Public Comments Received During the 30-day Comment Period and NCES Responses

July 2019

Integrated Postsecondary Education Data System (IPEDS) 2019-20 through 2021-22

ED-2019-ICCD-0028 Comments on FR Doc # 2019-05241

Dear all who submitted a comment:

Thank you for your feedback responding to a request for comments on proposed changes to the Department of Education's Integrated Postsecondary Education Data System (IPEDS) 2019-20 through 2021-22. The National Center for Education Statistics (NCES) appreciates your interest in IPEDS. The Paperwork Reduction Act (PRA) provides an opportunity for an open and public comment period where comments on collections can be made. We are grateful for this process and your comment. Please see responses to your specific comments below.

Comment – Academic Libraries and GR200/OM cohorts (Comment # 69)

Document number: ED-2019-ICCD-0028-0069
Name: Richard Miller
Date posted: June 26, 2019

ACADEMIC LIBRARIES

Digital information is evolving faster than governmental standards and oversight. In my opinion, efforts to enumerate information resources is moot. The cost of information is approaching zero, even as trade-specific journals work to maintain niches (and prop up cost).

Federal efforts to standardize information about Libraries is not essential for the Department of Education.

Moreover, because federal standards are slower to evolve than actual information technology, the cost of codifying and reconciling disparate information sources is significant --- and likely higher than any estimate of burden.

The Department need not enhance data on this topic. What is needed is enhanced academic information - period.

COMPLETION RATES (200%)

Colleges and universities spend considerable time and money constructing and managing student cohorts.

The information gain associated with lengthening cohort report-time is moderate compared to the cost.

At minimum, costs grow incrementally, while at best, information gain is logarithmic. Institutions with traditional curricula and instruction should not be compelled to incur the additional costs associated with the extended cohorts.

Additionally, given that institutions already verify enrollment with Department, the Department has the data needed to formulate and monitor cohort-type information without institutional effort.

OUTCOMES

The IPEDS figure says it all: http://nces.ed.gov/ipeds/Content/images/survey-components/outcome-measures/graphic2.png

The Diagram from NCES shows how many cohorts we need to develop and report on. This is an incredibly high data and reporting burden ---- especially for a small institution (there are 2000+ institutions in the USA that enroll 1000 or fewer students).

The level of complexity that is created by this requirement is well beyond the information needs of the Department.

If they wish to manage this level of complexity, they should not pass the burden onto institutions. They should use the enrollment verification data to establish and manage cohorts. The data required already exists in federal data systems.

Overall, the Department needs to do more to leverage existing reporting mandates to produce information that it wants. To pass the existing level of complexity onto institutions only serves to raise the cost of education ----- an end-game that is contrary to the goals of the Department.

Response – Academic Libraries and GR/OM cohorts (Comment # 69)

Dear Richard Miller,

Thank you for submitting your comments regarding the burdensomeness of the Academic Library (AL) component. In response to your comment, while NCES understands the burden for institutions associated with the AL component, the Education Sciences Reform Act of 2002 (ESRA 2002, 20 U.S.C. §9543) directs NCES to collect, report, analyze, and disseminate statistical data related to the condition and progress of postsecondary education, including the existence and use of school libraries. However, while NCES is required to collect information included in the AL component, NCES will continue to work with the Association of College and Research Libraries (ACRL) and Association of Research Libraries (ARL) Joint Advisory Task Force on IPEDS/AL Component to determine possible avenues to decrease the burden of the AL component.

We appreciate that institutions like yours are investing in their students through measuring their success by constructing and managing student cohorts. In Fiscal Year (FY) 2018, the office of Federal Student Aid (FSA) provided more than $122.4 billion in federal grants, loans, and work-study funds to approximately 12.7 students attending nearly 6,000 participating schools (FSA 2018 Annual Performance Report, p.7). The federal government is also investing in our students and needs a way to measure their progress and successes. Cohort creation as reported to the IPEDS collection is a transparent and accountable method for institutions to demonstrate such information.

