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February 9, 2023

Secretary Miguel Cardona
U.S. Department of Education
400 Maryland Ave., SW
Washington, DC 20202

Re: Docket ID ED-2022-OUS-0140

Dear Secretary Cardona,

I am writing today on behalf of the National Association of Independent Colleges and Universities (NAICU) and the undersigned member associations in response to the Department of Education's request for information (RFI) regarding public transparency for "low-financial-value" postsecondary programs.

NAICU serves as the unified voice of private, nonprofit higher education. Founded in 1976, NAICU is the only national organization solely focused on representing private, nonprofit higher education on public policy issues in Washington, DC. NAICU's membership reflects the diversity of private, nonprofit higher education in the U.S. Our member institutions include major research universities, faith-based colleges, Historically Black Colleges and Universities, Minority-Serving Institutions, art and design colleges, traditional liberal arts and science institutions, women's colleges, work colleges, two-year colleges, and schools of law, medicine, engineering, business, and other professions.

Private, nonprofit colleges and universities are anchors in their communities. Our sector graduates more than a million students annually, directly employs over a million people, supports and sustains 3.4 million jobs, and generates $77.6 billion in local, state, and federal tax revenue. With more than 5 million students attending 1,700 independent colleges and universities in all 50 states, and a collective national economic impact of $591.5 billion, the private, nonprofit sector of American higher education has a dramatic impact on our nation's larger public interests.

Thank you for the opportunity to offer comments in response to the Department's plan to identify and document "low-financial-value" programs. NAICU wholeheartedly agrees that individuals should have ready access to the information needed to choose an institution of higher education, including information on net cost, and other affordability metrics, that meet a family's needs and aspirations. We also share the Department's concern about students who struggle to repay student loan debt, particularly low-income students and students of color.

For many years, NAICU has grappled with the same questions that the Department is currently asking. At its core, the fundamental issue is whether there is a reliable way to eliminate the potential for poor outcomes for students that does not carry with it the risk of negative unintended consequences for those same students. The truth is that NAICU and its member institutions – along with the broader higher education community, policymakers, and advocates – continue to struggle to identify a comprehensive, accurate, and workable solution to this conundrum. Thus, while we applaud the goals of the RFI, NAICU nevertheless has concerns about the Department's proposed approach to these challenges.

Unfortunately, given the short 30-day deadline for providing public comments, NAICU has not had sufficient time to solicit feedback from our member institutions, as you requested, regarding the complex and technical questions set forth in the RFI, nor to fully examine the potential impact of policies or metrics that may be contemplated. Instead, NAICU would like to offer some considerations that have guided our deliberations on this issue over the years. We also strongly urge the Department to solicit additional public feedback via listening sessions, hearings, or additional written comments as it moves forward with its proposal.

Addressing the Limitations of Quantitative Metrics

While it is not yet clear what factors the Department intends to rely upon when determining "low financial value," it seems likely that these factors will be limited in nature, such as a debt-to-earnings ratio or similar measures.[a] We understand that many policymakers and advocates believe that data on economic outcomes such as earnings are a reliable measure of educational value and will, therefore, protect consumers and help them make better choices in selecting an institution of higher education or program of study. We appreciate that the Department appears to be drawing a distinction between financial value and value more broadly. We certainly share the belief that financial information is important for students to know, but we would be remiss if we did not point out that the benefits of higher education, including economic value, are multi-dimensional, and not all are easily reduced to federal formulas that are, by definition, limited and uniform.

For a number of reasons, NAICU has long been concerned about accountability provisions that would rely too heavily on financial metrics. In particular, such metrics are an imperfect measure of quality and value and could discourage students, particularly first-generation college students, from choosing to attend the institution or major in the program where they are most likely to succeed and complete college. Not all students select a profession based on its earning potential, nor can all poor outcomes be attributed to an institution or program.[b] Likewise, there are many valuable aspects of a college education that cannot be quantified, such as critical thinking skills, good citizenship, or creativity and innovation. As the Department accurately notes in the RFI, "some higher education programs promote goals other than financial returns for students."

