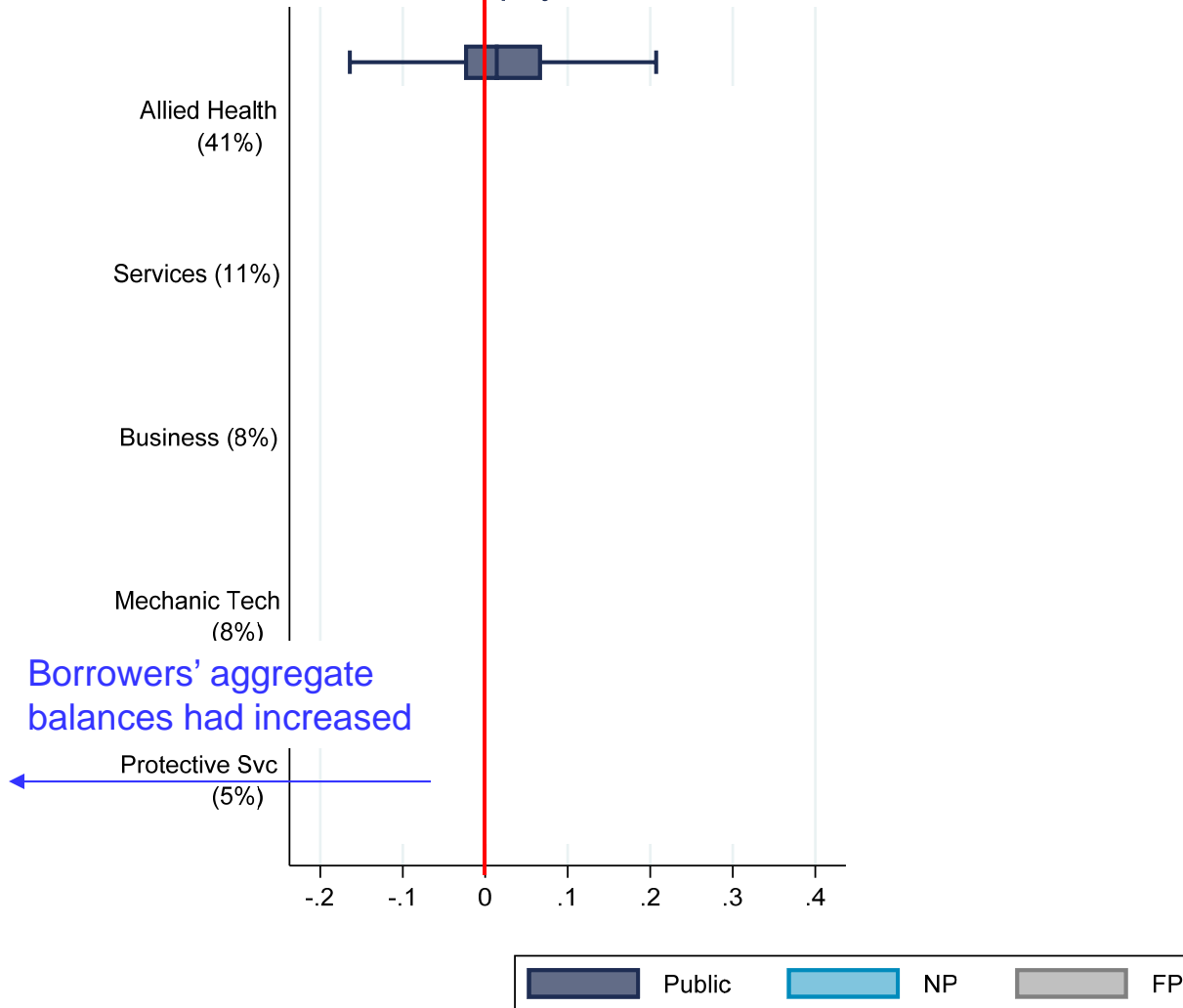
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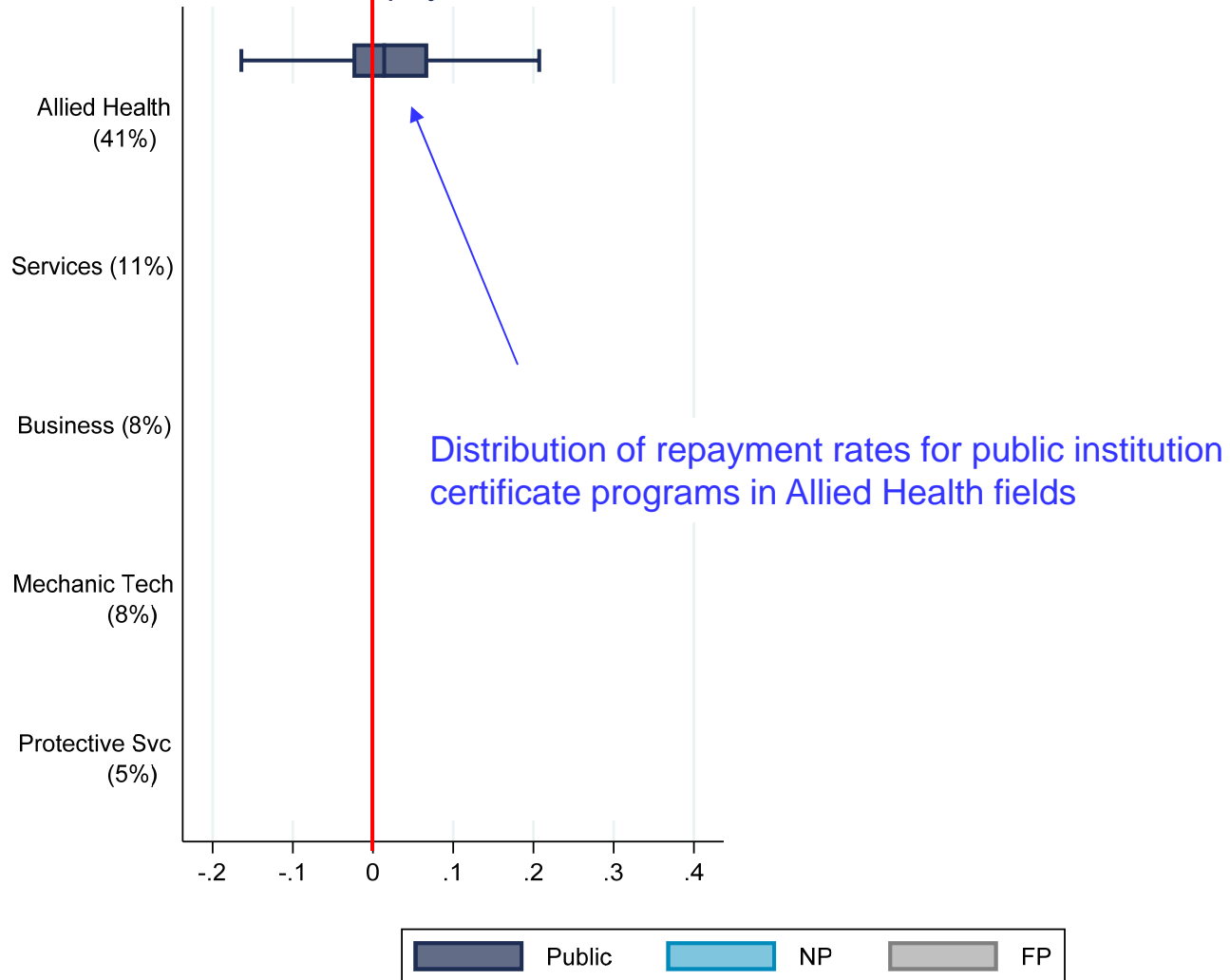
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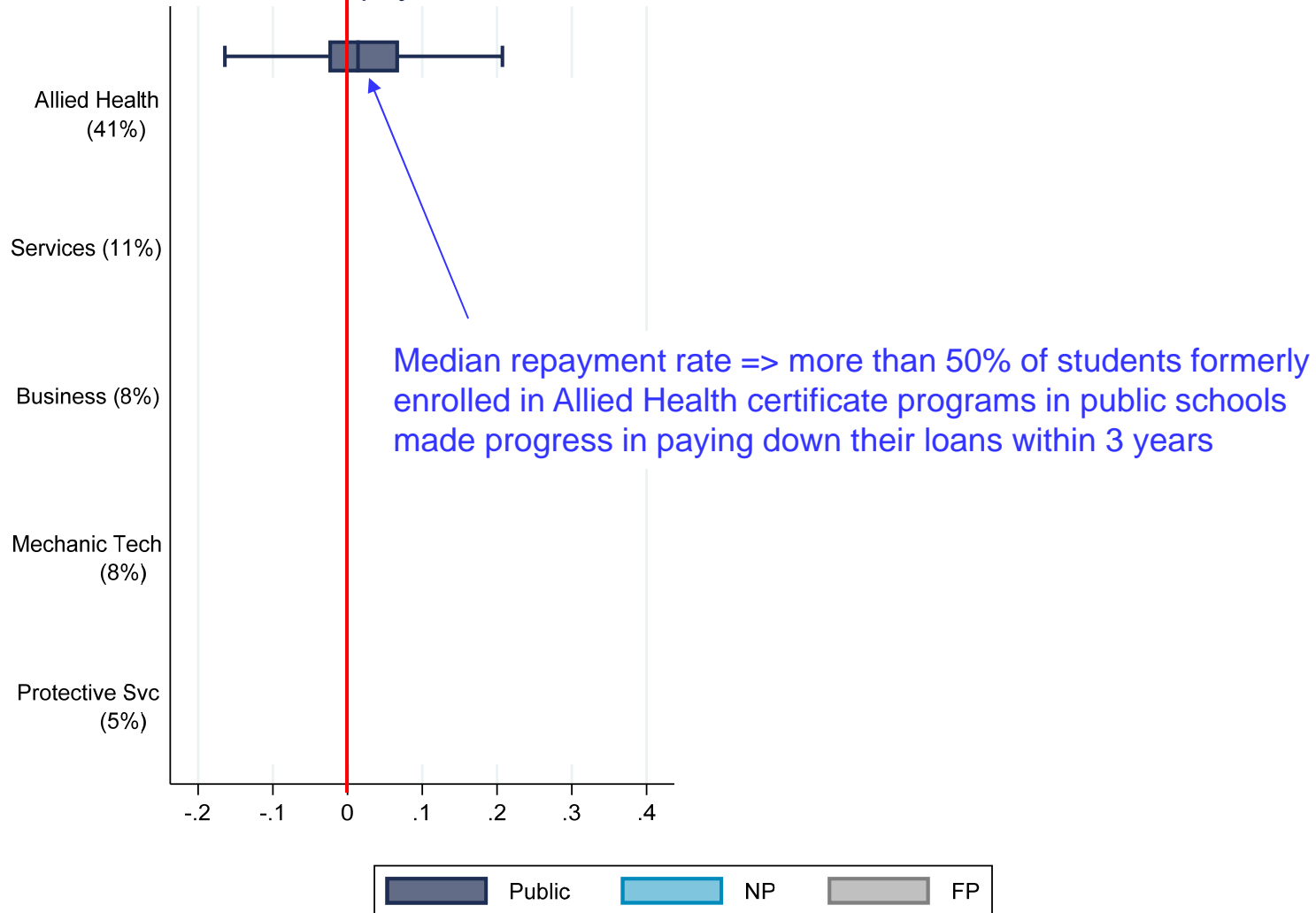