The need for various cohorts speaks to the diversity of U.S. college students, many of whom are no longer attending college directly after high school. NCES has heard for many decades how the first-time, full-time undergraduate cohorts did not have meaning for the thousands of public, 2-year institutions who served mostly non-first-time, full-time students. With the introduction of Outcome Measures survey component to the IPEDS collection in 2015, NCES is taking the right steps to gathering information on a population of students who have been hidden from policymakers, researchers, and public.

Furthermore, to address your comment that NCES could verify enrollments with other offices/programs within the Department, it is important to know that cohort data collection through IPEDS is on all students, while the existing data in the Office of Federal Student Aid (FSA) only include aided students. This discrepancy is one critique of the data used in the Department's College Scorecard. Those Scorecard data include about two-thirds of all students, excluding one-third of unaided students that are not captured by that system. The federal government has made a major investment of taxpayer money in higher education, necessitating measurable metrics to understand how students, aided or not, are performing in U.S. postsecondary institutions. This is especially true for institutions that participate in federal student aid programs.

In closing, NCES maintains that all students should be accounted for in metrics that describe higher education and that U.S. institutions and the Department must work in partnership for the benefit of students. Considering the high federal investment in postsecondary institutions and students, the need for various cohorts is imperative for the Department and participating institutions to be good stewards of public funding, and to better understand how institutions can improve success measures for a diverse group of students.

Thank you for taking the time to provide comment

Sincerely yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – 12 Month Enrollment student types and distance education (Comment # 66)

Document number: ED-2019-ICCD-0028-0066
Name: Anonymous
Date posted: June 26, 2019

The change to disaggregate 12 month enrollment data by student type will be a high burden for our institution. I ask that you reconsider this change and consider leaving the form with the data in its current format.

Comment – 12 Month Enrollment distance education (Comment # 67)

Document number: ED-2019-ICCD-0028-0067
Name: Anonymous
Date posted: June 26, 2019

The proposed changes to the 12 month enrollment form related to reporting by distance education would be a signficant burden for our institition. Please consider leaving the form as is without this addition.

Response – 12 Month Enrollment distance education (Comment #s 66 and 67)

Dear Anonymous,

There are several reasons for the proposed changes to the 12-month Enrollment (E12) survey component, including demand and interest from the data user/researcher community, recommendations from Technical Review Panels (TRPs), and enhancement of data quality and checks.

IPEDS collects institutional enrollment data twice per year. The Fall Enrollment (EF) survey component is a snapshot of enrollment counts during the fall term, with data disaggregated by race/ethnicity, gender, student level (i.e., undergraduate and graduate level), age, state of residence, attendance status, degree-seeking status, and major field of study. The 12-month Enrollment (E12) component collects a cumulative, unduplicated headcount of students enrolled at any point over the course of an entire calendar year, but is disaggregated only by student level, gender, and race/ethnicity. Data users and researchers voiced the demand for EF data elements to be collected in the E12.

In addition, panelists attending TRP #53, Evaluating Distance Education Elements in the IPEDS Data Collection in June 2017 and TRP #54, Exploring Topical Issues in Higher Education in October 2017 suggested that implementing the EF data elements into the E12 component would more accurately reflect the total institutional enrollment counts (e.g., enrollment exclusively in distance education courses nearly double those of the fall for some completely distance education institutions which are more likely to enroll students continuously throughout the year) as well as streamline existing reporting and minimize burden while increasing utility of the data.

Moreover, institutions have reported data disaggregated by these same categories for the EF since 2006-07 data collection and by doing so have already established these groups in their database programming or collection system. NCES is asking for institutions to extend the count to a 12-month period, which presents a better enrollment data for the program institutions that have continuous enrollment. As EF data only capture one point of an institution’s enrollment, E12 data allow institutions to be transparent about their enrollment activities by having unduplicated, 12-month period enrollment data.

Finally, adding EF data elements to E12 allows for a better integration of the Outcome Measures (OM) and E12 survey components, resulting in the alignment of IPEDS data, enhancement of data checks, and improvement of data quality. Like the alignment of EF and the Graduation Rates (GR) survey components, where the cohort data for the graduation rate information reported in GR are collected in the EF survey component, the cohort data for the OM survey component will be collected in the E12 survey component.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Race categories (Comment #68)

Document number: ED-2019-ICCD-0028-0068
Name: Anonymous
Date posted: June 26, 2019

If possible, could we collect more relevant information instead of the "race" categories? There is not one thing that researchers can list about members of supposed race groups that is a characteristic shared by all members. Race group membership essentializes the idea that race is a real scientific phenomenon (re: national origin) but race actually only matters from a discrimination standpoint.

