



# Consumer reports for today's postsecondary students

BY BRYAN WILSON



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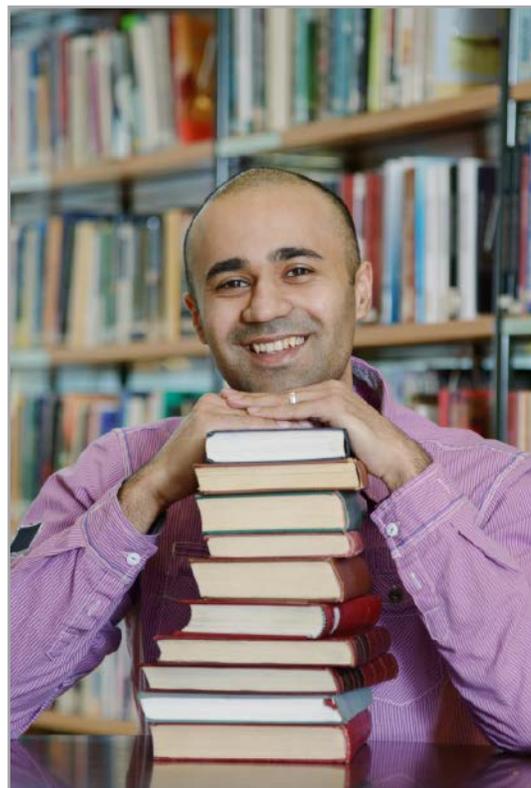
# Introduction

There is growing interest in providing students and others with information about the performance of postsecondary education and training programs, and rightfully so. Currently, if one wants to know how many students get jobs and what those jobs pay, one cannot find comparable information for programs across the nation. Consumer reports, which display information about programs and their outcomes – such as the percentage of students who complete their programs and find jobs, and average earnings of graduates – can help students, policymakers, and others make more informed decisions.

To their credit, the U.S. Department of Education (ED) through its College Scorecard and the sponsors of the College Transparency Act (CTA) now being considered by Congress, are attempting to address this information gap by providing online consumer reports. The President recently issued an executive order that the College Scorecard should report outcomes at the program-level. As these initiatives continue and evolve, it is important to align consumer reports with the characteristics and goals of today's students and postsecondary programs.

A large and growing share of postsecondary students are working adults who attend certificate and associate degree programs that can quickly advance their level of employment and earnings. Working adults often do not have time for years of additional education. Sixty-four percent of undergraduate students work and 40 percent work full-time.<sup>1</sup> Seventy-four percent of subbaccalaureate credentials are from occupational programs designed to prepare students for employment as opposed to academic credentials designed for transfer to four-year institutions.<sup>2</sup> An estimated 38 percent of all undergraduate credentials from Title IV higher education institutions<sup>3</sup> are occupational associate degrees or certificates. Moreover, these numbers do not include the large number of non-credit training programs at community and technical colleges.<sup>4</sup> An estimated 41 percent of enrollments at public two-year colleges are in non-credit programs.<sup>5</sup>

For consumer reports to meet the needs of today's students, many of whom enroll in subbaccalaureate occupational programs, it's critical that the reports show labor market outcomes shortly after students graduate. If enacted by Congress, CTA could address these issues.<sup>6</sup> In the meantime, to ensure that students and policymakers have comparable information about programs' immediate outcomes, the College Scorecard consumer pages should include a measure of earnings shortly after graduation.



<sup>1</sup> "Today's Student," Lumina Foundation website, 2019.

<sup>2</sup> Lisa Hudson, "Trends in Subbaccalaureate Occupational Awards: 2003-2015," National Center for Education Statistics, 2018.

<sup>3</sup> Institutions eligible for Title IV financial aid under the Higher Education Act (HEA), such as Pell grants and loans.

<sup>4</sup> The data reported by the National Center for Education Statistics is from the Integrated Postsecondary Education Data System (IPEDS) which does not collect data on non-credit programs.

