



**POLICY
MATTERS**

Graduation Rates as a Measure of Institutional Performance: Why Now? Why Not? What Needs to be Done?

Context

Student success has occupied a significant place in state and federal accountability systems for more than a decade, particularly as measured by persistence and graduation rates. The focus on these indicators appears to be increasing, driven by a combination of forces:

Student expectations. As higher education has become a more universal expectation, prospects for successful completion are increasingly under question by consumers.

Fiscal limitations. The recent economic slump and its resulting impact on finances in Washington, D.C. and the statehouses has increased the focus on value added and return on investment issues.

Increasing focus on higher education outcomes over inputs. At the state level, this trend has been unfolding for a number of years, encouraged by metrics such as the National Center for Public Policy and Higher Education's *Measuring Up* series. In Washington, growing

federal interest in this area can be traced in part to No Child Left Behind Act (NCLB) requirements and in part to the pending reauthorization of the Higher Education Act (HEA).

Emerging competition. On the international front, a narrowing gap in college completion between the United States and other industrialized nations is focusing more attention on student outcomes. Domestically, the growth and strengthened presence of the for-profit sector is sparking more aggressive competition for public resources, which in turn is increasing emphasis on performance measurement.

In this environment, the ability to account for student progression and success will only grow in importance. Unfortunately, current data systems and analytical approaches (especially at the federal level) fall short, offering limited and sometimes misleading information about our campuses; this restricts the ability of policymakers and campus leaders to improve policy and practice. Several new methodologies and initiatives currently under consideration deserve discussion and debate.

Observations

1. Existing completion measures reflect an obsolete model of the “traditional” college student. Better measures are needed to capture the full range of institutional activity that increasingly includes part-time, non-continuous, and multi-institutional student enrollments.

Current completion metrics, which stem from the federal Student Right to Know Act (1990) and are collected via the National Center for Education Statistics (NCES) Graduation Rate Survey (GRS), describe only what happens to first-time, full-time freshmen within six years of entering an institution. Because this model fails to capture many kinds of successful outcomes, it misrepresents reality for numerous institutions and therefore needs to be improved.

2. Simple completion measures largely reflect the characteristics of entering students—the more selective the institution, the higher the graduation rate. If completion measures are used to address institutional accountability, more comprehensive analyses are needed.

Students enter higher education with different levels of academic preparation, socioeconomic backgrounds and personal/professional situations. Research has documented a number of “risk factors” that make it more difficult for students to persist and graduate. Many public colleges and universities are charged by their states to serve precisely those students most at risk of non-completion, as their mission is to extend access to historically disadvantaged and underrepresented groups. If completion measures are to be used in judging institutional performance, appropriate data and a methodology that accounts for external influences on student persistence are necessary.

The Higher Education Research Institute at the University of California at Los Angeles

has developed such a methodology. By studying student attainment data from 262 institutions, the Institute has identified factors that distinguish completers from dropouts; this information is then used to calculate an “expected” completion rate for each institution. For example, a public university and a private liberal arts college may both have actual completion rates of about 55 percent, leading one to conclude they are “equally effective” in retaining their students. However, applying the expected graduation rate for those institutions results in a different conclusion. The liberal-arts college, based on its entering student body, would be expected to graduate 68 percent of its freshmen, and thus is not meeting expectations. Conversely, the public university would be expected to graduate only 40 percent of its freshmen, and thus is performing beyond expectations. This approach allows administrators and policymakers to sort out the effects of institutional selectivity from institutional practices.

3. New means for gauging student success will require significant—and potentially controversial—changes in data collection and analysis.

States have been the primary users of graduation rates as measures of institutional performance and accountability. Though state- and system-level reporting of graduation rates is heavily influenced by the federal methodology (GRS), many states and university systems have the capacity to better account for student persistence and completion through unit record data systems (inter-institutional databases that track individual students throughout their postsecondary career). This enhanced capability is limited in that it varies widely by state/system and largely does not operate across states and systems.

This situation may change. To meet growing federal interest in institutional accountability,

NCES is currently exploring the feasibility of developing a nationwide unit record data system that would encompass all postsecondary students. This would replace the GRS and enable a more accurate and comprehensive accounting of student transfer and completion, as well as net price (sticker price minus aid) paid by students and families. Some members of the higher education community, including AASCU, the American Council on Education (ACE), and the State Higher Education Executive Officers (SHEEO), support a national unit record feasibility study.

