

Date: February 14, 2013

Subject: President Obama's College Scorecard

During his annual State of the Union address (SOTU), President Obama repeated a popular refrain, calling on colleges to restrain soaring tuition costs in light of the fact that Americans with some higher education are more likely to maintain steady employment and earn a comfortable income (or, as the President declared, be part of the middle class). As have many others when discussing this topic, the President juxtaposed college access and affordability against college costs without making the important connection to overall funding. As is clear at the University of Washington (UW) and many of its public peers, public funding (both state and federal) that traditionally provided the financial backbone for such institutions has become unstable, showing precipitous declines. It is in this context that tuition and other forms of auxiliary support have increased to maintain some semblance of consistent funding.

President Obama's attention to higher education costs borne by students (used interchangeably with the term "affordability") was limited to mere paragraphs in his SOTU, but he followed up by urging Congress to reauthorize the Higher Education Act with a mechanism by which federal financial aid would be contingent on a determination of "affordability and value." Detailed information about those criteria is not yet available.

The President promised to release a "[College Scorecard](#)" the next day. Although its purpose may be admirable, the Scorecard does not bring any new light to the discussion. The Scorecard largely borrows from the existing National Center for Education Statistics' [College Navigator](#). Unfortunately, elements of scorecard data intended to shed light on whether parents and students are getting "bang for their buck" reflect, in some cases, pre-recession financial data compared against national averages which include many absolutely incomparable institutions.

There are two key points to note about President Obama's discussion of the topic of the "cost" of education and the release of the Scorecard:

1. Obama's suggested HEA reauthorization policy that would tie federal financial aid to "affordability" runs the risk of disenfranchising students studying in states that cannot or will not support higher education. It may also force institutions in those states to reduce the quality of their educational offerings in order to enable their students to maintain access to federal aid dollars.
2. Although the UW looks relatively good in comparison to other institutions now, we cannot be comfortable with the comparison because we were advantaged by the particular time period for which data were available. The UW is vulnerable to faring poorly in these comparisons in the future as data from the past couple of years, in which we were forced to increase tuition at higher rates in order to compensate for dramatic reductions in state support, are used.

The UW appears to "score" favorably overall, but the various components presented on the scorecard require some additional consideration and hesitation.

- **Costs:** Public discussion of tuition often involves confusion between the "price" paid by students and the actual cost of education. The rapid increase in tuition reflects the need to increase the *price* charged to compensate for dramatically reduced public funding rather than rapidly escalating *costs* of education. Although the scorecard is

meant to capture the net price of resident student tuition rates less average financial aid (grants and scholarships), it refers to these student expenses as “costs,” contributing to this confusion.

- **Timing:** The last average net price data available from NCES (2010-11) is reflected on the scorecard and shows a net price at the UW of \$8,739. However, 2011-12 net price data for first-time, full-time, resident undergraduate students was recently sent to the Department of Education and is \$9,395 for the UW. Thus, the average net price for this student category has **increased** from 2010-11 to 2011-12 by \$656.

This increase is noteworthy because the scorecard shows a net price **decrease** at the UW from 2007 to 2009; however, **these data appear remarkably favorable for the UW because the timeframe represented is pre-recession**. This noted decrease in the net price from 2007 to 2009 is due to increasing grant activity (both institutional and federal/state grants) rather than decreasing tuition rates. Resident undergraduate tuition rates increased from 2007 to 2009 by 7 percent per year.

- **Population:** Net price is helpful when considering how average financial aid support may affect what a student pays. However, net price is calculated only for undergraduate residents who receive scholarship or grant aid. Given that fewer than half of our students fill out a FAFSA and qualify for need-based aid, it must be understood that the plurality of undergraduate residents have paid the full tuition amount (including all double digit increases) for the past several years. In 2011-12, the net price calculation only applies to 46 percent of undergraduate residents.
- **Graduation Rates:** Reflecting our higher than average (but equivalent to peer) graduation rates, the 79.6 percent six-year graduate rate is sourced from NCES’ Integrated Postsecondary Education Data Set (IPEDS) and the most recent data available reflects graduation rates for students who began at the UW in Fall 2005.
- **Loan Default Rate:** The 3.1 percent loan default rate represents the most recently updated data on cohort default rates. The UW rate is low compared to national averages and peer default rates. More information about this topic is available in a separate OPB [brief](#).
- **Median Borrowing:** The median borrowing measure available on the scorecard is accurate for the UW, but reflects median debt for undergraduates from federal student loans taken out during a student’s tenure at the UW. The 2011 median federal undergraduate debt load taken out while students study at the UW is \$15,458. However, the undergraduate debt load figure used most often on campus is \$20,316. This figure represents the mean (rather than median) debt of UW undergraduate students graduating with debt, including debt incurred at other institutions before or during a student’s tenure at the UW.

This presentation of data is not particularly problematic for an institution with a nearly 80 percent six-year graduation rate, but as the Institute for College Access & Success [notes](#), displaying median debt load for students without noting drop-out rates is misleading. The scorecard should include retention rates for all institutions, including those that fail to re-enroll a significant population of students who began coursework, for a more complete, and telling depiction.

- **Employment:** Perhaps the least helpful element of the scorecard encourages parents and students to approach the UW-Seattle (or any institution being evaluated with this tool) to ask for job placement and income data. While the UW is pursuing an approach to match UW student identification numbers with employment data from the state of Washington to shed light on the employment and earnings of our students, this work is not complete. Only anecdotal information and survey data about our students’ employment history and wage information is available to us at this time.

Certain elements of the scorecard's UW-specific measures are compared against national averages to indicate whether the UW is performing well. Comparison ratings of "low," "medium," and "high" are provided for many measures. However, note again that using national averages without significantly refining the peer set which the UW data is compared against is problematic and potentially misleading.

President Obama is to be commended for his attention to higher education in his SOTU; however, the scorecard tool could mislead its consumers if it is not contextualized in a more comprehensive manner. The timeframe of its data is problematic, the national averages employed on its meters and scales are imperfect, and some elements may confuse, rather than shed light, on the price that students actually pay to attend universities like the UW.