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Hearing on “Keeping College Within Reach: Enhancing Transparency for
Students, Families and Taxpayers”

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Madame Chairwoman, Mr. Hinojosa, members of the Subcommittee, good morning. I am Travis Reindl, program director for postsecondary education at the National Governors Association Center for Best Practices. I thank you for the opportunity to share a state-level perspective on increasing transparency in higher education, and I look forward to your questions

1. The Need for Greater Transparency

States have an established track record when it comes to promoting transparency from their colleges and universities. More than three decades ago, Tennessee unveiled the first performance-based funding formula for its postsecondary institutions and in the years since every other state has engaged in efforts to increase accountability among its public colleges and universities.

Today, states face a combination of challenges related to postsecondary education that call for even more transparency and more use of the data states and institutions gather:

- *Demand for a more educated workforce.* The number of jobs requiring education after high school continues to rise in all states, and estimates show that our colleges and universities are not on track to meet expected labor market demand for educated workers. According to the Center on Education and the Workforce at Georgetown University, the gap between the supply of workers with postsecondary credentials and available job openings requiring those credentials may be as wide as 3 million by 2018.¹
- *Significant and lasting fiscal constraints.* State revenues are recovering to pre-recession levels, but the recovery is uneven across states. Moreover, there are a number of urgent demands competing for limited state resources, including health care and K-12 education.² For colleges and universities, this may mean a slow and modest recovery of state investment.
- *Changes in who goes to college.* The demographic make-up of states is changing, which means changes in the college-going population. The students who are increasingly heading for our colleges and universities—low-income students, working adults, students of color—are the same types of students who have historically faced greater hurdles in getting to and through certificate and degree programs.³ Identifying and overcoming these hurdles will be essential for states and their institutions to increase attainment and meet workforce needs.

Given these challenges, governors, students and their families, and taxpayers need more and better information about how our colleges and universities are doing at getting students to and through college, outcomes for students, and the return on states' and students' investments in their education. This information is critical for making informed choices about how and where to invest scarce resources and in tracking progress toward meeting workforce needs.

¹ Carnevale, Anthony, with Nicole Smith and Jeff Strohl. *Help Wanted: Projections of Jobs and Education Requirements Through 2018*. Washington, D.C.: Center on Education and the Workforce, Georgetown University, 2010.

² "Summary of Fiscal Year 2014 Proposed Executive Budgets," National Association of State Budget Officers, 23 March 2013. Accessed from: <http://www.nasbo.org/sites/default/files/pdf/FY2014%20Proposed%20Budgets%20-%20Summary.pdf>

³ Western Interstate Commission for Higher Education (WICHE). *Knocking at the College Door: Projections of High School Graduates*. Boulder, Colo.: Author, 2012.

States are leading efforts to make higher education more transparent and more productive, and are learning important lessons along the way. The federal government can support these efforts, specifically by streamlining and coordinating regulations across federally funded programs to promote better accountability, transparency, and reduce redundancies and administrative costs.

2. Gubernatorial Leadership on Transparency

Governors have led the call for more transparency and more of a focus on outcomes in postsecondary education for years. A quarter century ago, former Tennessee Governor Lamar Alexander dedicated his year as chair of the National Governors Association (NGA) to an initiative called *Time for Results*, which raised awareness of the need for more and better data about colleges' and universities' performance. In the years that followed, states developed fact books and performance funding and budgeting policies, and the federal government enacted the Student Right to Know Act, which mandated the reporting of institutional graduation rates.

Now, in the face of rising economic demand and limited public resources, governors are once again leading the call for better information about postsecondary outcomes, including return on investment. Under the leadership of former West Virginia Governor Joe Manchin and former Washington Governor Chris Gregoire, NGA launched *Complete to Compete*, an effort to improve how states measure and communicate the performance of their postsecondary education institutions. The effort has focused on two types of measures:

Completion Metrics

States and the federal government have used the graduation rate for years as a measure of student outcomes, but the graduation rate doesn't tell the whole story about outcomes. It doesn't, for example, cover part-time or transfer students, who represent a significant share of total enrollment. It also does not address questions such as where students are encountering the greatest roadblocks on the way to graduation, or how long it is taking students to get certificates and degrees. Given the trends outlined above, these are increasingly important questions.