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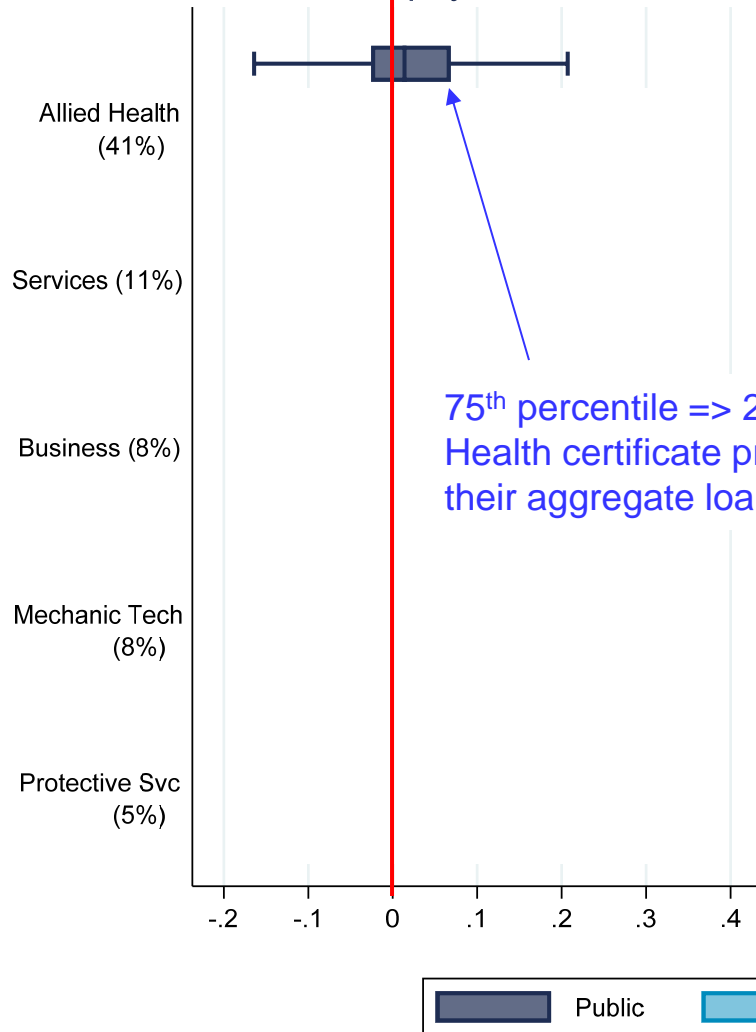
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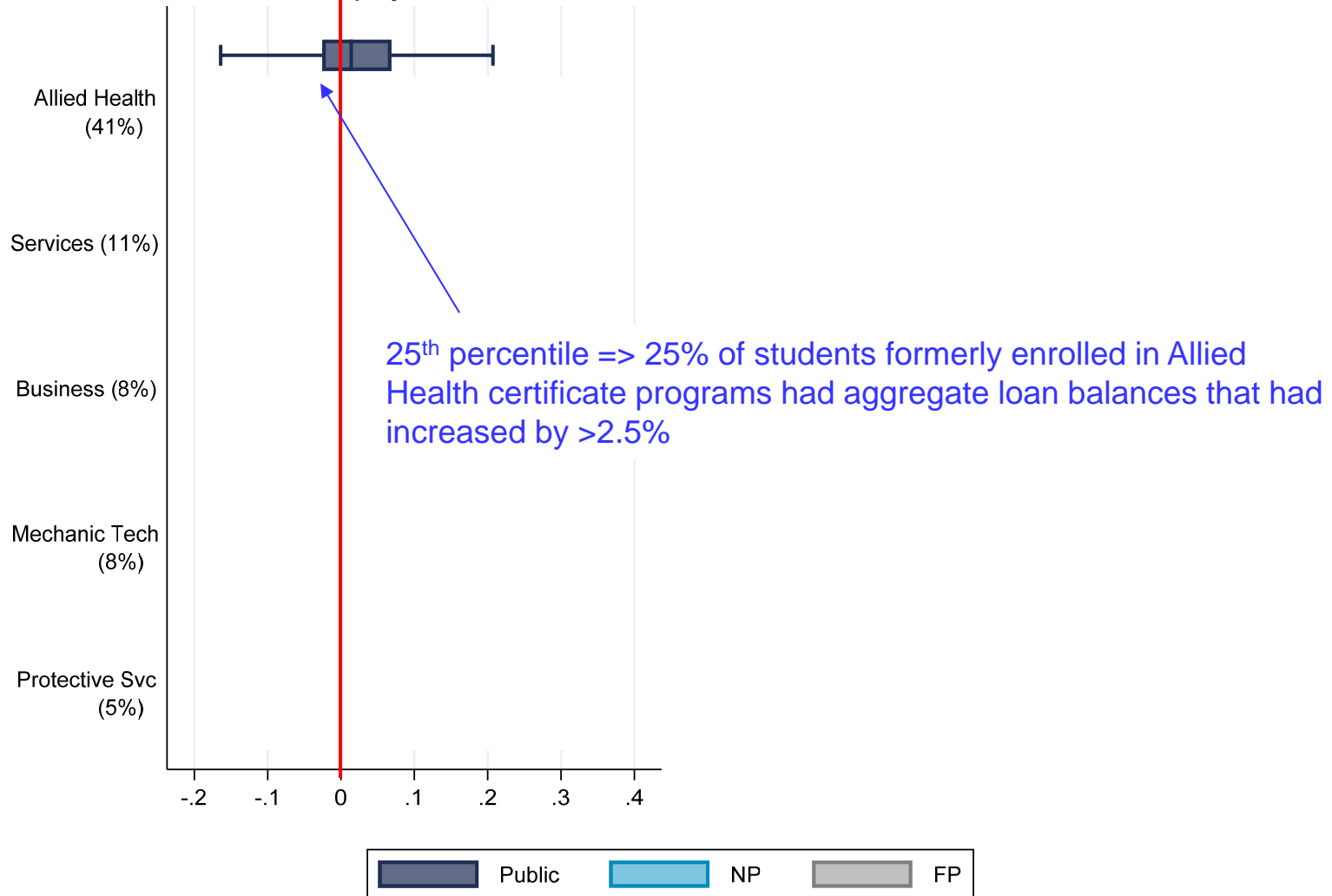
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75<sup>th</sup> percentile => 25% of