The proposed study would examine a range of issues, including institutional capacity and data integrity/privacy. The latter issue is of particular concern to a number of institutions and student groups, and has been cited as a reason for not pursuing a unit record approach. Another concern raised by unit record skeptics is cost-effectiveness—even if a unit record system can be developed and provides better data, is it worth the cost (human and financial)? Proponents of the feasibility study argue that such an examination can answer precisely those questions and concerns, and that other avenues may be open if a nationwide unit record system is not feasible or advisable. For example, the Lumina Foundation has explored ways to achieve better student progression data through linkage of existing databases.

4. Better student outcomes data can lead to better practice and policy, but state and campus responses must account for public colleges' and universities' historical access mission. It would be shortsighted to “solve” the graduation rate problem by limiting access.

Earlier this year, the Education Trust published a report identifying several high-performing institutions—those that show much higher graduation rates than would be expected, compared to institutions with very similar

students, and those that had rapidly increased their graduation rates. Currently, AASCU, the Education Trust, and the National Association of System Heads (NASH) are partnering in a study of public institutions that are especially successful in promoting student completion, with the aim of identifying promising practices. Using the results of the study, the partnership will offer tools and strategies for institutional leaders committed to boosting campus graduation rates while honoring the charge by their respective states to provide broad educational opportunity. Initiatives such as this serve as an attempt to counter implicit policy incentives for public colleges and universities to raise their graduation rates by raising their admissions standards (and thus move away from the access mission).

Conclusion

Social, political, and economic forces are converging to ensure that student success—particularly as reflected by the graduation rate—will remain a key policy objective at the state and federal levels. If real progress is to be made on this objective, better data systems are needed to promote better public policy and institutional practice. The stakes in this arena are high: continued competitiveness in the global economy.

Resources

American Association of State Colleges and Universities

(AASCU), *Accountability and Graduation Rates: Seeing the Forest and the Trees*, October 2002. This paper provides context for examining federal action related to graduation rates. It analyzes current data from the NCES Graduation Rate Survey, describes state-level collection and use of graduation rate data (provided by the State Higher Education Executive Officers), and offers points to consider in using graduation rates for institutional accountability. www.sheeo.org/complete/Graduation%20Rate%20Brief%20-%20AASCU.pdf

Also see *What Works: Policy Seminar on Student Success, Accreditation and Quality Assurance*, co-authored by AASCU and Pennsylvania State University Center for the Study of Higher Education, August 2003, for a discussion of successful strategies that promote persistence, transfer, and completion. The focus is on strategies that address historically disadvantaged and underrepresented groups. www.aascu.org/pdf/whatworks_03.pdf

Education Trust, *A Matter of Degrees: Improving Graduation Rates in Four-Year Colleges and Universities*, May 2004. Operating from the premise that far too many college students fail to get a degree, this report analyzes data from NCES' Graduation Rate Survey and identifies specific high-performing institutions. The report provides data and context for understanding the policy questions and outlines areas of reform that would help address the problem of non-completers. www2.edtrust.org/NR/rdonlyres/11B4283F-104E-4511-BOCA-1D3023231157/0/highered.pdf

HigherEd.org, Inc. is currently conducting the *IPEDS Student Unit Record Feasibility Study* for NCES. This website contains up-to-date documentation of the study. highered.org/ipeds

Lumina Foundation for Education, *Following the Mobile Student: Can We Develop the Capacity for a Comprehensive Database to Assess Student Progression?* April 2003. This report describes a study of existing state-level unit record databases to determine the feasibility of creating a method to track students across state lines. Pre-dating the current NCES feasibility study for developing a federal unit record database, it offers alternative approaches to accomplishing some of the same goals. This report is an excellent source on existing state- and system-level databases. www.luminafoundation.org/publications/researchreports/NCHEMS.pdf

National Center for Education Statistics (NCES), *College Persistence on the Rise? Changes in 5-Year Degree Completion and Postsecondary Persistence Rates Between 1994 and 2000*, November 2004, and *Descriptive Summary of 1995-96 Beginning Postsecondary Students: Six Years Later*, December 2002. Based on NCES longitudinal sample surveys, these two reports examine enrollment, persistence, and degree attainment of postsecondary education students who first enrolled in 1989-90 (both reports) and 1995-96 (2004 report only). They provide rich data on persistence and completion patterns and discuss the "risk factors" associated with non-completion. **College Persistence:** nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2005156 **Descriptive Summary:** nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2003151

U. S. Department of Education, *Principal Indicators of Student Academic Histories in Postsecondary Education, 1972-2000*, March 2004. Based on data from three NCES longitudinal surveys, this report describes postsecondary academic participation, attainment, time-to-degree, and attendance patterns of three high school cohorts—the classes of 1972, 1982, and 1992. Primarily a reference work, it offers a wealth of data about postsecondary persistence and completions, and is useful for understanding policy questions related to institutional accountability. www.ed.gov/rschstat/research/pubs/prinindicat/index.html

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