NGA partnered with Complete College America in an effort to answer those questions, and released the Common Completion Metrics in 2010.⁴ The metrics fall into two groups:

Student Progress

- Remedial education: How many students end up in remedial courses? How many of them pass the remedial course and go on to pass a course for credit?
- Gatekeeper courses: How many students pass key first-year courses in subjects such as mathematics and English?

⁴ Reyna, Ryan. *Common Completion Metrics*. Washington, D.C.: National Governors Association Center for Best Practices: 2010.

- Credit accumulation: How many students complete a full load of courses in their first year?
- Course completion: How many courses do students pass in relation to the number they attempt in a particular year?
- Retention: How many students continue their enrollment from the first semester to the second semester or from the first year to the second year?

Student Outcomes

- Degrees awarded: How many students complete certificates and degrees each year?
- Graduation rate: What percentage of students graduates within normal time (2 or 4 years) or extended time (3 or 6 years)?
- Transfer rate: What percentage of students successfully moves from two-year institutions to four-year institutions?
- Time and credits to degree: How long does it take for students to get certificates and degrees?

NGA and Complete College America recommend these metrics because they are backed by research on what helps—and hurts—students complete certificates or degrees. For example, we know that students who enroll in remedial classes are less than half as likely to get a certificate or degree.⁵ Similarly, we know that students who don't take and finish a full load of courses in their first year are more likely to lose momentum and drop out of college.⁶

What are states doing with these metrics? Today, 32 states are collecting and publicly reporting the metrics through Complete College America's Alliance of States. For example, publishing data on remedial education has increased the pressure to do something about that issue and states are responding. **Connecticut** has adopted legislation designed to overhaul and eventually end remedial education statewide.⁷

Efficiency and Effectiveness Metrics

Completion represents just one part of the transparency picture. Governors are also interested in answering the “what” and the “how” of completion—whether their state's colleges and universities are producing graduates that can get jobs in today's economy and how efficient those institutions are in moving students to degrees and certificates.

⁵ Complete College America. *Remediation: Higher Education's Bridge to Nowhere*. Washington, D.C.: Author, 2012.

⁶ Complete College America. *Time Is the Enemy of Graduation*. Washington, D.C.: Author, 2011.

⁷ Mangan, Katherine. “National Groups Call for Big Changes in Remedial Education,” *The Chronicle of Higher Education*, 13 December 2012.

As part of *Complete to Compete*, NGA also identified metrics designed to help states gauge the efficiency and effectiveness of postsecondary institutions and systems in four areas:⁸

- Meeting workforce needs: Are institutions meeting the state's need for an educated workforce? [Metrics: certificates and degrees awarded relative to the number of employed adults with a postsecondary credential; certificates and degrees awarded relative to the number of adults in the state with no postsecondary credential]
- Student output relative to input: How many students are graduating relative to the number enrolled? [Metric: certificate and degree completions per 100 students enrolled]
- Return on investment: What is the return on the state's and students' investment in terms of completed certificates and degrees? [Metric: certificate and degree completions per \$100,000 of state appropriations and net tuition revenues]
- Quality: How can colleges and universities increase efficiency without sacrificing student learning? [Metrics: learning assessments, licensure/certification exam pass rates, job placement rates]

NGA has worked with and can point to a number of states that are taking significant steps toward increasing transparency, and more importantly, using data for making important policy decisions.

Data Dashboards

- **Arizona.** The Governor's Office of Education Innovation has produced the Arizona Ready Report Card, an interactive online report that shows state and campus-level progress toward goals in K-12 and postsecondary education and the workforce. Postsecondary and indicators include degrees awarded, transfers, cost of attendance, and credit accumulation.⁹
- **Kentucky.** The state's Council on Postsecondary Education has developed an interactive online dashboard that displays statewide and campus performance on indicators in four categories: college readiness, student success, research and economic development, and efficiency and innovation.¹⁰
- **Washington:** Using the Common Completion Metrics and other key indicators, the Office of Financial Management (OFM) has developed an interactive online dashboard that covers the state's six public universities and colleges. The dashboard provides statewide and campus-level data in three categories: enrollment, student progress, and degrees and graduates.¹¹

⁸ Reindl, Travis and Ryan Reyna. *From Information to Action: Revamping Higher Education Accountability Systems*. Washington, D.C.: National Governors Association Center for Best Practices, 2011.