<sup>5</sup> "Fast Facts 2018," American Association for Community Colleges website.

<sup>6</sup> CTA allows the National Center for Education Statistics four years after enactment to create the new consumer report system.

# Current landscape of consumer reports

Subbaccalaureate occupational education and training programs are already required by statute to post online consumer reports. ED should consider these Congressional requirements as it updates the College Scorecard and implements CTA, if it is enacted.

The 2014 Workforce Innovation and Opportunity Act (WIOA) requires states to make available by electronic and other means easily understandable performance reports for eligible providers of training services.<sup>7</sup> These reports must include the performance for each program of study that institutions or other providers want to be on the state's Eligible Training Provider (ETP) list of programs eligible to receive funding through WIOA Title I Individual Training Account vouchers. Reported performance must be based on outcomes for all students, not just those funded by WIOA.

Similarly, the 2018 Strengthening Career and Technical Education for the 21st Century Act (commonly referred to as, Perkins V) requires institutions receiving Perkins funds to develop and disseminate a performance report "through a variety of formats, including electronically through the Internet, to students, parents, educators, and the public."<sup>8</sup> These reports must include the performance for each Career and Technical Education (CTE) program of study<sup>9</sup> at institutions receiving Perkins funds, and must be based on outcomes for all CTE concentrators in the program. Perkins V becomes effective on July 1, 2019.

A large share of postsecondary programs is covered by these WIOA and Perkins requirements. Perkins V covers virtually every public postsecondary CTE program in the nation. Approximately 80 percent of community colleges

have one or more programs on a state's WIOA ETP list.<sup>10</sup> Some state two-year systems automatically submit all workforce education programs to be on their state's ETP list.<sup>11</sup> The WIOA requirements also cover private providers, including non-profit institutions and proprietary schools, that want to be eligible for their state's ETP list.

While not required by statute, ED has created the online College Scorecard. The College Scorecard provides consumers with basic information about Title IV postsecondary institutions, including the earnings of students after leaving their institution. The information covers institutions, not individual programs at institutions. ED, however, has indicated they plan to publish program-level information on the College Scorecard or a successor site,<sup>12</sup> and on March 21, the President issued an Executive Order directing ED to do so.<sup>13</sup>

In addition to not reporting information at the program-level, another major drawback of ED's College Scorecard is that its post-college outcomes data are based solely on students receiving Title IV financial aid.<sup>14</sup> Nationwide, just an estimated 70 percent of students at Title IV eligible institutions receive some such aid,<sup>15</sup> and this percentage varies widely among institutions. Only 39 percent of students at public two-year institutions receive Title IV financial aid. In California, only about 20 percent of all community college students receive Title IV aid.<sup>16</sup> The College Scorecard is therefore not a valid representation of results among all students.

To address this problem, bipartisan members of Congress are sponsoring CTA. CTA would direct the Commissioner of Education Statistics to create a consumer report system including all students at Title IV institutions, whether or not they receive federal student aid. Based on privacy-protected student-level data, the Commissioner would create a consumer-friendly website showing key information about programs at Title IV institutions.

<sup>7</sup> WIOA: Sec.116(d)(4)

<sup>8</sup> Strengthening Career and Technical Education for the 21st Century Act, Sec. 113(b)(4)(B)(v)

<sup>9</sup> "Except that in a case in which reporting by such program or program of study is impractical, the data may be disaggregated by the career clusters of the CTE concentrators." Strengthening Career and Technical Education for the 21st Century Act, Sec. 113 (4)(B)(ii)(III)

<sup>10</sup> Author's calculation based on estimates from Social Policy Research Associates.

<sup>11</sup> For example, Washington's community and technical colleges apply for all workforce education programs to be listed on the state's Eligible Training Provider List.

<sup>12</sup> August 14, 2018 Notice of Proposed Rulemaking, FR Document 2018-17531. 83 FR 40167.