students formerly enrolled in Allied Health certificate programs in public schools had reduced their aggregate loan balances by >7%

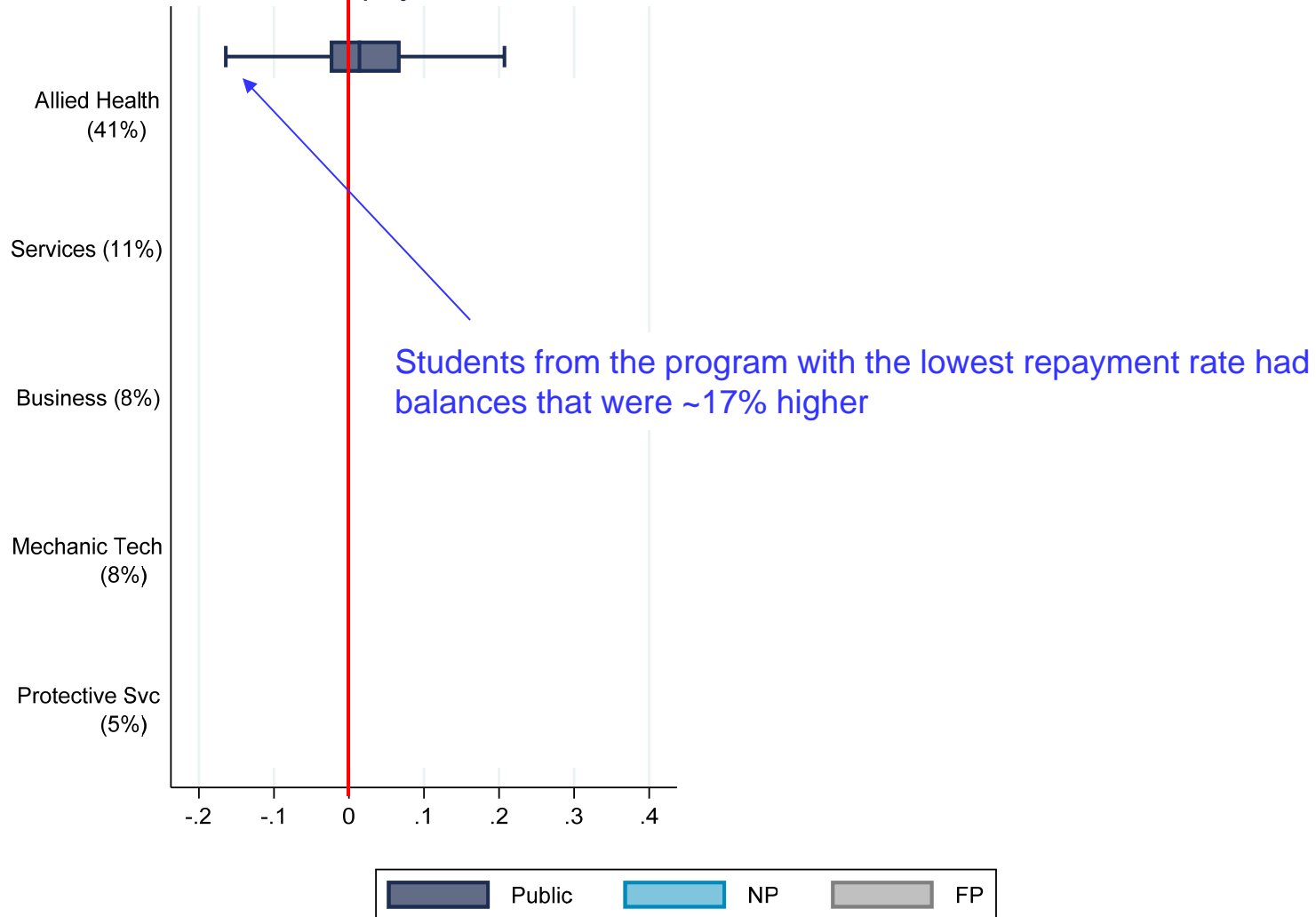
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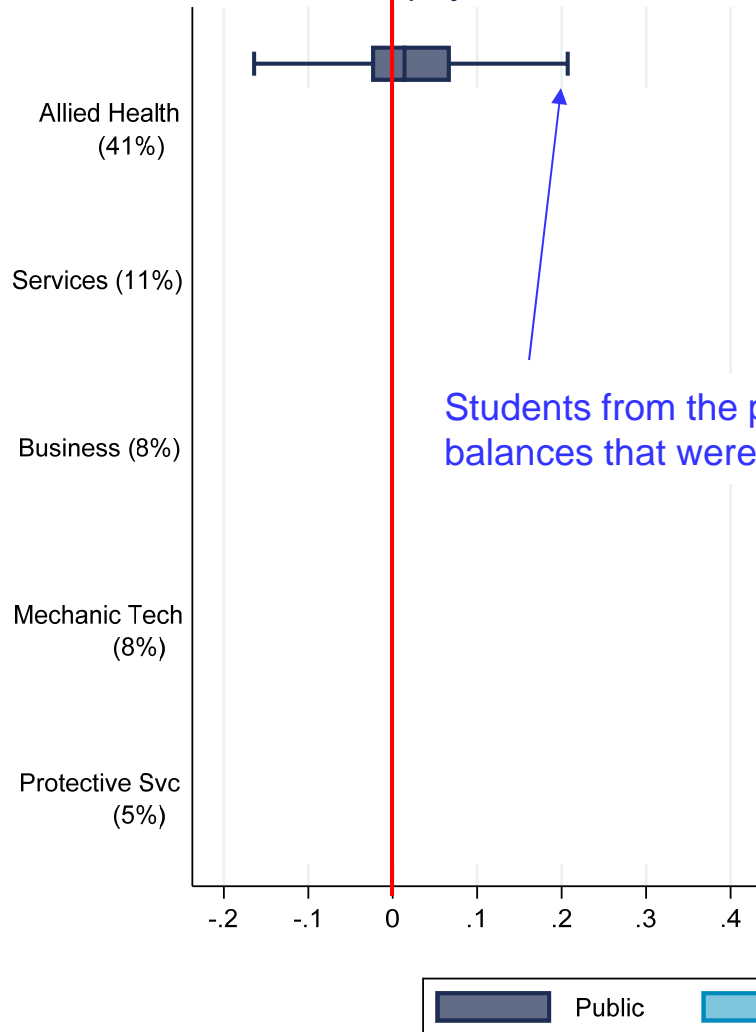