Relevant today in higher education is the number of students and staff who belong to groups that have suffered disproportionately through historical and present U.S. legislation including but not limited to:
1) African American descendants of slavery
2) Native American tribe members
3) Undocumented immigrants

By defining the groups who have suffered to a great extent and measuring their membership sizes and group outcomes, higher education professionals should be more likely to focus on the experiences of people in these marginalized groups and therefore the solutions unique to these groups.

Response – Race categories (Comment #68)

Dear Anonymous,

NCES is required by law to collect data using race/ethnicity categories. The IPEDS, as the data collection system used to collect these data for NCES, adopted the current aggregate categories for reporting R/E data in accordance with the final guidance issued by the U.S. Department of Education on October 19, 2007. These changes are necessary to implement the Office of Management and Budget’s (OMB) 1997 Standards for Maintaining, Collecting, and Presenting Federal Data on Race and Ethnicity (Maintaining, Collecting, and Reporting Racial and Ethnic Data to the U.S. Department of Education, 10/19/07, Federal Register, Volume 72, Number 202, pp. 59266-59279). Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Cohort definition (Comment #70)

Document number: ED-2019-ICCD-0028-0070
Name: Phylesia Davis
Date posted: July 9, 2019

Across the board on all applicable survey components, a better clarification on the generic definition for Cohort Year as "the year that a cohort of students begin attending college" would be extra nice (e.g., Cohort Year: The "academic" year that a cohort of students begin attending college"). In some cases, it's the academic year. In other cases, it reads as though the calendar year should be used. It would be extra nice if it were consistently defined to be the academic year. If not, please explicitly state in the instructions for each survey component which year should be used. I found myself confused on a couple of occasions.

Response – Cohort definition (Comment #70)

Dear Phylesia Davis,

Thank you for your suggestion; however, NCES has is concerned that making the change might be more confusing, especially for IPEDS programs reporters. The definition is purposefully general, as different surveys collect different cohorts. NCES will continue to follow the current method of specifying the timeframe of when a student enters a cohort within the screens, instructions, and FAQs for each specific survey component. The IPEDS Help Desk is available throughout the collection to help with any clarification needed ((877) 225-2568 or ipedshelp@rti.org).

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Finance (Comment #s 71, 73, 78)

Document number: ED-2019-ICCD-0028-0071
Name: Julie Carpenter-Hubin
Date posted: July 9, 2019

The Ohio State University applauds the Department of Education's desire to make higher education financial data more transparent to the public. We appreciate the Departments willingness to consult with stakeholders on the introduction of financial ratios and CFI scores to the IPEDS Finance Survey and its efforts to address concerns related to the calculation of financial ratios for public institutions.

The proposed changes to separately identify balances associated with both net pension and other postemployment benefit (OPEB) liabilities and the related instructions in Part N to exclude these balances from the ratio calculations address a primary concern for institutions subject to the GASB accounting standards. To add clarity to the Part N instructions, we suggest that the note on exclusion of net pension and OPEB assets/liabilities be expanded along the lines of the following: Do not include net position (equity) and current-year expense associated with net pension and OPEB liabilities/assets, as identified in Part M.

It is our understanding that, when the financial ratios for public institutions were developed in the early 2000s, the authors of the financial ratios and a committee of higher education business officers took an existing set of ratios designed for private institutions and remapped them to public institution financial statements. The financial ratios and CFI were never meant to be used as a benchmark among institutions. Instead, they were intended for use by individual institutions to assess the strengths and weaknesses that contribute to their unique financial circumstances.

We are deeply concerned about the publication of the four key ratios and the CFI without evidence that these ratios are meaningful and valid for comparisons across all public institutions. We highly recommend that the Department conduct a study to determine the validity and reliability of the proposed ratios and CFI across public, private nonprofit, and private for-profit institutions before collecting and publishing the data.