<sup>13</sup> The White House, "Executive Order on Improving Free Inquiry, Transparency, and Accountability at Colleges and Universities," March 21, 2019.

<sup>14</sup> There are a number of additional drawbacks to the College Scorecard. For instance, the reported earnings outcomes include both students who did not graduate and graduates.

<sup>15</sup> Using Federal Data to Measure and Improve the Performance of U.S. Institutions of Higher Education," Executive Office of the President, 2017.

<sup>16</sup> California Community Colleges Chancellors Office, Data Mart for 2017-18.

Information would include post-program outcomes including employment, earnings, and further education.

In addition to these federal efforts, at least nine states have their own program-level higher education consumer report system that reveals post-program labor market outcomes.<sup>17</sup> While these reports are very useful, a drawback to most of these state reports is they only include post-program employment information on graduates employed in their state. In contrast, the College Scorecard includes information on employment no matter where someone is employed; as would CTA.

## Performance measures

WIOA and Perkins V establish mandatory performance measures for consumer reports in statute. For WIOA, the four mandatory performance measures for consumer reports are:

- I. The percentage of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- II. The percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program;
- III. The median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- IV. The percentage of program participants who obtain a recognized postsecondary credential, or a secondary school diploma or its recognized equivalent ... during participation in or within 1 year after exit from the program.<sup>18</sup>

Interagency teams from the states developed these performance measures through a lengthy process.<sup>19</sup> The measures were designed to be useful for both consumer information and performance accountability for a wide-variety of workforce development and education programs.<sup>20</sup> Follow-up periods were chosen that are indicative of longer-term results, but short enough to provide useful information about the performance of programs and strategies that are likely to still be in place. The follow-up periods also reflect that most program participants in occupational programs want to quickly advance their employment and earnings.

In 2018, Congress aligned some Perkins V measures with WIOA requirements. For Perkins V, the mandatory performance measures for postsecondary CTE, including institutions' consumer reports are:

- (i) The percentage of CTE concentrators who, during the second quarter after program completion, remain enrolled in postsecondary education, are in advanced training, military service, or a service program that receives assistance under title I of the National and Community Service Act of 1990 (42 U.S.C. 12511 et seq.), are volunteers as described in section 5(a) of the Peace Corps Act (22 U.S.C. 2504(a)), or are placed or retained in employment.
- (ii) The percentage of CTE concentrators who receive a recognized postsecondary credential during participation in or within 1 year of program completion.
- (iii) The percentage of CTE concentrators in career and technical education programs and programs of study that lead to non-traditional fields."<sup>21</sup>

Important to this discussion, Perkins V requires institutions' consumer reports to disaggregate the outcome information included in the first measure. For example, they must report the percentage of CTE concentrators who are employed after completion, not just the total percentage who are either employed, in the military, in further

<sup>17</sup> CO, FL, KT, MI, MN, MO, NC, TX, and WA.

<sup>18</sup> WIOA Sec.116(b)(2)(A)(i).

<sup>19</sup> "Integrated Performance Information for Workforce Development: A Blueprint for the States;" Workforce Training and Education Coordinating Board; Olympia, Washington; 2005.

<sup>20</sup> The four WIOA performance measures have been widely incorporated across federally-funded programs. In WIOA, Congress applied the four measures to eleven national employment and training programs administered by the U.S. Department of Labor or DOE. Since WIOA, Congress has also applied the measures to the Trade Adjustment Assistance Act and Supplemental Nutrition Assistance Program (SNAP) Employment and Training.

