

U.S. Department of Education: College Ratings System



A college degree is the best investment students can make in their own future. Higher education is the key to the middle class, and a highly educated workforce is vital to our economic strength and success. But despite historic investments and reforms, attending a college or university has never been more expensive. Too many students are burdened with debt as they seek to start a family, buy a home, launch a business, or save for retirement. To combat rising college costs, encourage colleges to improve their value, empower students and families with the information they need to make informed decisions about which college to attend, and ensure taxpayer dollars are being spent wisely, President Obama has put forward an ambitious new agenda that will make college affordable for American families. As part of this plan, the President has directed the U.S. Department of Education to develop and publish a new college ratings system by the 2015-16 school year. This new tool will empower students and parents to select colleges that provide the best value. In the future, the new ratings system will transform the way federal aid is awarded by tying aid to institutional performance so that students are able to access additional aid at higher-performing colleges.

Why Develop a New Ratings System?

Every year, the Department of Education provides more than \$150 billion in student financial aid in the form of grants and loans. Students can use federal student aid at any of over 7,000 accredited institutions of higher education—from public universities to liberal arts colleges to community colleges to technical schools and online institutions. Although choosing a college is one of the most important decisions that students and families face, clear and useful information about the cost and quality of different colleges is often hard to find. The Obama Administration has initiated efforts to support families so students “Know Before You Owe” by introducing new consumer tools, including the [Financial Aid Shopping Sheet](#) and the [College Scorecard](#). The new college ratings system will take these efforts even further by providing accurate, accessible, and critical data that will allow American students and families to compare and choose colleges. With better information at hand, students can make more informed choices – and federal taxpayers’ investment can generate a higher average rate of return.

By enhancing consumer choice, the new ratings system will also incentivize colleges to provide better value by improving performance, lowering costs, and investing in student access and success. The ratings will be based upon such measures as:

- Access, such as percentage of students receiving Pell grants;
- Affordability, such as average tuition, scholarships, and loan debt; and
- Outcomes, such as graduation and transfer rates, graduate earnings, and advanced degrees of college graduates.

The ratings will compare colleges with similar missions and identify colleges that do the most to help students from disadvantaged backgrounds as well as those that are improving.

The college ratings will be published on the Department's [College Scorecard](#) and be made available on the Department's [College Affordability and Transparency Center](#) by the 2015-16 school year. Over the next several years, the Department will refine these measurements in collaboration with the higher education community, students and families, and the public – while colleges have an opportunity to improve their performance and ratings.

The Administration will seek legislation that relies on the ratings to transform the way federal dollars are awarded to colleges by 2018. Students will continue to choose whichever college or university they want to attend, but taxpayer dollars will be steered toward higher-performing colleges that provide the best value and that demonstrate a commitment to providing their students a high-quality education at a low cost. In effect, students attending high-performing colleges could receive larger Pell Grants and more affordable student loans.

How Will the Department Develop the Ratings System?

The Department is undertaking an extensive public outreach initiative to gather feedback about how to best assess college performance and value, which measures should be included in the ratings system, and how to provide the information in the most user-friendly and helpful way to students and families. We are interested in ideas and suggestions from all stakeholders: students and families, college faculty and administrators, state education leaders, business and industry, researchers, associations, innovators, philanthropies, consumer interest groups, and other public advocates. We plan to engage as many stakeholder groups and individuals as possible to help us design an effective system that is useful to students and takes into account the diversity of America's colleges and universities.

- Students, families, consumers, and community groups are vital sources of input to help us develop the ratings system. We are arranging open forums, town hall meetings, and roundtables across the country to hear from them directly.
- We will engage extensively with the higher education community, including campus leaders and education organizations, leaders in business and state government, policymakers and researchers, ratings experts, and leaders in other sectors.
- We will create opportunities for the public to participate electronically by sharing their ideas.
- We will release a Request for Information in the *Federal Register* this fall to ask technical and subject matter experts to weigh in on measures, data sources, and formulas for calculating the ratings. We will use the feedback we receive to develop proposed metrics that will be available for public comment.

How Can You Help?

Send your ideas about the college ratings system to collegefeedback@ed.gov and visit www.ed.gov/college-affordability for more information about open forums, town hall meetings, and roundtables.