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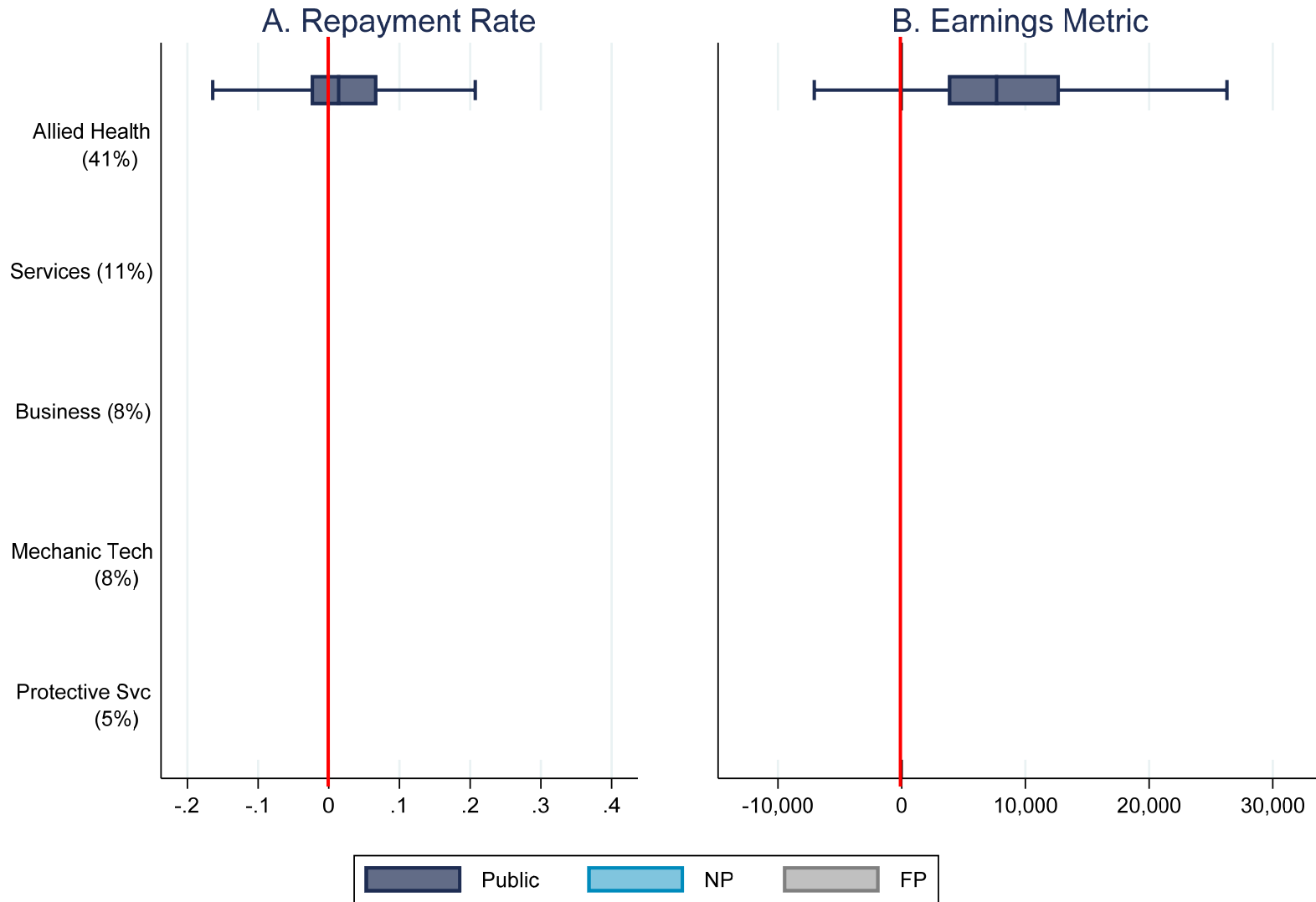


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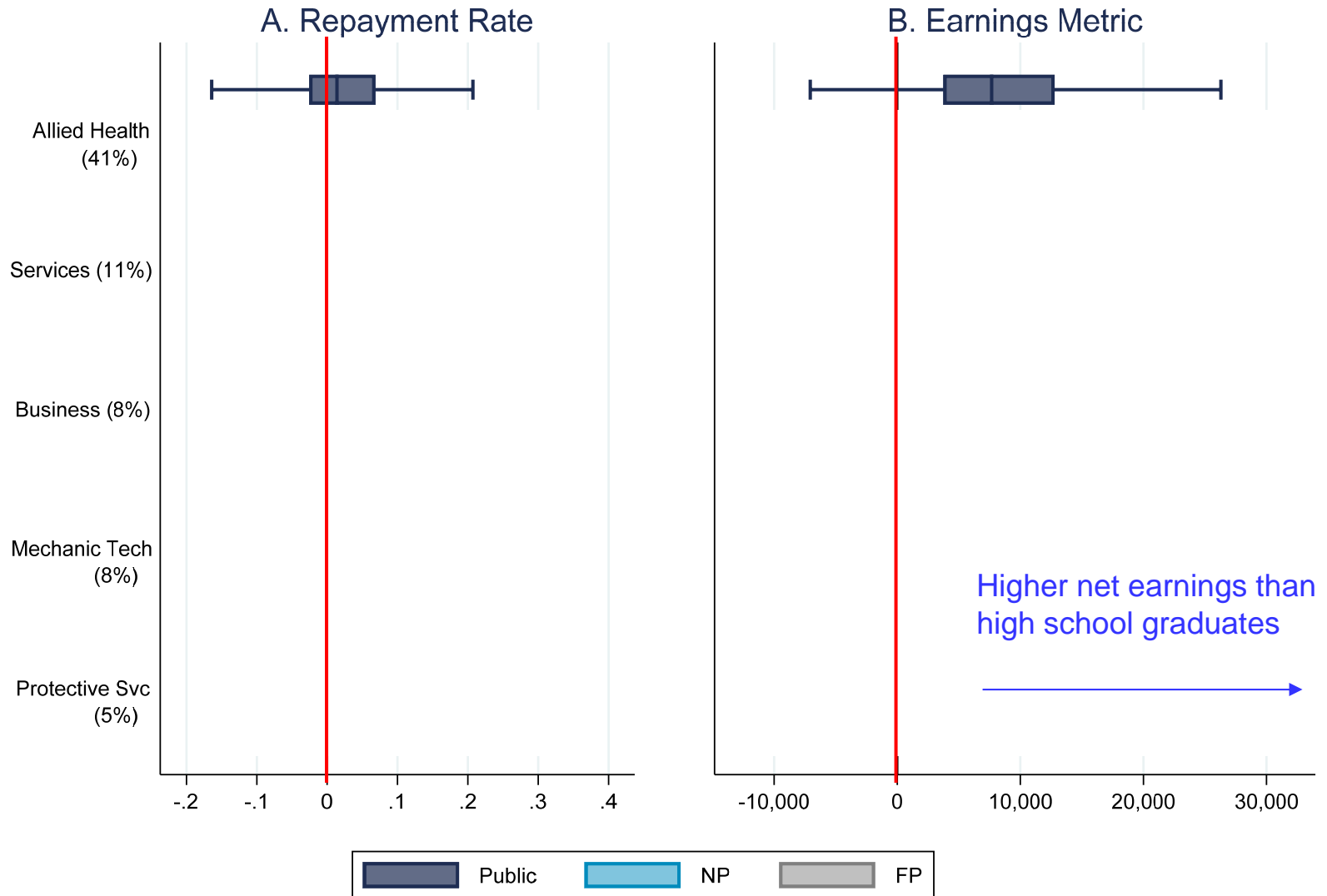


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