

# Report and Suggestions from IPEDS Technical Review Panel #34 Calculating Job Placement Rates

**SUMMARY:** No changes to IPEDS were suggested by this Technical Review Panel. The TRP determined that at this time, a single job placement rate methodology could not be developed without further study because of limitations in data systems and available data. Further, it suggests that greater transparency about how rates are calculated be required as an interim step for institutions disclosing these rates. Comments from interested parties are due to Janice Kelly-Reid, IPEDS Project Director at RTI International, at [ipedsTRPcomment@rti.org](mailto:ipedsTRPcomment@rti.org), by June 20, 2011.

On March 1–2, 2011, RTI International, contractor for the Integrated Postsecondary Education Data System (IPEDS), convened a meeting of the IPEDS Technical Review Panel (TRP) in Washington, DC. Meetings of the IPEDS TRP are conducted by RTI to obtain peer review of IPEDS-related project plans and products, and to foster communications with users of the data. The purpose of this meeting was to solicit input from the postsecondary education community regarding calculation of job placement rates as required by gainful employment regulations. The panel consisted of 49 individuals representing the federal government, state governments, institutions, data users, association representatives, and others. RTI International convened this IPEDS TRP to allow for a collaborative process and public input into suggesting a methodology to the National Center for Education Statistics (NCES) for calculating consistent and comparable job placement rates.

## Background

In October 2010, the Department of Education issued a set of final regulations on improving the integrity of postsecondary programs that prepare students for gainful employment in a recognized occupation (see *Federal Register*, October 29, 2010. Volume 75, Number 209. Page 66831-66975). Programs subject to these new gainful employment regulations are (1) certificate programs at any Title IV institution and (2) all programs at for-profit institutions, except bachelor’s degrees in liberal arts. About 5,600 institutions have one or more programs potentially subject to these regulations; however, it should be noted that if an institution does not award Title IV aid to students in the program, it would not be subject to gainful employment regulations.

ESTIMATED COUNTS OF INSTITUTIONS WITH PROGRAMS POTENTIALLY SUBJECT TO GAINFUL EMPLOYMENT REGULATIONS*	
Public and not-for-profit institutions that offer certificate programs:	
Public:	1,759
Private not-for-profit:	859
Private for-profit:	3,026

*\*Based on 2008-09 IPEDS data*

One part of the regulations requires institutions to disclose on their websites and in promotional materials information on costs and outcomes of the programs, including job placement rates for program graduates. The final regulations charged NCES with developing a methodology for calculating job placement rates for institutions to meet the disclosure requirement.

#### A NOTE ABOUT DISCLOSURE REQUIREMENTS

**Disclosure requirement**

Information that a postsecondary institution is required to distribute or make available to another party, such as students or employees.

**Reporting requirement**

Information submitted to the Department of Education or other agencies.

**Disclosure and reporting requirements sometimes overlap. For certain topics, institutions are required to make information available to students or others and submit information to the Department of Education.**

Prior to issuing the final regulations in October 2010, the Department posted for comment a Notice of Proposed Rulemaking with proposed regulations related to gainful employment in July 2010. Under these draft rules, institutions were to disclose a job placement rate for program graduates based on a definition already established in regulations for short-term (300-600 clock hour programs) undergraduate training programs:

#### FORMULA FOR CALCULATING JOB PLACEMENT RATES PROPOSED IN THE PROPOSED RULEMAKING

**Numerator**: the number of students who, within 180 days of the day they received their degree, certificate, or other recognized educational credential [in a given award year], obtained gainful employment in the recognized occupation for which they were trained or in a related comparable recognized occupation and, on the date of this calculation, are employed, or have been employed, for at least 13 weeks following receipt of the credential from the institution.

**Denominator**: the number of students who, during the award year, received the degree, certificate, or other recognized educational credential awarded for successfully completing the program.