<sup>21</sup> Strengthening Career and Technical Education for the 21st Century Act, Sec.113(b)(2)(B).



education, or in a national service program. They must also report the percentage of CTE concentrators who enrolled in further education or training after completion.<sup>22</sup>

There are no statutory requirements for the performance measures in the College Scorecard; they were established by administrative action. While the College Scorecard allows access to reams of data that skilled users can manipulate to produce a variety of information, there is limited information on the consumer-facing page that viewers first see for each institution. The two performance measures on the consumer-facing pages of the College Scorecard are:

- Graduation rate within 150% of the expected time of completion

- Median earnings of former students 10 years after entering the school

CTA does not establish specific performance measures. The closest the language comes to specifying the measures of post-program employment and earnings is that they should be measured, “immediately after leaving postsecondary education; and at later time intervals appropriate to the credential sought and earned.”<sup>23</sup> The Commissioner of Education Statistics would develop the specific metrics through consultation with stakeholders.

The below table shows the main consumer report performance measures for WIOA training providers, Perkins V postsecondary CTE, and the College Scorecard consumer-facing-page. Additional information they require or provide are listed in the Appendix.

<sup>22</sup> Strengthening Career and Technical Education for the 21st Century Act, Sec.113(4)(B)(ii)(IV).  
<sup>23</sup> College Transparency Act, Sec.2(b)(4)(C)(v)(I).

# Postsecondary consumer reports

Report	Scope	Completion Rate	Continued Education	Employment	Earnings
<b>WIOA Eligible Training Providers (ETP)</b>	Community Colleges, Proprietary Schools, apprenticeship programs, Community-Based Organizations and other providers eligible to train individuals funded by WIOA	Percentage of participants who obtain a recognized postsecondary credential during participation in or within 1 year after exit	Not required	(1) Percentage of participants employed during the 2 <sup>nd</sup> quarter after exit;  (2) Percentage of participants employed during the 4 <sup>th</sup> quarter after exit	Median earnings of program participants during the second quarter after exit
<b>Perkins Local Recipient [Institution] Report</b>	CTE programs at community colleges or other postsecondary institutions receiving Perkins funds.	Percentage of students who receive a recognized postsecondary credential during participation in or within 1 year of program completion	Percentage of students who are enrolled in postsecondary education or training, during the second quarter after program completion.	Percentage of students employed during the 2 <sup>nd</sup> quarter after completion	Not Required
<b>College Scorecard Consumer-Facing Page</b>	Undergraduate degree-granting institutions eligible to serve students receiving Financial Aid under Title IV of the Higher Education Act. (Includes post-college outcomes data only on students receiving federal financial aid)	Graduation rate within 150% of the expected time of completion	Not Reported	Not Reported  In the past but not currently: The percentage of students in employment and earning at least \$28,000 per year six years after enrollment <sup>24</sup>	Median earnings of former students 10 years after enrollment

<sup>24</sup> \$28,000 is based on ED’s estimate of the average earnings of individuals 25-34 years of age whose highest level of education is a high school diploma or its equivalent.

## The downsides of current consumer reports

Two major downsides of the current regime of consumer reports are: 1) Most consumers and other stakeholders do not see information on earnings shortly after program completion; and 2) This regime creates an uneven playing field that disadvantages CTE and training programs. If nothing is done to address this, the later disadvantage will become more problematic when the College Scorecard includes program-level information.

If a consumer looks at an ETP consumer report they will see employment rates during the 2<sup>nd</sup> quarter and during the 4<sup>th</sup> quarter after students

exit their program, and median earnings during the 2<sup>nd</sup> quarter after exit. The Perkins V postsecondary consumer reports will also report employment during the 2<sup>nd</sup> quarter after exit. In contrast, if a consumer looks at the consumer-facing pages of the College Scorecard they will see median earnings 10 years after enrollment.

Of the three federal consumer report systems, only the ETP consumer reports offer information on earnings shortly after program completion. It’s also the consumer report website that individuals are least likely to see. It’s most likely to be viewed by WIOA Title I participants who are interested in exploring options for training. WIOA Title I funds training for only slightly more than 100,000 individuals per year.