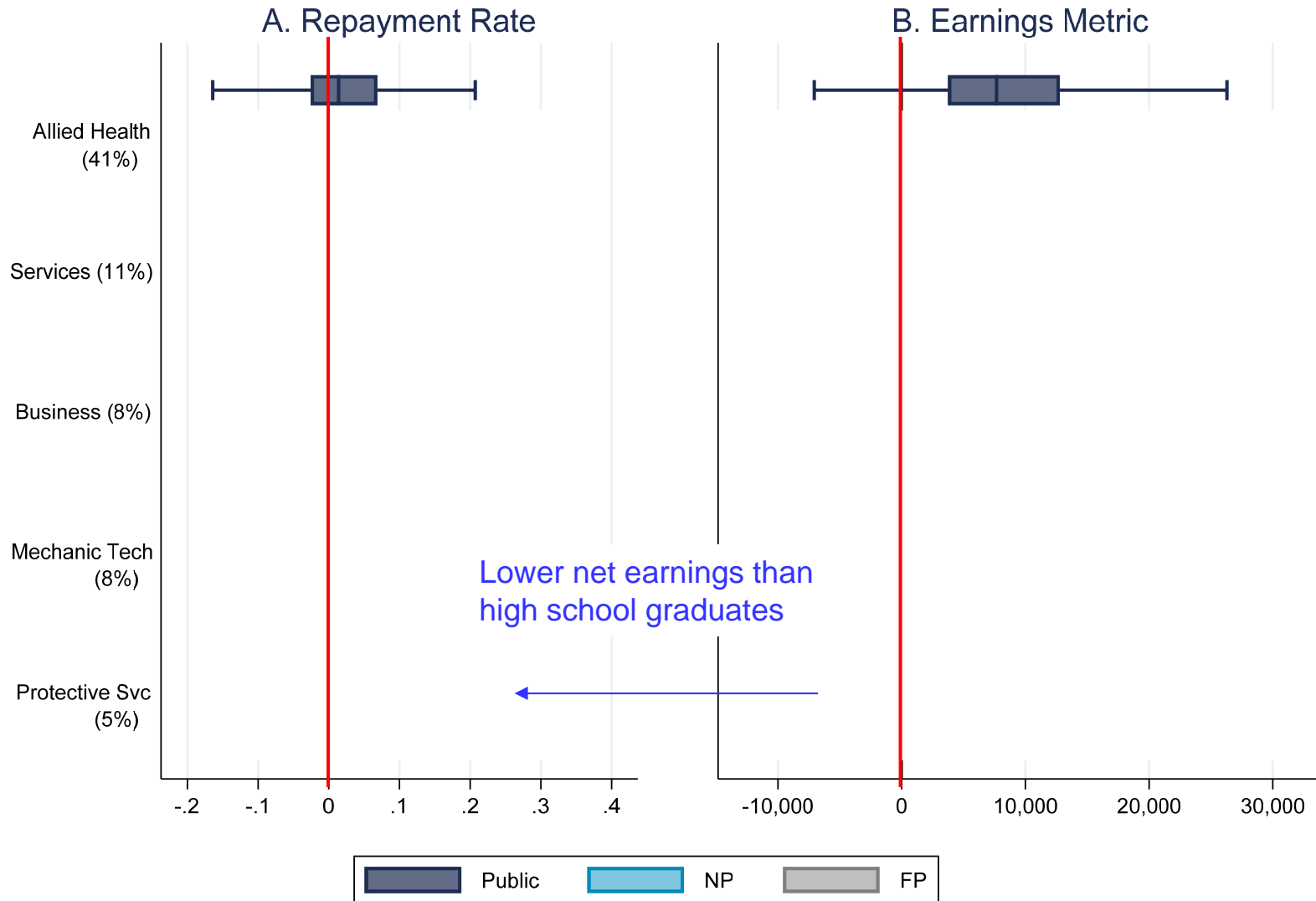




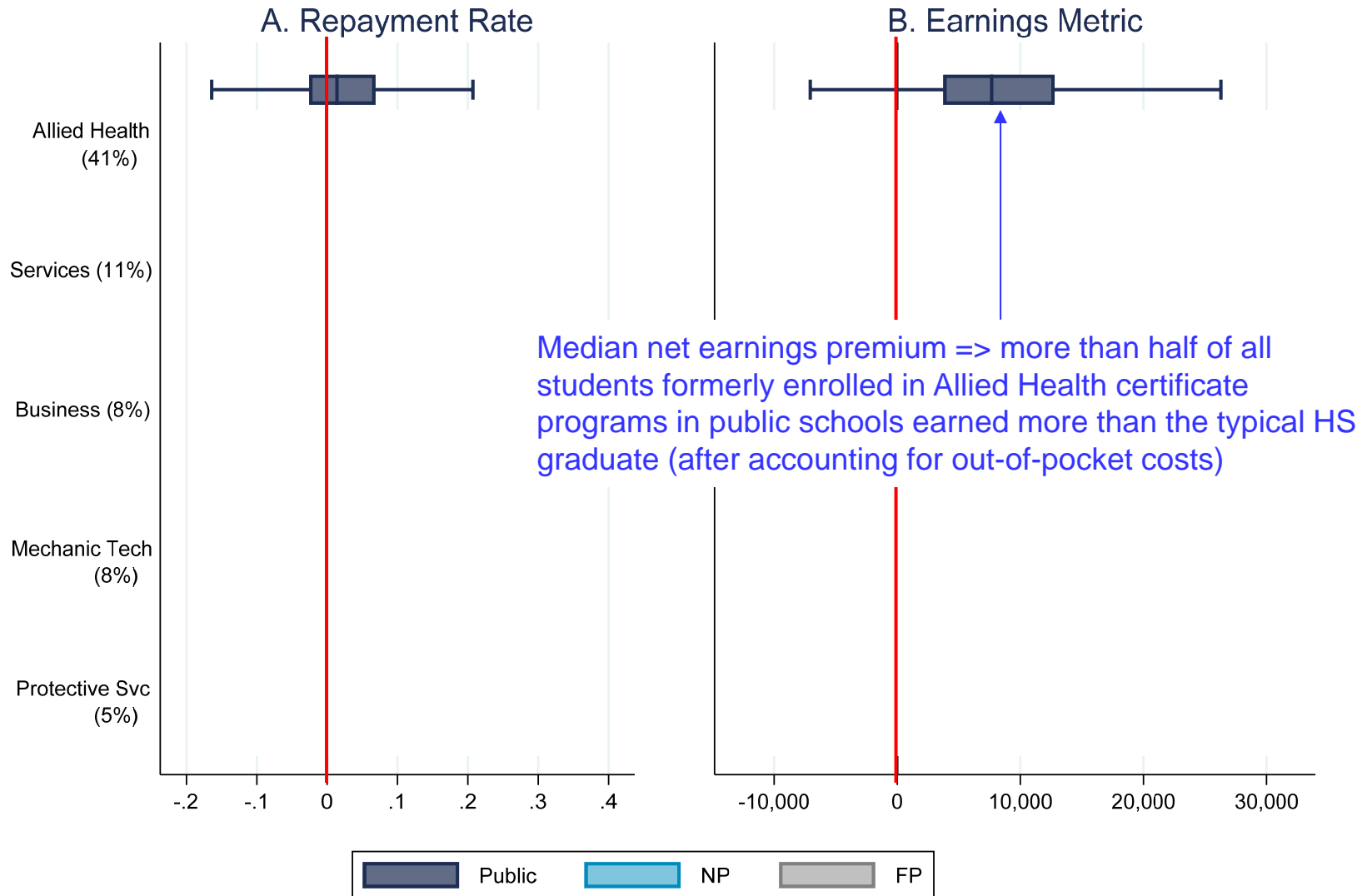
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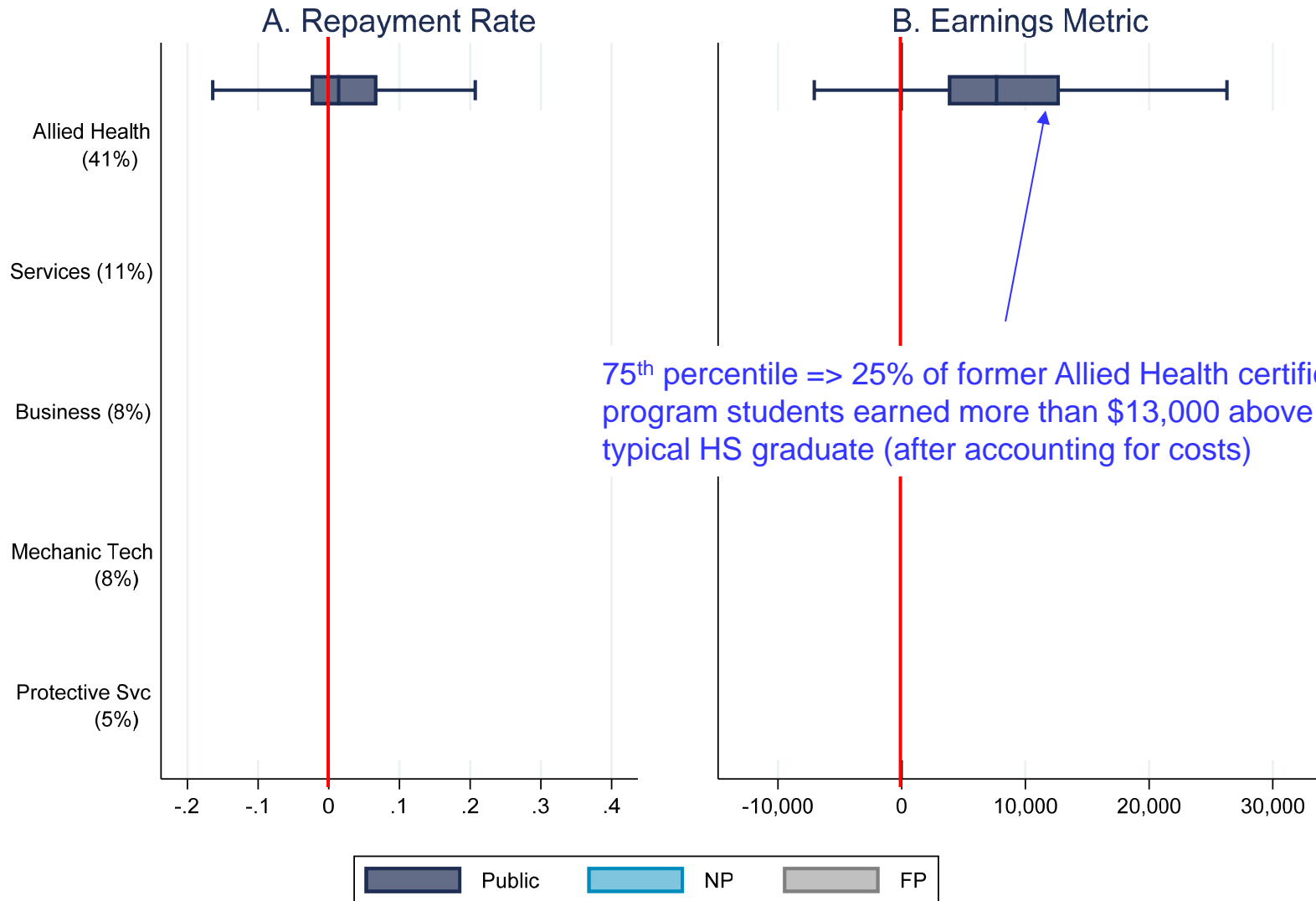
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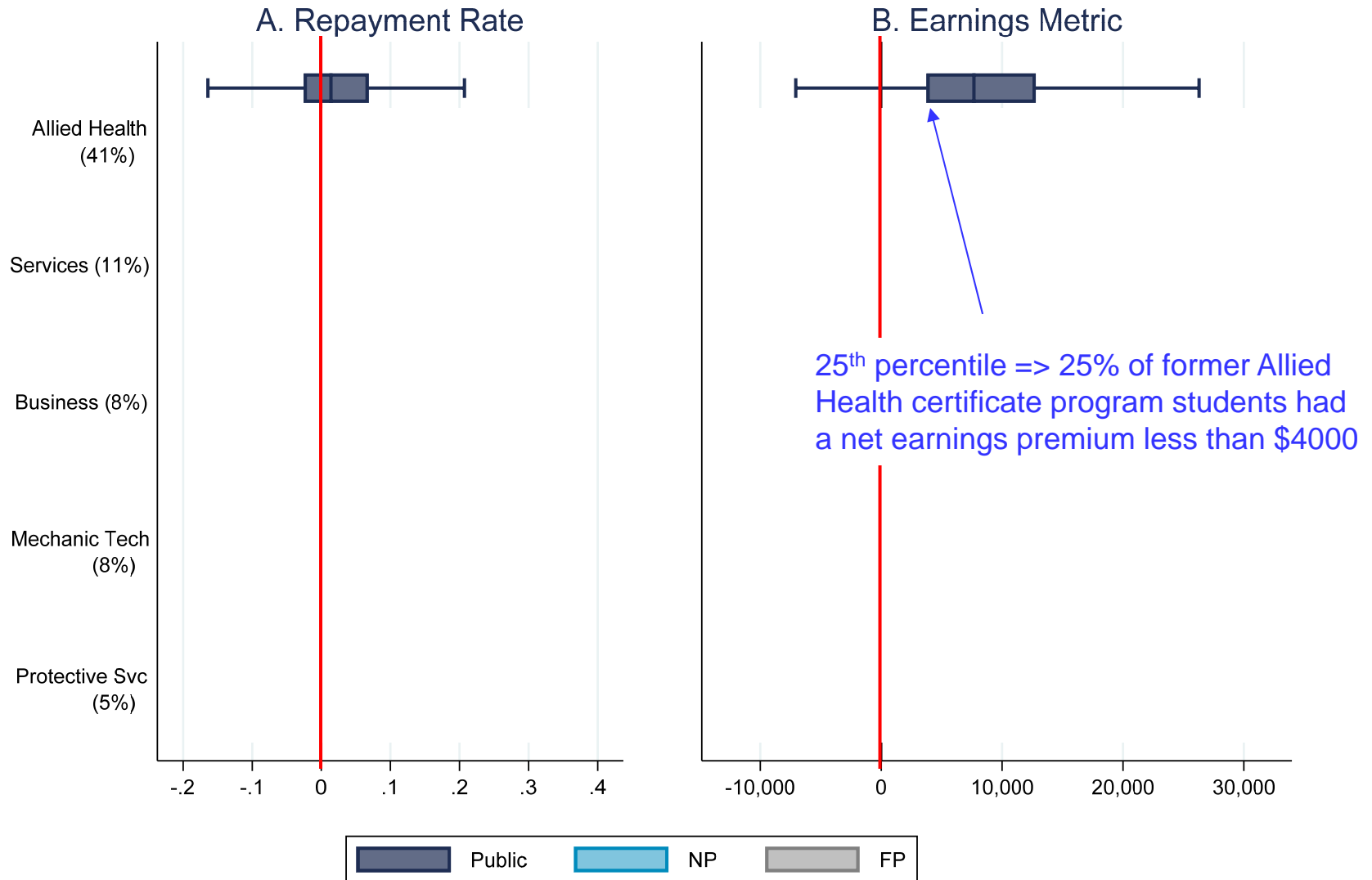