The Department received a number of public comments on this method for calculating job placement rates. Some comments expressed concern that the time frames suggested would provide just a snapshot of a program's effectiveness in placing students; that the methodology for calculating job placement rates would be different from other methodologies used to report rates to accreditation and

state agencies; and that using state workforce data systems would provide incomparable data because of inconsistencies between states that maintain employment outcome data. Also, several commenters questioned how institutions could report comparable placement rates without providing clear definitions of the terms used to calculate the rates.

In response to these concerns, in the final regulations, the Department asked for a peer-reviewed approach to developing the calculations and asked for the assistance of NCES and the IPEDS TRP. The IPEDS TRP convened in March 2011 to develop a placement rate methodology for calculating consistent and comparable job placement rates in a way that balances the quality of the data with institutional burden. Specifically, the panel was asked to examine the following questions in considering the issue of calculating job placement rates:

1. How should institutions calculate job placement rates for gainful employment programs in order to meet new disclosure requirements?
2. If accrediting and state agency rates are used, what should institutions that do not currently report placement rates to any agency disclose? Should there be a common metric for those institutions and programs to use?
3. If a common metric is suggested, how should it be defined, and what are the best methods for institutions to obtain employment data?
4. Should job placement rates be reported in IPEDS? If yes, how should they be collected using the current IPEDS system and survey components? Should job placement rates be made available on College Navigator?

## **1. How should institutions calculate job placement rates for gainful employment programs in order to meet new disclosure requirements?**

As of July 1, 2011, institutions that currently report placement rates to accrediting or state agencies – either at the institutional or program level – are required to disclose job placement rates for their gainful employment programs based on the rate used to report to the accreditation or state agency. Institutions must also disclose the agency or state for which the placement rate was calculated. This approach is required until NCES develops a methodology.

The TRP considered two approaches to calculate job placement rates, as described below.

### ***Approach #1: Continue to use job placement rates reported by institutions to accreditation and state agencies***

The reporting of job placement rates to accreditation agencies is complicated by a number of factors. The most obvious limitation of this approach is the comparability of the rates.

- Often the methodologies for calculating job placement rates vary from agency to agency, resulting in placement rates across agencies and states that are incomparable. A review of selected accreditation agencies found incomparable job placement rates due to differences in:
  - cohorts of students for whom job placement is captured;
  - allowable exclusions from student cohort;
  - definitions for job placement;
  - time frames for observing employment; and

- documentation supporting job placement.
- Among state agencies and commissions, some states allow institutions to report the same rates as those reported to accreditation agencies, while other states require institutions to follow the state's methodology for calculating student job placement rates. As a result, a school could report two different job placement rates for a single program: a rate calculated for the accreditation agency and a rate calculated for the state.
- Not all institutions with gainful employment programs are currently required to report a job placement rate to an accrediting or state agency.

***Approach #2: Develop a common metric for calculating placement rates***

Using a common metric for calculating job placement rates increases the comparability of job placement rates. This approach is reliant on data availability. There are three possible methods for institutions to obtain the data on employment necessary to calculate a job placement rate:

- **Institutionally collected data.** As required in reporting placement rates for short-term programs, institutions could track and document employment of the completers themselves.
- **State data systems.** Institutions could use state data systems to track students into the workforce.
- **Federal data match.** As part of the new gainful employment requirement, institutions will be reporting data to Federal Student Aid (FSA)/Department of Education on debt levels for students completing each gainful employment program. These data will be matched by the Social Security Administration (SSA) to SSA wage records, and aggregated (rather than student-level) data will be returned to the institution. Using these data, a program job placement rate could be determined using the number of graduates in a cohort who are employed.

Some combination of these methods is also an option.

***Discussion***

The panel noted that job placement rate disclosures provide useful information about the effectiveness of gainful employment programs. Because job placement rates are important to consumers, the panel was concerned with promoting transparency. To address the federal regulation, the panel determined that the placement rate methodology developed by NCES should provide the most meaningful measure of job placement rates when applied to most institutions, with the lowest amount of burden.