Addressing the Disconnect Between the Lifetime Benefits of a College Degree Versus the Static Snapshot a Quantitative Metric Would Provide

We appreciate the Department's acknowledgement in the RFI that "for most students, attending a postsecondary education program is a path to upward economic mobility and financial security. On average, completing a postsecondary education credential substantially increases lifetime earnings and reduces the risk of unemployment."

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[a] This assumption is given based on prior gainful employment (GE) proposals from the Department that use a debt-to-income ratio metric to determine the financial value of GE programs.
[b] Inside Higher Education, *Wage-by-Major Statistics: Transparency to What End?*, June 24, 2019.

In general, the most significant impact a college degree makes on an individual's earning potential does not become clear until many years – even decades – beyond graduation.[c] Current data reveals that not only do salaries increase on average the longer a person remains employed, but they also increase with their educational attainment. For instance, the Bureau of Labor and Statistics (BLS) shows that the median weekly earnings in 2012 were $769 compared to $1,037 in 2022,[d] while also showing that those with a high school diploma had median weekly earnings of $671 compared to $973 for those with a Bachelor's degree.[e]

Given this data, relying on a metric that provides a snapshot of earnings only a few years after graduation would not reflect the full "value" of a program. On the other hand, using a longer time horizon – such as earnings over the decade or more it takes to begin to accurately reflect the earnings advantage a degree confers over a lifetime – raises the question of whether data that is more than a decade old is actually relevant to a program's "value" as it exists today, particularly given the many changes in the job market and in higher education programs that will have inevitably occurred in the intervening years.

Addressing Programs that Lead to Low-Wage Public Service Jobs

As noted by the Department, "in many cases, a college credential leads to a career that benefits society as a whole." NAICU is concerned that having the federal government throw its weight behind what will inevitably be an incomplete metric brings with it the very real risk of inadvertently harming programs that are valuable in other ways, such as programs that provide a high social good rather than a high salary. If the Department publishes a list that warns students against attending "low-financial-value" programs, it will likely drive students away from many programs that are desirable for other reasons, such as those focusing on teaching, health services, and religion.

For example, in your speech launching the "Raise the Bar: Lead the World" initiative, you expressed the importance of the role teachers play in our education system and the discrepancy in their pay over time. Specifically, you highlighted that teachers have only received a two percent increase in their salary, compared to a 28 percent increase in salary for college graduates in other professions, over the last 25 years, equating to an increase of $29 per week for teachers and a $445 increase for other professionals with college degrees.[f]

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[c] "The ROIs of most four-year institutions typically lag behind those of two-year institutions in the short term because it takes longer for students to earn a bachelor's degree before they enter the workforce and begin earning money." At the 10-year horizon, the median ROI for liberal arts institutions is about 40 percent below the median ROI of all colleges. It rises quickly. By 40 years after enrollment, the median ROI at liberal arts colleges reaches more than 25 percent above the median ROI of all colleges. Georgetown University Center on Education and the Workforce, *ROI of Liberal Arts Colleges: Value Adds Up Over Time*, 2020.

[d] https://data.bls.gov/pdq/SurveyOutputServlet (quartile 1).

[e] https://www.bls.gov/news.release/pdf/wkyeng.pdf (Table 5. Quartiles and selected deciles of usual weekly earnings of full-time wage and salary workers by selected characteristics, 4th quarter 2022 averages, not seasonally adjusted [first quartile]).

[f] https://www.ed.gov/news/speeches/remarks-us-secretary-education-miguel-cardona-raise-bar-lead-world?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=.

Ultimately, an approach that could label socially valuable programs as "low-financial-value" seems unwise at best, dangerous at worst, and akin to throwing out the proverbial baby with the bathwater. Doing so could undermine the Department's strong efforts to promote, and make more affordable, public service.