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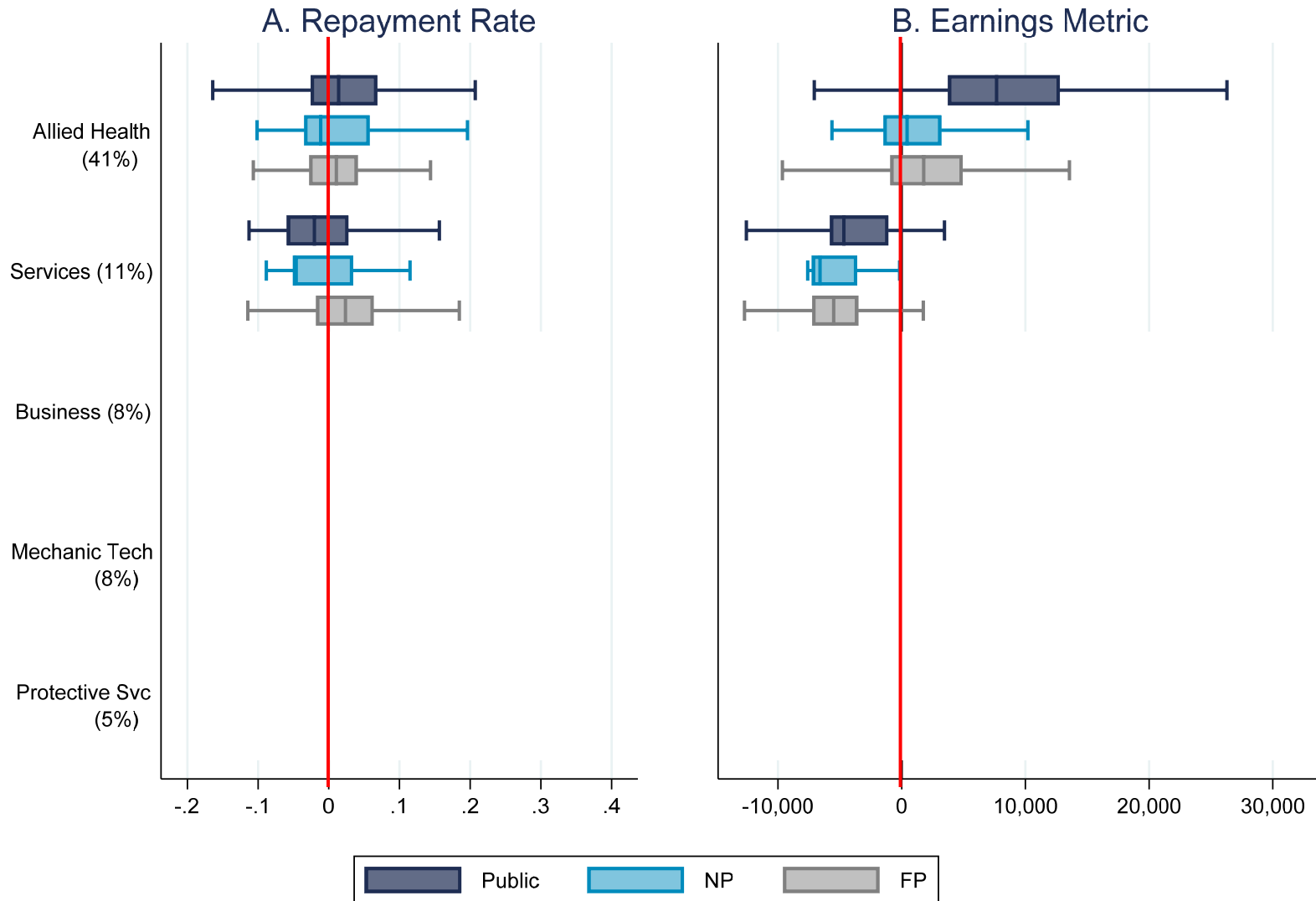


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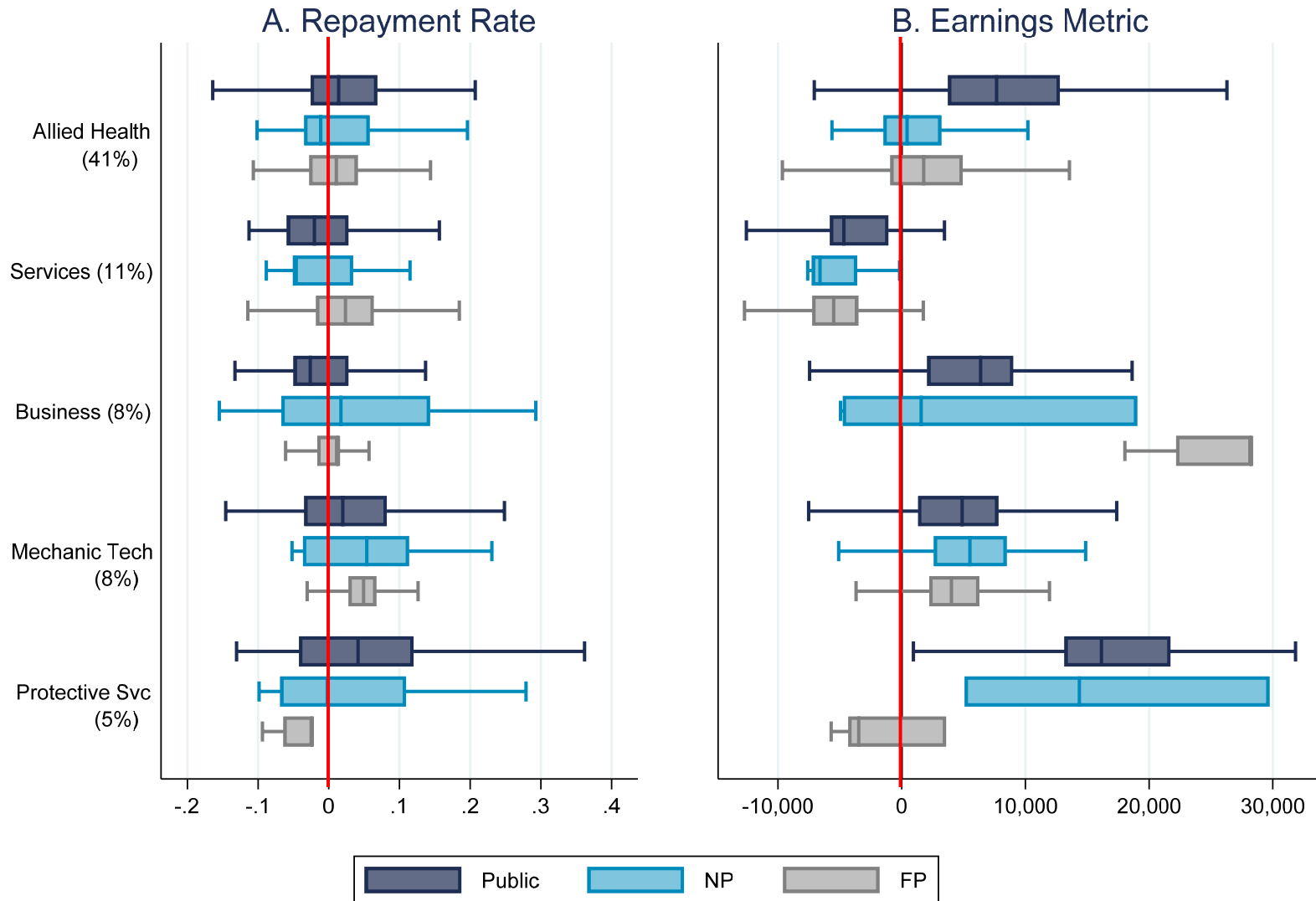




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