Document number: ED-2019-ICCD-0028-0073
Name: Bryan Cook
Date posted: July 18, 2019

The Association of Public and Land-Grant Universities applauds the Department of Education for its efforts to make higher education finance data more transparent and usable. Given the importance of maintaining an affordable and accessible higher education system, having additional insight into how institutions of higher education (IHEs) use financial resources to accomplish their education, research, and service missions is critically important.

However, the proposed financial ratios do not add clarity to the financial picture. In fact, they will have the opposite affect by creating additional confusion if published by the National Center for Education Statistics. Multiple factors support not publishing the ratios:

1.A paper produced through The National Postsecondary Education Cooperative paper titled Identifying new metrics using IPEDS finance data suggested use of these ratios may assist data users understand the financial health of institutions but the authors did not conduct any statistical study to demonstrate if the ratios are reliable or valid within or across all sectors. NCES should not publish financial ratios until a sound statistical study of their reliability and validity has been conducted.

2.For GASB institutions in particular, the proposed ratios do not account for changes to accounting standards. Preliminary data available in the IPEDS Collection system indicates these changes are dramatic and will render invalid the ratios, as proposed.

3.Ratios by their very nature will mask underlying data, and data users will not recognize when ratios may include data affected by these or other accounting changes that do not reflect the real financial health of the institutions. Unsophisticated data users will be more likely, not less likely, to draw unsound conclusions from such ratios.

We strongly recommend that NCES 1) not publish the ratios, 2) collect underlying data that may be needed to create sound financial ratios, and 3) conduct a study demonstrating the reliability and validity of these ratios as indicators of financial health before publishing them under the aegis of a federal statistical agency.

Document number: ED-2019-ICCD-0028-0078
Name: Jocelyn Milner
Date posted: July 22, 2019

University of Wisconsin-Madison has reviewed the changes proposed by NCES. We support efforts to make financial data of higher education institutions more transparent to the public. However, we are concerned about the proposed rations in Part N for the following reasons.
The proposed ratios strive to incorporate well accepted ratios of the Composite Financial Index into the financial section of IPEDS. However, these ratios were never intended for use in benchmarking institutions against one another, rather were to be used as a point of reference by parties internal to an institution possessing a full and detailed understanding of nuances which drive their indicators and what the results reveal.
The proposed financial ratios seek to transfer components of an economic tool kit designed to assess private institution using FASB to institutions not using FASB without adjustments for accounting changes under GASB 67/68/74/75.
It is known that GASB pronouncements of the past few reporting years have undermined stability and comparability of financial data among higher education institutions. Release of data which has not demonstrated validity nor reliability through the process of a full technical review will misinform a user group lacking knowledge and background on how to apply the metrics to each individual institution.

Response – Finance (Comment #s 71, 73, 78)

Dear Julie Carpenter-Hubin, Bryan Cook, and Jocelyn Milner,

Thank you for sharing your concerns regarding the IPEDS collecting financial health indicators which may lead to underestimation of financial position for public institutions which do not report financial information for their component units and potential inaccurate conclusions by data users in their attempts to make peer comparisons of the data. After receiving similar feedback from other stakeholders NCES determined that it is not necessary to calculate financial health ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio). In turn, IPEDS will collect such amounts as operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net assets/net position, total net assets/net position, expendable net assets, plant-related debt, and total expenses. In addition, as we indicated in this request for OMB clearance for IPEDS 2019-20 through 2021-22, IPEDS will provide instructions for reporting these amounts for institutions and their FASB component units (if applicable) with the note "Do NOT include net pension or net other postemployment benefits (OPEB) liabilities/assets in this section," indicating that none of the amounts collected in Part N for degree-granting public institutions using GASB Reporting Standards (i.e., operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net position, net position, expendable net assets, plant-related debt, and total expenses) should include net pension or net OPEB liabilities/assets reported in Part M: Pension and Other Postemployment Benefits (OPEB) Information. These data are useful for individual institutions in assessing their unique financial well-being.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Finance (Comment #72)

Document number: ED-2019-ICCD-0028-0072
Name: Sheralin Klinthong
Date posted: July 17, 2019

The California State University appreciates the effort to increase transparency of higher education financial data to the public. Below are our feedback on the proposed changes.