⁹ <http://arizonaready.com/content/>

¹⁰ http://dataportal.cpe.ky.gov/sadashboard/dashboard_master.swf

¹¹ <http://www.ofm.wa.gov/hied/dashboard/index.html>

Performance Contracts

- **Colorado:** The Colorado Department of Higher Education is developing binding contracts with its public colleges and universities and systems that are based on a range of performance metrics, including student outcomes and institutional efficiency.¹²

Performance Funding

- **Tennessee:** The state now allocates its general fund appropriations to public two-year and four-year institutions using performance metrics that include certificate and degree completions, transfers, success in remedial education, job placement, and degree completion relative to enrollment.¹³
- **Nevada:** The state is currently considering a complete overhaul of its postsecondary funding formula. If adopted, the new formula would allocate state general fund appropriations on outcomes: the majority on course completions and the remainder on a menu of other performance measures, including degree completion in priority areas and degree completion relative to enrollment.¹⁴

3. Lessons Learned

As in many areas, states have been the laboratory for new thinking when it comes to transparency in higher education. Their experiences yield several lessons that have implications for federal action, including:

- Focus on outcomes as well as inputs. States are focusing more on results when it comes to reporting postsecondary performance. As students and their families invest more in higher education, they are expecting more information on what kind of return they can expect from that investment. Inputs such as enrollments and revenue still matter, but they need to be accompanied by metrics on student success and efficiency.

Federal data collections such as the Integrated Postsecondary Education Data System (IPEDS) should move in the same direction, perhaps drawing on the Common Completion Metrics.

States' focus on outcomes is also one of several reasons why NGA does not support maintenance of effort (MOE) requirements for participation in federal programs. Demanding a fixed level of input (i.e. appropriations) without regard for outcomes runs counter to how states are increasingly looking at their higher education systems.

- Less is more. One of the reasons why many of the accountability efforts of the 1990s did not last is that they collapsed under their own weight. They had too many goals, too many measures, and policymakers and students were overwhelmed with data. States are taking this lesson to heart and are

¹² http://highered.colorado.gov/Publications/General/StrategicPlanning/MasterPlan2012/Master_Plan_Final.pdf

¹³ http://www.state.tn.us/thec/Divisions/Fiscal/funding_formula/1-Outcomes%20Based%20Formula%20Narrative%20-%20for%20website.pdf

¹⁴ <http://system.nevada.edu/tasks/sites/Nshe/assets/File/Initiatives/2013legislative/NSHE%20Formula%20Study.pdf>

striving to build data dashboards and performance funding formulas that are simpler and clearer than their predecessors.

Simpler and clearer should be a goal for federal efforts as well. The upcoming reauthorization of the Higher Education Act provides a prime opportunity for the Congress to review all of the existing federal dashboards, report cards, and data tools for postsecondary education (e.g. College Navigator, College Scorecard, United States Education Dashboard) to determine whether and how they are being used, and if there are opportunities for streamlining or consolidation.

Similarly, we encourage a thorough review of the Integrated Postsecondary Education Data System (IPEDS), with the goal of identifying and eliminating surveys and survey items that are rarely used. This would provide needed relief for states and their colleges and universities.

- Craft policies for the long term. As evidenced by NGA's work, reform doesn't happen overnight. Moreover, real, sustained reform requires a long-lasting, stable, yet flexible framework to allow growth, exploration, and ongoing innovation. If Congress were to craft a solution for success based on today's knowledge, two things are likely to occur: (1) the federal policy will be outdated and obsolete before it's even enacted; or (2) the law will inhibit state creativity and problem solving to help students. NGA's work tells but a small story of the growing body of knowledge. In this and other areas, NGA urges Congress to exercise "legislative restraint" and craft federal policies with an eye for the future.

4. Conclusion

Increasing transparency in higher education has been and continues to be a priority for states. With leadership from governors and other policymakers, states have made more information about the performance of colleges and universities available to students, families, and taxpayers. They have learned important lessons along the way and are eager to share those lessons with the federal government as it seeks to improve the information provided to higher education's funders and consumers.