The differences in the reports’ measures also create an uneven playing field. Individuals who view the College Scorecard will see much higher

earnings because it shows earnings 10 years after enrollment. The longer the follow-up period for measuring earnings, the higher earnings tend to be. Earnings tend to increase as individuals have a longer history of employment. Furthermore, a period of 10 years after enrollment allows for additional education to occur unless the methodology excludes those who have attained additional levels of education. The College Scorecard makes no such exclusion. So, for example, the earnings for a B.A. in history will include those who continued their education, completed law school, and practiced law for a few years, not just those whose history B.A. is their highest level of attainment. The College Scorecard confounds the earnings outcomes for those in the labor market with a history B.A. with those whose highest level is a J.D. This type of problem is minimal for the shorter-term WIOA ETP measures since there is insufficient time for students to have attained additional degrees or longer-term certificates.

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### The difference the follow-up period makes

To illustrate the quantitative difference the follow-up period makes, we can look to Washington state which has data at the program level and includes many baccalaureate programs on its ETP consumer report website-- CareerBridge. For example, CareerBridge shows the median annual earnings for students with a history B.A. from the Eastern Washington University is \$24,651 (four quarters after graduation). The state's Education Research and Data Center's (ERDC) Earnings for Graduates shows that students from the same program have median earnings of \$38,300 (four years after graduation). In another example, Washington's CareerBridge shows that students with a psychology B.S. from the University of Washington have median annual earnings of \$30,563 (four quarters after graduation), while the ERDC shows that students from the same program have median earnings of \$50,700 (six years after graduation).

Because of the different mix of programs reported by ETP and CTE consumer reports and the College Scorecard and their different follow-up periods, one could easily misunderstand the value of CTE and other training programs relative to baccalaureate and Associate of Arts Degree programs.

## Improving consumer reports

A simple way of satisfying today's students who want to know their likely earnings shortly after program completion, and making the playing field fair, is to include a shorter-term measure of earnings in the College Scorecard's consumer-facing pages. This is the standard practice in higher education consumer reports established by states. A review of nine states' higher education consumer report systems that show results at the program level, reveals that eight of the nine states include earnings approximately one year after completion at the front of the report.

Including earnings approximately one year after completion or less, enables consumers to know how much they are likely to earn soon after completing a program, which is of interest to students in occupational programs, and of interest to anyone who thinks they might enter the labor market soon after they graduate.

The College Scorecard relies on Treasury and Social Security Administration data for employment and earnings information. These sources can provide annual, but not quarterly data.<sup>25</sup> Using these data sources, the follow-up period that would be most similar to the shorter follow-up periods in the ETP and Perkins V consumer reports would be the calendar year following graduation.

CTA would address this issue. The consumer report system established under CTA would report median and mean earnings immediately after leaving postsecondary education and at time intervals appropriate to the credential sought or earned.<sup>26</sup> CTA also directs the Commissioner of Education Statistics to "minimize duplicate reporting across or within Federal agencies or departments, including reporting requirements

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<sup>25</sup> Quarterly earnings data are available from states' unemployment insurance wage records. WIOA requires wage records to be the primary source of data on performance measures of employment and earnings.

<sup>26</sup> College Transparency Act, Sec.2(3)(B)(iii)(I) and (II).



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applicable to postsecondary institutions under the Workforce Innovation and Opportunity Act.”<sup>27</sup> This suggests that the “immediate” follow-up period could coincide with WIOA’s requirements. The exact metrics and methodology for CTA would be determined during implementation.

Additional changes to the College Scorecard would also be helpful and could be included in the CTA reports as they are developed. As mentioned above, the College Scorecard mixes the earnings of those students who do and do not obtain additional education, so someone looking at the earnings does not know the distinct earnings for either group. Instead, the College Scorecard should report the earnings of those graduates who do not continue in additional education.<sup>28</sup>

Many individuals, of course, plan for a program to be a stepping stone to additional education. For example, this is the case for students enrolling in Associate of Arts Degree programs, or students enrolling in a four-year liberal arts program with

the intention of going to graduate or professional school. Consumer reports should include the percentage of graduates who enroll in additional postsecondary education. Perkins V requires this for CTE consumer reports as would CTA, but the WIOA ETP reports and the College Scorecard consumer page do not include this.