The prevailing opinion throughout the discussion was that ideally, job placement rates should be consistent and comparable across institutions and across programs. Thus, a majority of the TRP discussion focused on developing a common metric for calculating job placement rates. The panel agreed that a common metric is the preferable approach for calculating job placement rates. However, in order to capture useful and meaningful data, it would first be necessary to more clearly define the timing of the job placement and determine the best methods for institutions to obtain employment data.

The panel recognized that an important distinction can be made between *job placement rate* and *employment rate*. The panel defined *job placement* as a job in the field or a closely related field postcertificate or postdegree (regardless of prior employment) and *employment* as any employment postcertificate or postdegree (regardless of prior employment).

The panel agreed that in order to identify the key components of a common metric for calculating job placement rates, it is necessary to consider the different ways in which a student could be considered gainfully employed. For example, should there be an employment threshold, or a minimum amount of either earnings or hours worked necessary for *employment*? Further, is any employment acceptable, or must the graduate be employed in an occupation in the field for which he or she was trained?

Additionally, there is the issue of students who were already employed prior to enrolling in a program and how job placement data could accurately reflect these students' employment situation following program completion. The panel was concerned that neither an employment rate nor a job placement rate adequately addresses continuous employment. As a result of this discussion, the panel determined that the concept of gainful employment is somewhat ambiguous and subject to interpretation.

The panel agreed that it is also necessary to take into consideration the different ways in which employment data used to calculate job placement might be obtained, as the method used could limit how the metric is defined. Depending on the method used, obtaining sufficient data may be burdensome and administratively complex.

The panel noted that the least burdensome method for obtaining employment data is using a federal data match. SSA data could capture whether or not a program completer is employed. However, no data are collected regarding the occupation type. Thus, it is impossible to calculate a *true* job placement rate—a job in the field or a field related to the program studied—using a federal data match. However, it may be possible to calculate a more general employment rate. The panel agreed that setting a minimum threshold to define what is acceptable employment provides a more valuable measure than whether or not a student is employed. However, it appears that SSA data records do not include the number of hours or weeks a person is employed or the start date of the employment. SSA captures income data but the panel noted the potential for ambiguity in determining a reasonable minimum income threshold for a given field. The panel further noted that when using SSA data, it is essential to determine at what point in time student employment should be measured and whether students would need to have been employed for a specific period of time. However, SSA data are only collected annually, not quarterly, making it impossible to determine how long after graduating from an institution the student was placed in a job.

Next, the panel examined using state data systems to match students' postsecondary data with workforce data. Only a few state workforce systems contain occupation data elements, such as a U.S. Department of Labor Standard Occupational Classification (SOC) code. Such information is necessary to determine whether a student is employed in a particular field of study. Given the large variations in ability to access Unemployment Insurance wage data across states and the data limitations resulting in the inability to capture job placement or employment in a different state, the panel determined it is unlikely that these data could be used to calculate the job placement rates using state systems at this time. However, there are several federal initiatives to support the development of state data systems, such as the State Longitudinal Data Systems, which may allow for better coverage by and data within these systems in the future.

Finally, the panel discussed having institutions track students and calculate rates entirely on their own, but using an established common methodology. There is a high level of burden and cost associated with this method because placement is usually tracked by the student services department through a number of sources including student or employer surveys, business directory listings, websites, and business cards. The panel noted that one of the main disadvantages of student and

alumni surveys is the typically low response rates. This in turn increases the potential for lack of comparability and response rate bias.

The panel acknowledged the underlying question in the requirement—to what extent are students employed in the field or a field related to the program studied—and how this question relates to a common metric. As noted, determining whether or not a student is employed in the field studied or a related field is impossible when using a federal data match because the records have no occupation type indicators. The panel further noted that this underlying question cannot be answered using employment data obtained through a state data system. At this time, data about a student’s employment in the field or in a field related to their program of study can only be obtained if an institution tracks students and calculates the rate entirely on its own. After careful consideration, the panel determined that if a common metric is developed, the only method currently available for institutions to obtain employment data is by collecting the data themselves.