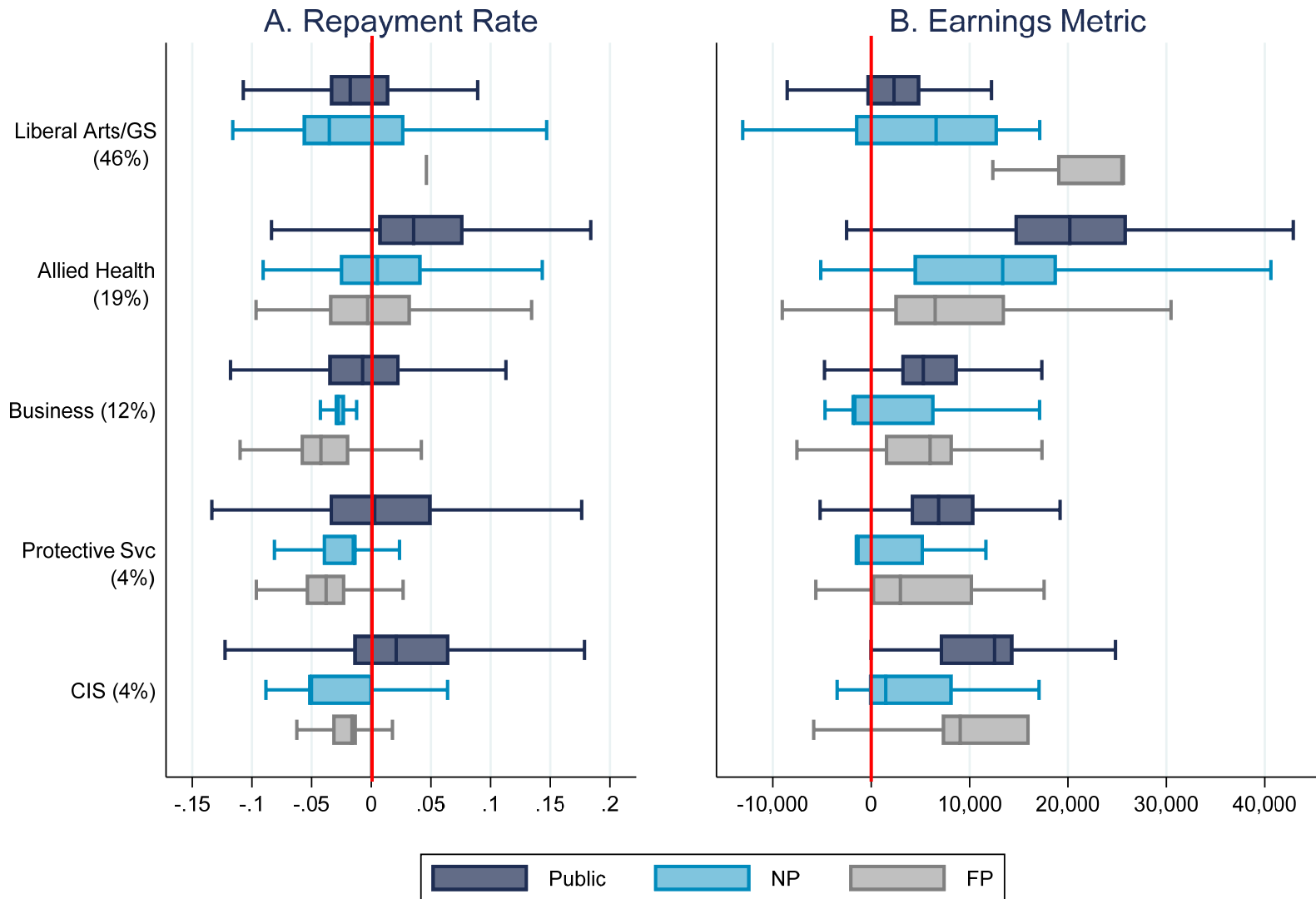


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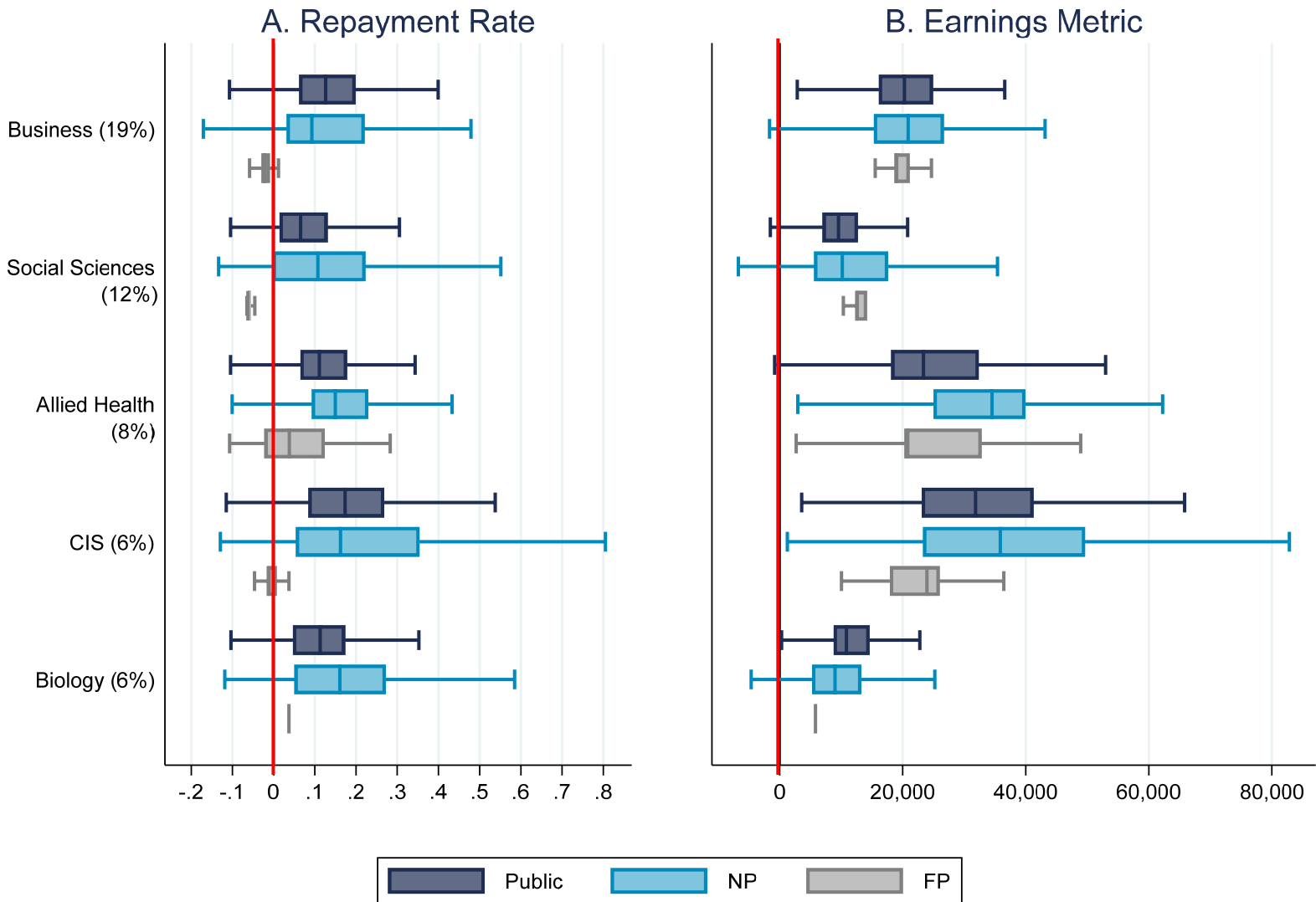




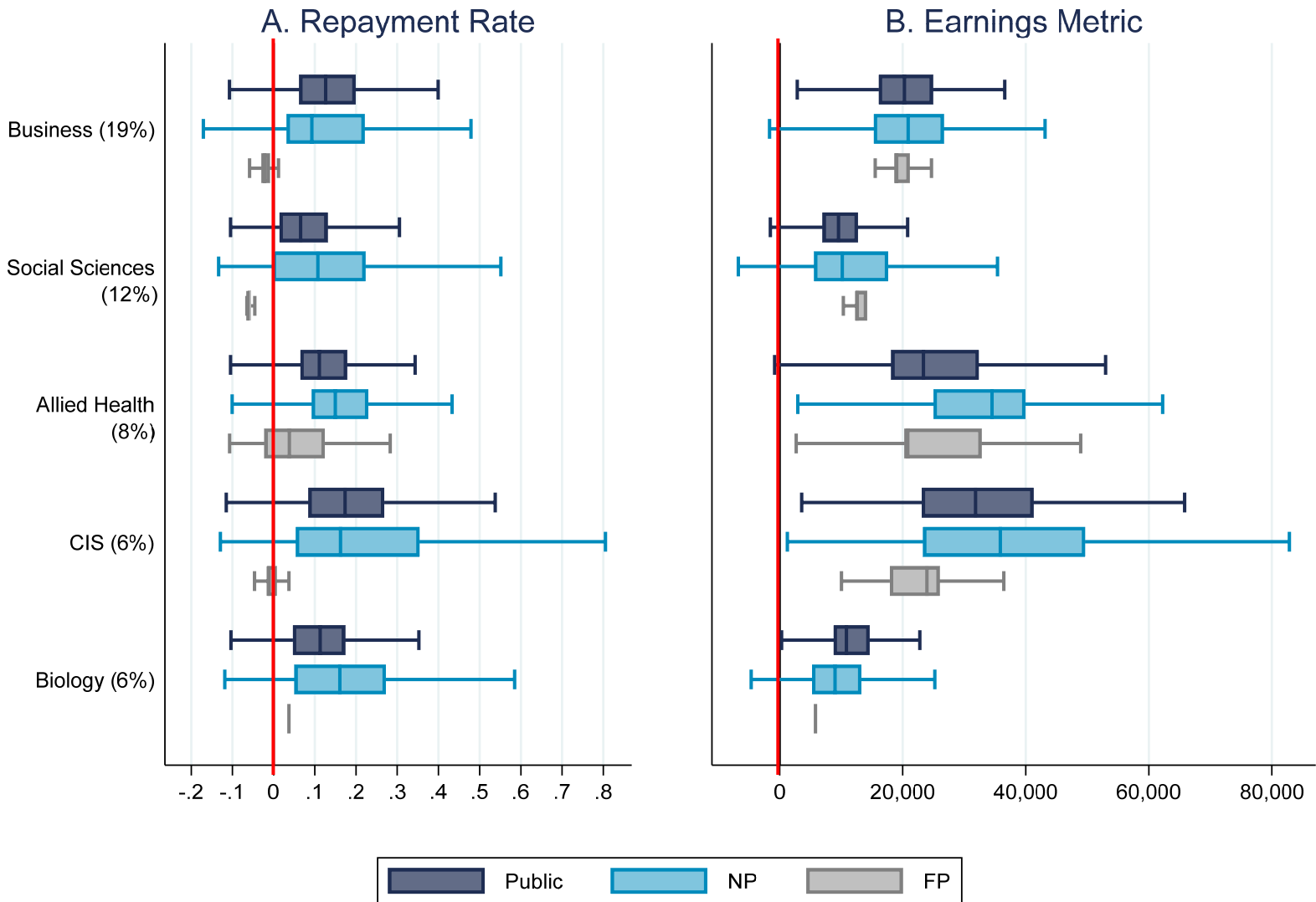
# Undergraduate Associate Degree Programs



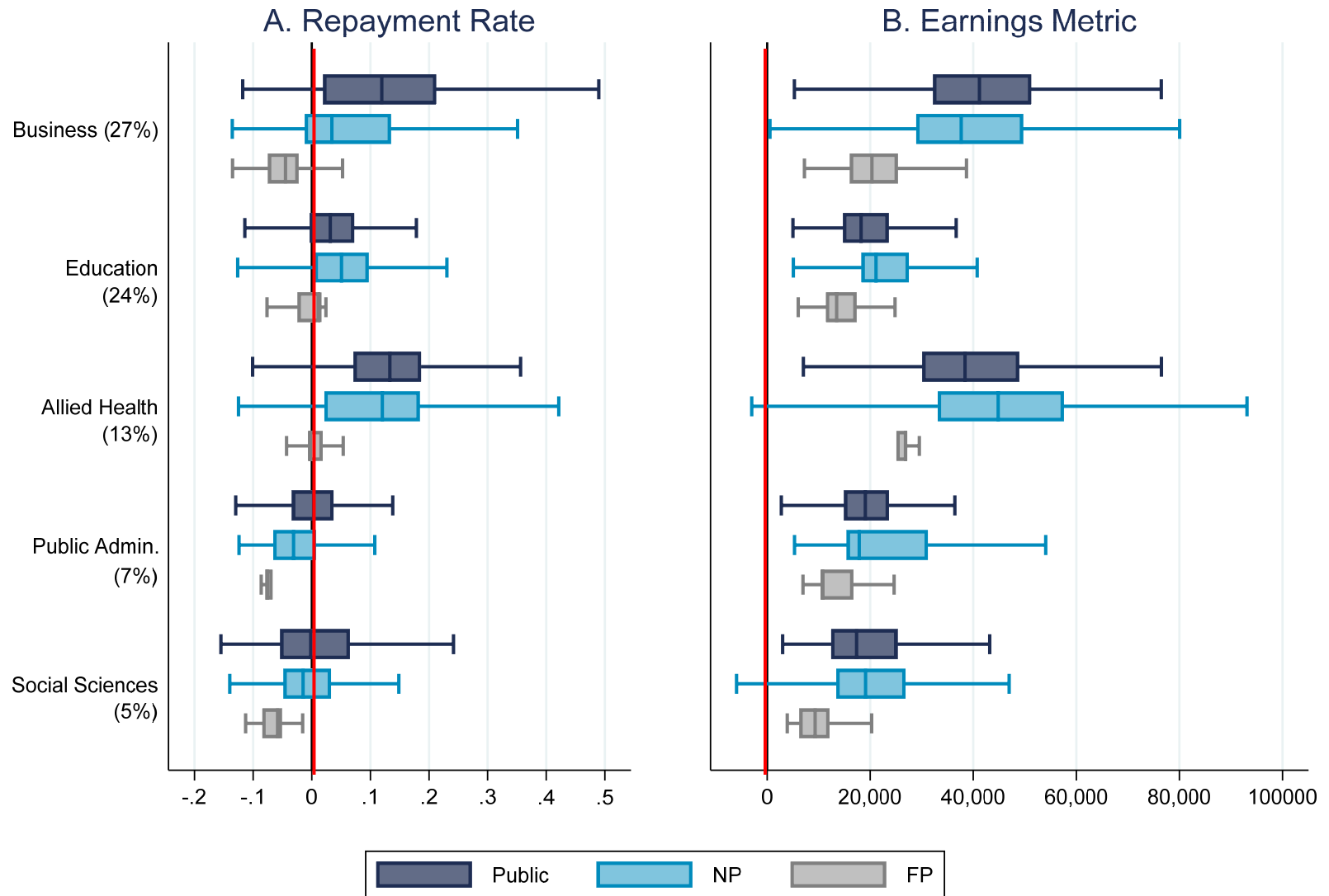