Financial Health Ratio (Part N)

- The CFI ratios are intended for self-assessment against strategic goals rather than a benchmark among institutions.
- Context for the data/ratio is very important. The use of the ratio for benchmarking or comparison may not be useful even if there is a section for context.
- Exclusion of pension and OPEB related accounts in the net assets calculation: will this include the related expenses? Should the related retirement/OPEB contribution be treated as the expenses rather than the expenses per GASB 68 and 75?
- Are all component units included or is it only FASB component units?
- How will the implementation of GASB 87 affect the viability ratio? The leases payable will no longer be related to capital leases.
- We are concerned about the publication of the CFI ratios without evidence that these ratios are reliable and valid for comparisons across all public institutions. A study to determine the validity and reliability of the proposed CFI ratios across institutions should be made before collecting and publishing the data.

- Specifically, because state appropriation non-capital and a variety of financial aid grants are required to be reported in the nonoperating revenues and expenses section of the SRECNP, while the related expenses re included operating expenses, the margin computation added in the ratios may not be comparable across all institution types.

Endowment Net Assets (Part H)

- Inclusion of private foundations **affiliated** with the institution, is this limited to component units?
- This requirement will required additional information to be gathered from affiliated foundations with stand-alone audited financial statements.

Sources of Discounts and Allowances (Part E)

- Allocation across sources may involve some estimation as allowed by NACUBO
- Waivers are treated as scholarship allowance offset against tuition and fees but is not part of the tuition deduction from scholarships and fellowships expenses. It poses a problem when the balances are pre-loaded in Part C.

Response – Finance (Comment #72)

Dear Sheralin Klinthong,

Thank you for sharing your concerns regarding the IPEDS collection of financial health indicators. As you indicated, the proposed financial ratios "are intended for self-assessment against strategic goals rather than a benchmark among institutions." After receiving similar feedback from other stakeholders NCES determined that it is not necessary to calculate financial health ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio). Instead, IPEDS will collect such amounts as operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net assets/net position, total net assets/net position, expendable net assets, plant-related debt, and total expenses. In addition, as we indicated in this request for OMB clearance for IPEDS 2019-20 through 2021-22, IPEDS will provide instructions for reporting these amounts for institutions and their FASB component units (if applicable) with the note "Do NOT include net pension or net other postemployment benefits (OPEB) liabilities/assets in this section," indicating that none of the amounts collected in Part N for degree-granting public institutions using GASB Reporting Standards (i.e., operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net position, net position, expendable net assets, plant-related debt, and total expenses) should include net pension or net OPEB liabilities/assets reported in Part M: Pension and Other Postemployment Benefits (OPEB) Information. Collecting these amounts is useful for individual institutions in assessing their unique financial well-being.

In response to your comments on collecting endowment net assets, institutions will report the amounts of gross investments of endowment, term endowment, and funds functioning as endowment for the institution and any of its foundations, other affiliated organizations, and component units reduced by the value of endowment-related liabilities for Part H: Details on Endowment Net Assets. Based on feedback from our expert panel, NCES estimated a moderate increase in burden, especially in the first year, for the additional information that will need to be collected.

For your comment on collecting sources of discounts and allowances, IPEDS provides general instructions on what to include in reporting Finance data, indicating that for any item on the survey component where exact data do not exist in the General Purpose Financial Statements (GPFS), to please give estimates. In response to your concern regarding preloading net scholarships and fellowships expenses after deducting discounts and allowances (Part E, line 11) to Part C-1: Expenses by Functional Classification, the proposed change on collecting sources of discounts and allowances (Part E-2) does not affect these screens. Should you have any problems related to preloaded data during the collection, please contact IPEDS Help Desk for support.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Academic Libraries Staffing (Comment #74)

Document number: ED-2019-ICCD-0028-0074
Name: Marissa Fox
Date posted: July 18, 2019

Career Education Corporation again appreciates having this opportunity to comment on the proposed changes to the Integrated Postsecondary Education Data System. Upon review of the changes made since the 60-day comment period, we recommend removal of the new Staff by FTE section from the Academic Libraries (AL) survey. Due to NCES confirming that the Human Resources (HR) survey will no longer incur any changes, library staff totals will continue to be sufficiently captured within the HR component. Continuing to propose that the AL component include library staff appears repetitive and an undue burden. We believe the HR survey is the most efficient choice for reporting any staff data.