In light of this, the panel expressed concern about the undue burden this method may place on institutions. One of the main factors affecting burden is whether or not the institution is already required to report rates to accrediting agencies and states. For institutions that are already required to report rates to accrediting agencies and states, if the required method and rate differ from what they are reporting, they may have to calculate multiple rates based on different reporting requirements. For institutions that do not already calculate job placement rates, they will need to dedicate resources and staff to do so following whatever method is required. Panel members questioned extent to which this burden would be worth the benefit.

While the TRP consensus was that calculating job placement rates using a common metric would be preferable, the group was unable to provide a more definitive suggestion at this time. The panel suggested that a more focused review be conducted on (1) how to define key elements in a common metric in a way that presents meaningful and valid data and (2) the availability and expansion of data sources to support a common metric. The panel suggested the topic be explored in greater detail by the Department of Education.

However, as an interim measure the TRP suggests that more transparency around the rates being disclosed based on the state and accrediting agency methods would assist consumers in interpreting and comparing the rates. Therefore, in addition to the information already required (the job placement rates they currently report to accreditation or state agencies charged with monitoring the integrity of institutions that operate in their state and the name of the agency or state for which the placement was calculated) institutions should also disclose the following about the job placement rates:

<b>Job Placement Rate</b>	<b>XX%</b>
Who is included?	<i>Example text: Students who completed the program between July 1, 2010 and June 30, 2011.</i>
What type of job?	<i>Example text: Students included in this rate found jobs in the following fields:</i> <ul style="list-style-type: none"> <li>• SOC 1</li> <li>• SOC 2</li> </ul>
When were they employed?	<i>Example text: Students included in this rate had jobs within 6 months and were employed for at least 3 months</i>
How were graduates tracked?	<i>Example text: The institution conducted an alumni survey and it had a 65% response rate.</i>

The panel agreed that how the job placement rate was calculated is an important piece of consumer information. In initial discussions, the panel was concerned about the comparability of the rates reported to states and accreditation agencies because of differences in definitions. However, the panel agreed that disclosing how the rate is calculated provides meaningful context. The panel came to the consensus that disclosing how the rate was calculated does not substantially increase burden because institutions already track all this information in their databases to report to the agencies.

**2. If accrediting and state agency rates are used, what should institutions that do not currently report such rates to any agencies disclose? Should there be a common metric for those institutions and programs to use?**

***Background***

Beginning on July 1, 2011, institutions will begin disclosing the job placement rates they currently report to accreditation or state agencies charged with monitoring the integrity of institutions that operate in their state. If the suggestions from Discussion Item #1 are implemented, institutions will begin disclosing (1) job placement rates for programs that prepare students for gainful employment using rates already required by their state or accrediting agency, (2) the name of the agency or state for which the rate was calculated, and (3) how the rate was calculated.

The panel was asked to address any issues the suggested interim approach will create for institutions that do not already disclose job placement rates for each gainful employment program because they are not required to report job placement rates to their accrediting agency or state.

***Discussion***

The TRP noted that institutions that do not currently report rates to any such agency will not be required to disclose program job placement rates on July 1, 2011. However, any institution that offers a program subject to the gainful employment regulations will be required to disclose job placement rate by program once a common methodology is developed and made available.

The TRP attempted to find a solution for institutions that do not currently report job placement rates to an accreditation agency or a state agency. Panelists agreed on the necessity of finding a solution that would impose the least amount of institutional burden. Given the drawbacks of using a common metric, the panel suggested that these institutions should use a method of their choice.

The panel further suggested that these institutions should disclose (1) the job placement rate for programs that prepare students for gainful employment, using the method of their choice, and (2) details about how the rate was calculated, using a form similar to the disclosure form discussed above.