# Undergraduate Bachelor's Degree Programs



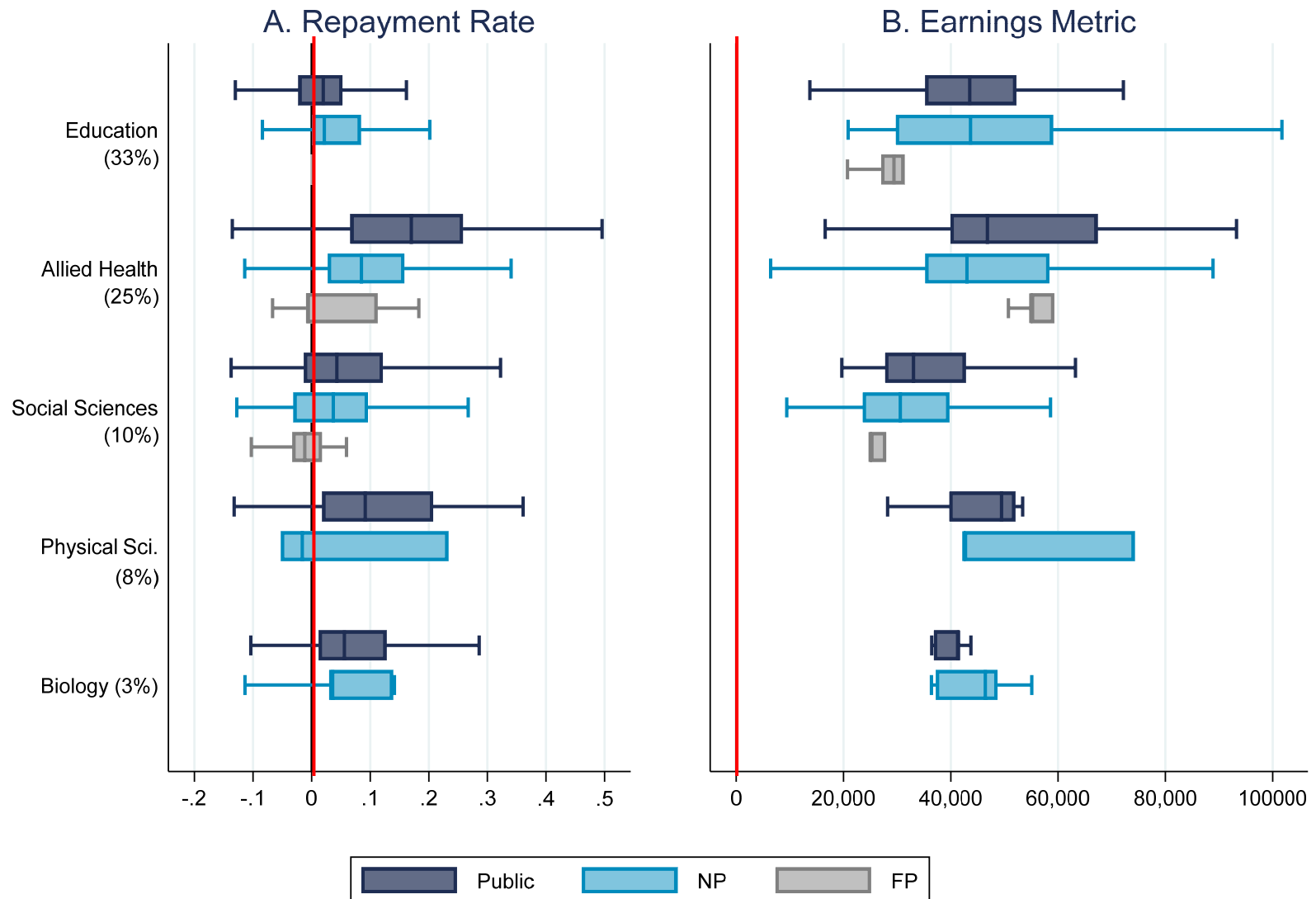
# Undergraduate Bachelor's Degree Programs



# Master's Degree Programs



# Doctoral Degree Programs



# First Professional Degree Programs