Response – Academic Libraries Staffing (Comment #74)

Dear Marissa Fox,

Thank you for submitting your comments regarding the burden of including library staff questions in both the Human Resource (HR) and Academic Library (AL) survey components. The questions in AL collect more detailed information about library staff, whereas the questions in HR are designed to view library staff in the context of other staff. NCES will continue to collect questions on both survey components during a transition period in order to ensure data quality and accuracy. During this time, NCES will also monitor burden related to these questions. NCES will examine the data and work in the future with the Association of College and Research Libraries (ACRL) and Association of Research Libraries (ARL) Joint Advisory Task Force on IPEDS/AL Component to determine whether to change the questions on the HR and/or AL survey components.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Finance, HR/AL staffing, and Completions (Comment #75)

Document number: ED-2019-ICCD-0028-0075
Name: Eric Atchison
Date posted: July 19, 2019

Thank you for this opportunity to provide comments on the proposed changes to the IPEDS for 2019-20 through 2021-22.

Below are comments for proposed changes to a range of IPEDS survey components. I have organized these comments by collection cycle and survey component.

1. Fall Collection - Completions:

1a. Differentiation of distance education indicator for programs of study. Revise the question from "Is this program of study offered as a distance education program?" to "Is at least one program within this CIP code offered as a distance education program?".

2. Winter / Spring Collection - Human Resources / Academic Libraries:

2a. Adding staff by FTE to the Academic Libraries survey component. I understand the rationale for this but do not recommend removing the library staff from the Human Resources survey. The time periods for reporting these staff do not align across the survey components and would create an inability to report all staff as of November 1st across both survey components.

3. Spring Collection - Finance:

3a. Financial health ratios - Viability Ratio. We calculated this ratio by summing Unrestricted Net Assets and Expendable Net Assets then dividing this sum by Total Long Term Debt. This methodology does not appear to match the proposed items in the calculation on Lines 03a and 03b.

3b. Financial health ratios - Primary Reserve Ratio. We calculated this ratio by summing Unrestricted Net Assets and Expendable Net Assets then dividing this sum by Total Expenses. This methodology does not appear to match the proposed items in the calculation on Lines 04a and 04b.

3c. Financial health ratios - General. I disagree with NCES proposing to not calculate the ratio within the data collection system. NCES frequently calculate derived variable across the other survey components (e.g. retention rate, 150% graduation rate). I recommend NCES provide these ratios to ensure accuracy when access these figures within the Use the Data Center by data users and to provide immediate review potential by the keyholder and others who assist in the preparation and submission of these data. I recommend NCES does not provide contextual information about how to qualitatively interpret these ratios as good or bad, much in the same way there is not a determination as to what makes a good graduation rate.

Response – Finance, HR/AL staffing, and Completions (Comment #75)

Dear Eric Atchison,

Thank you for submitting your comments regarding keeping library staff questions in both the Human Resource (HR) and Academic Library (AL) survey components. The questions in AL collect more detailed information about library staff, whereas the questions in HR are designed to view library staff in the context of other sta. NCES will continue to collect questions on both survey components during a transition period in order to ensure data quality and accuracy. NCES will examine the data and work in the future with the Association of College and Research Libraries (ACRL) and Association of Research Libraries (ARL) Joint Advisory Task Force on IPEDS/AL Component to determine whether to change the questions on the HR and/or AL survey components.

Thank you for your comments on ways to calculate Viability Ratio and Primary Reserve Ratio as well as your recommendation for NCES to "provide these ratios to ensure accuracy when access these figures within the Use the Data Center by data users and to provide immediate review potential by the keyholder and others who assist in the preparation and submission of these data." The intent of the proposed financial ratios is to allow individual institutions to assess their unique financial circumstances, not to make comparisons across institutions. Several stakeholders voiced concerns that collecting the proposed financial ratios may lead to inaccurate comparisons and benchmarking among institutions and, after consideration, NCES determined that it is not necessary to calculate financial health ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio). In turn, IPEDS will collect such amounts as operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net assets/net position, total net assets/net position, expendable net assets, plant-related debt, and total expenses. Collecting these amounts will allow institutions and data users to derive the ratios using their documented methodology and use the ratios in assessing institutions' unique financial well-being.