Addressing the Potential "Slippery Slope" Effects

We also are concerned that the effort to measure "low-financial-value" programs will set a precedent that evolves negatively over the longer term. For example, in recent years, some policymakers have advocated in favor of proposals that would shift from a student financial aid model in which institutions are eligible for Title IV funding to one in which Title IV eligibility would be determined on a program-by-program basis. It is all too easy to imagine a shift from *warning* students against "low-financial-value" programs to *banning* students from receiving Title IV aid to attend such programs. Such an approach would, among other things, have a devastating effect on low-income students who would effectively be barred from attending programs accessible to wealthy students.

Historically, the federal role in higher education has focused on aiding students to attend the college and select the major that best fits their goals and aspirations. Federal aid is distributed based on a student's need, not on the type of institution or program the student attends. A warning label for "low-financial-value" programs represents a potentially dangerous turning point in which the federal government begins to actively take a role in directing students on where and what to study. We therefore urge the Department to exercise caution in its approach.

Addressing Student Earnings and Debt Issues that are Beyond a College or University's Control

There are many factors beyond an institution's control that affect educational outcomes such as graduate earnings. These factors include, but are not limited to, general economic and labor market trends, as well as an individual's socioeconomic status, race, gender, geographic location, and personal choices. When the College Scorecard initially came out, the accompanying technical paper noted that only about 5-13 percent of the "variation in earnings across students who attend four-year schools was explained by the institution those students attend." [g] While some of this variation may be explained by program of study, the multitude of variables that affect earnings suggests that much of it cannot. NAICU is concerned that the effort to identify "low-financial-value" programs will inevitably rely on metrics that incorrectly attribute financial outcomes solely to a school or program of study.

The private, nonprofit sector has many institutions that serve a large number of low-income students and students of color. On average, 41 percent of undergraduate students at four-year

[g] U.S. Department of Education, *Using Federal Data To Measure And Improve The Performance Of U.S. Institutions Of Higher Education*, updated July 2017.

private institutions are Pell recipients, comparable to the 43 percent at four-year public colleges.[h] Some students from disadvantaged backgrounds may struggle with economic and social challenges that affect their educational outcomes regardless of the "value" of the program they attend. We also know there are many other external factors that affect earnings, such as gender and race. For example, weekly earnings for men were $792 compared to $692 for women. These earnings differed even more depending on race: White men ($807), White women ($699), Black men ($677), Black women ($630), Hispanic men ($661), and Hispanic women ($604).[i]

In addition, we are aware that women and Black students tend to take on more debt. For instance, data from the Federal Reserve Bank of New York show that Black students took out more in student debt than white students by age 30, while Asian and Hispanic students originated less. Additionally,[j] data from the American Association of University Women found that "female college students took on 14% larger student loan debt than men."[k]

We are concerned that programs at open-access institutions or programs that enroll a large number of low-income students of color could unintentionally be penalized with a warning label despite their best efforts to support and educate students from disadvantaged backgrounds, especially when knowing the inequities that exists regarding earnings and debt across gender and race.

Furthermore, there are many factors beyond a college or university's control that affect student debt levels. For example, institutions have no ability to affect the terms and conditions of student loans. Institutions cannot set limits on how much students can borrow, nor can they prevent the sometimes excessive fees historically charged to student loan borrowers, which may include compounding interest and penalties for late payments that can often snowball and end up being the largest portion of outstanding debt. Likewise, students typically borrow funds to cover the full cost of attendance, not just the tuition set by the institution. We worry that relying on metrics such as student debt and earnings could unfairly blame institutions for financial outcomes that have many other contributing factors.

Conclusion

We urge the Department to take into account the above considerations as it moves forward with its proposal to identify "low-financial-value" programs. We know from the RFI that the

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[h] U.S. Department of Education, National Center for Education Statistics, *2017-18 National Postsecondary Student Aid Study (NPSAS:AC)*.

[i] https://www.bls.gov/news.release/pdf/wkyeng.pdf (Table 5. Quartiles and selected deciles of usual weekly earnings of full-time wage and salary workers by selected characteristics, 4th quarter 2022 averages, not seasonally adjusted [first quartile]).