The Department of Education’s College Scorecard with consumer-facing pages reporting earnings only during the tenth year after enrollment, is an outlier among postsecondary consumer reports.

<sup>27</sup> College Transparency Act, Sec.2(3)(c)(i)(II)(bb).

<sup>28</sup> This is, for example, what Michigan’s Pathfinder consumer report system does.

# Recommendations

The recommendations below would provide consumers and others with information on postsecondary programs' immediate labor market outcomes and level the playing field of consumer reports. ED can take these three steps by administrative action; no statutory changes are required.<sup>29</sup>

- The consumer-facing pages of the College Scorecard should include the median earnings of graduates during the calendar year after graduation (or the second quarter after graduation should quarterly data be available).
- Reported earnings should exclude graduates who enroll in additional postsecondary education.
- The Scorecard should include the percentage of graduates who enroll in additional postsecondary education.

If CTA is enacted, the new consumer report system should include these recommended features. If Perkins or WIOA are opened for amendment, Congress should consider making aligned changes in these Acts' reporting requirements.



**The consumer-facing pages of the College Scorecard should include the median earnings of graduates during the calendar year after graduation (or the second quarter after graduation should quarterly data be available).**



**Reported earnings should exclude graduates who enroll in additional postsecondary education.**



**The Scorecard should include the percentage of graduates who enroll in additional postsecondary education.**

<sup>29</sup> NCES would need to match student data with National Student Clearinghouse data on postsecondary enrollments to identify graduates that enroll in additional postsecondary education.

# Appendix: additional information reported in postsecondary consumer reports

## **WIOA eligible training providers<sup>30</sup>**

Total number of individuals exiting from the program of study (or the equivalent);

The total number of participants who received training services funded by the adult and the dislocated worker programs disaggregated by the type of entity that provided the training, during the most recent program year and the 3 preceding program years;

Total number of participants who exited from training services, disaggregated by the type of entity that provided the training, during the most recent program year and the 3 preceding program years;

Average cost per participant for the participants who received training services, disaggregated by the type of entity that provided the training, during the most recent program year and the 3 preceding program years; and

Number of individuals with barriers to employment served by the adult program and the dislocated worker program, disaggregated by each subpopulation of such individuals, and by race, ethnicity, sex, and age.

## **Perkins “local recipient” report**

The percentage of CTE concentrators in career and technical education programs and programs of study that lead to non-traditional fields.

Disaggregate data for each of the indicators of performance for the subgroups of students described in the Elementary and Secondary Education Act of 1965 and that are served under [Perkins], and quantify any disparities or gaps in performance, as described in paragraph 3(C)(ii)(II), between any such category of students and the performance of all CTE concentrators served by the eligible recipient.

Disaggregate data, to the extent such data is available, for individuals in military service or a service program that receives assistance under title I of the National and Community Service Act of 1990 (42 U.S.C. 12511 et seq.) or volunteers as described in section 5(a) of the Peace Corps Act (22 U.S.C. 2504(a))

## **College Scorecard Consumer Page**

Average annual net cost after financial aid

By clicking on the consumer-facing page:

- Percent of students receiving a federal student loan;
- Median federal debt after graduation;
- Estimated median monthly loan repayment;
- Percentage of students who return after first year;
- Student body race and ethnicity
- Percent of students receiving Pell grants

The College Scorecard has much more data available for download but is not posted on or linked to the consumer-facing page.

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<sup>30</sup> WIOA Sections 116 and 122.



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1730 Rhode Island Avenue NW  
Suite 712  
Washington DC 20036  
Phone: 202.223.8991  
Fax: 202.223.8354  
[info@nationalskillscoalition.org](mailto:info@nationalskillscoalition.org)

[www.nationalskillscoalition.org](http://www.nationalskillscoalition.org)