**3. If a common metric is suggested, how should it be defined, and what are the best methods for institutions to obtain employment data?**

***Background***

Given the variations in methodologies used by accreditation and state agencies to calculate job placement rates, a number of key elements would need clarification before development of a common metric.

In discussing the key components of a common metric, it will also be necessary to consider the different ways in which data on employment might be obtained to calculate job placement as the method used could limit how the metric is defined.

### ***Discussion***

In examining the possibility of using a common metric to calculate job placement rates, the panel agreed that a common metric is a worthwhile approach. However, the panel suggested that additional research be conducted on employment and job data sources available to assess the feasibility of using a common metric. As a result, the issue of how to define a common metric became moot at this time. Likewise, so did the best methods for obtaining employment data under this approach.

## **4. Should job placement rates be reported to IPEDS?**

### ***Background***

A final topic for discussion by the TRP was whether job placement rates should be added to the IPEDS data collection. Under the regulations, institutions must disclose to the public a job placement rate for each program, but they are not required to report the rates to the Secretary through IPEDS.

The benefit of reporting job placement rates via IPEDS is that it would allow for rates to be compared across programs and institutions and would be readily available on College Navigator. However, depending on which method of calculating rates is decided upon by the TRP, it may be unwise to encourage comparisons across all programs. If institutions are allowed to use accrediting and state agency rates, the placement rate would only be comparable across programs covered by a single accreditor, not across programs covered by multiple accreditors. If job placement rates are to be included on College Navigator, they would not necessarily need to be collected through IPEDS if the federal match method were used. In that case, FSA could share the program employment rate calculation with NCES and NCES could post the job placement rates to College Navigator. This process would be similar to that of loan default rates, which are not collected or calculated through IPEDS and are currently included on the site.

While it might be useful to have job placement rates in IPEDS, there are serious disadvantages to requiring the data to be reported within IPEDS. IPEDS data (except completions data) are reported at an institution level, not a program level. About 50,000 gainful employment programs, at an estimated 5,600 institutions, are subject to the job placement rate requirement, which could make reporting the job placement rate to IPEDS extremely burdensome and complex, for both institutions and NCES.

### ***Discussion***

Given the variations in methodologies used by accreditation and state agencies to calculate job placement rates, placement rates are often not comparable. Because the TRP suggested allowing institutions to disclose rates already reported to accreditation and state agencies, the panel advised against posting the rates on College Navigator.

At several points during discussion, the panel considered the feasibility of adding job placement rates to IPEDS data collection. However, the panel determined until a common metric is defined, this discussion should be tabled.



## Summary of TRP Suggestions

### SUGGESTIONS OF THE TECHNICAL REVIEW PANEL

There are no new **reporting** requirements for institutions as a result of this panel.

For institutions to meet this **disclosure** requirement, the TRP suggests the following methodology:

*Institutions that currently report program job placement rates for gainful employment programs to accreditation and state agencies*

- Disclose any program job placement rates already reported to accreditation and state agencies.
- Identify the agency or state for which the rate was calculated.
- Disclose how job placement is measured:
  - Define students included in the cohort.
  - Define “placement.”
  - Define placement timing.
  - Define documentation for verifying and supporting placement.

*Institutions that currently do not report program job placement rates for gainful employment programs to accreditation and state agencies*

- Disclose program job placement rates. The institution will determine methodology or combination of methodologies for the calculation.
- Disclose how job placement is measured:
  - Define students included in the cohort.
  - Define “placement.”
  - Define placement timing.
  - Define documentation for verifying and supporting placement.

### What Are the Implications of These Suggestions?

There are no new IPEDS reporting requirements for institutions as a result of this panel.

### Comments

We encourage interested parties to send any comments or concerns about the suggestions made by this TRP to Janice Kelly-Reid, IPEDS Project Director, at [ipedstrpcomment@rti.org](mailto:ipedstrpcomment@rti.org) by June 20, 2011.