[j] Ruchi Avtar, Rajashri Chakrabarti, and Kasey Chatterji-Len, "Uneven Distribution of Household Debt by Gender, Race, and Education." Federal Reserve Bank of New York *Liberty Street Economics*, November 17, 2021, https://libertystreeteconomics.newyorkfed.org/2021/11/uneven-distribution-of-household-debt-by-gender-race-and-education.

[k] https://www.lendkey.com/blog/student-loans/why-women-carry-more-student-loan-debt-than-men/#:~:text=%20Why%20Women%20Carry%20More%20Student%20Loan%20Debt,Women%20Earn%20Less%20Than%20Men%20Do%20More%20.

Department is mindful of the potential risks of its approach, and we agree that protecting vulnerable students is critical. However, it is difficult to conceive of a perfect metric that would achieve the Department's goals. Inevitably, such a metric is likely to contain flaws that may undermine its overall effectiveness.

As you look to more broad-based solutions to the overall concern with students assuming unaffordable debt, we encourage you to also consider a way to work with institutions to provide a more comprehensive focus on student and family financial literacy, particularly as students enter college. We have several member institutions that have promising programs in this area that we would look forward to discussing with you.

In addition, a focus on metrics should not replace expanding federal support for students. Given the decline in undergraduate debt and the continued decline in net price in our sector,[1] it is clear that colleges and universities are trying to address the affordability issue with increasingly limited resources. As more low-income students enter higher education, the institutions that have the highest percentages of these students face the greatest financial strains because of that service. Having stronger federal supports for low-incomes students makes it financially possible for institutions to serve these students and have the financial resources necessary to support them to completion and better prepare them for the workforce. We greatly appreciate the Biden Administration's effort to increase student aid.

Thank you again for the opportunity to provide comments on this critical issue. NAICU and the private, nonprofit colleges and universities we represent share your vision for greater college access and success at less cost and with lower debt. We look forward to working closely with you as the Department moves forward with this effort.

Sincerely,

Barbara K. Mistick

Barbara K. Mistick, D.M.
President

On behalf of:

Alabama Association of Independent Colleges and Universities
American Association of Presidents of Independent Colleges and Universities
Association for Biblical Higher Education

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[1] From 2019-20 to 2020-21, the average debt of bachelor's degree recipients changed from $33,600 to $33,000 for four-year private, nonprofit graduates and from $26,700 to $27,400 for four-year public graduates. Adjusted for inflation, net tuition and fees at private, nonprofit colleges and universities has declined over the last decade from $17,240 in 2012-13 to $14,630 in 2022-23 (*College Board, Trends in College Pricing and Student Aid 2022, October 2022; College Board, Trends in College Pricing and Student Aid 2021, October 2021*).

Association of Advanced Rabbinical and Talmudic Schools
Association of Catholic Colleges and Universities
Association of Independent California Colleges and Universities
Association of Independent Colleges & Universities in Massachusetts
Association of Independent Colleges & Universities of Rhode Island
Association of Independent Colleges and Universities in Pennsylvania
Association of Independent Colleges and Universities of Ohio
Association of Independent Colleges of Art & Design
Association of Independent Kentucky Colleges and Universities
Association of Jesuit Colleges and Universities
Association of Presbyterian Colleges and Universities
CCCU - Council for Christian Colleges & Universities
Commission on Independent Colleges and Universities in New York
Council of Independent Colleges in Virginia
Council of Independent Nebraska Colleges
Georgia Independent College Association
Independent Colleges & Universities of Florida
Independent Colleges and Universities of Texas
Independent Colleges of Indiana
Independent Colleges of Washington
Kansas Independent College Association
Maryland Independent College and University Association
Michigan Independent Colleges & Universities
Minnesota Private College Council
North Carolina Independent Colleges and Universities
Oklahoma Independent Colleges and Universities - OICU
Oregon Alliance of Independent Colleges and Universities
South Carolina Independent Colleges and Universities
Tennessee Independent Colleges and Universities Association
Wisconsin Association of Independent Colleges and Universities
Yes We Must Coalition