To your recommendation to avoid providing "contextual information about how to qualitatively interpret these ratios as good or bad, much in the same way there is not a determination as to what makes a good graduation rate," IPEDS has no intent of contextualizing "ratios as good or bad". In turn, as reflected in this request for OMB clearance for IPEDS 2019-20 through 2021-22, IPEDS will collect the amounts mentioned above along with instructions for reporting these amounts that will be useful for institutions for internal evaluations of their financial health and data users for their analyses.

We appreciate your suggestion for improving the wording in the distance education question on the Completions component. In response to your comment, NCES agrees that revising the question from "Is this program of study offered as a distance education program?" to "Is at least one program within this CIP code offered as a distance education program?" would add clarity. Following the conclusion of the 30-day public comment period, we have made this revision in this request for OMB clearance for IPEDS 2019-20 through 2021-22, and will include the suggested revision in the 2020-21 Completions survey form.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Finance and Dual Enrollment (Comment #76)

Document number: ED-2019-ICCD-0028-0076
Name: Kathleen M. Byington
Date posted: July 22, 2019

July 19, 2019

Kate Mullan, PRA Coordinator

Information Collection Clearance Program, Information Management Branch

Office of the Chief Information Officer

Dear Ms. Mullan,

Thank you for the opportunity to provide comments about the Department of Educations planned changes to the Integrated Postsecondary Education Data System (IPEDS) 201920 through 202122, OMB Control Number: 18500582 [FR Doc 2019-12993]. These comments recommend the Department suspend proposals to publish financial health ratios in the IPEDS Finance Survey and modify its proposal to collect dual enrollment information.

Financial Ratios

The Department is to be commended for its efforts to make data about higher education finance more usable and more transparent. Because of the importance of maintaining an affordable and accessible higher education system, additional insight into how institutions of higher education (IHEs) use financial resources to accomplish their education, research, and service missions is critically important.

The proposed financial ratios, however, do not add clarity to the financial picture, and in fact will create additional confusion if published by the National Center for Education Statistics. Multiple factors support not publishing the ratios:

1.The NPEC paper Identifying New Metrics Using IPEDS Finance Data by Tammy Kolbe and Robert Kelchen (2017) suggested these ratios could assist data users understand the financial health of institutions but did not conduct a statistical study to demonstrate they are reliable or valid within or across all sectors. For this reason alone, NCES should not publish financial ratios until a sound statistical study has been conducted.

2.For GASB institutions in particular, the proposed ratios do not account for changes to accounting standards. Preliminary data available in the IPEDS Collection system indicates these changes are dramatic and will render invalid the ratios, as proposed. Part N of the Financial Health Ratios specifically states "Do Not include net pension or net other postemployment benefits (OPEB) liabilities/assets in this section". The instructions are silent with regards to the OPEB expenses. Several of the ratios calculated in this section, including three of the four ratios used in the CFI calculation, will be negatively impacted if the OPEB expenses are not excluded. We recommend the instructions be revised to specifically state ""Do Not include expenses, net pension or net other postemployment benefits (OPEB) liabilities/assets in this section.

3.As others have noted, the composite financial index (CFI) should not be calculated for peer group comparison purposes due to the flexibility in calculating the component ratios. Institutions have the opportunity to implement various policies and choices in calculating these ratios diminishing the comparability of financial data among institutions.

4.Ratios by their very nature will mask underlying data, and data users will not recognize when ratios may include data affected by these or other accounting changes that do not reflect the real financial health of the institutions. Unsophisticated data users will be more likely, not less likely, to draw unsound conclusions from such ratios.

We strongly recommend that 1) NCES not publish the ratios, as proposed, 2) collect underlying data that may be needed to create sound financial ratios, and 3) conduct a study demonstrating the reliability and validity of these ratios as indicators of financial health before publishing them under the aegis of a federal statistical agency.

Dual Enrollment

NCES is to be commended for collecting information about dual enrollment and updating its definitions to reflect the current state of the field. As proposed, including dual enrollment students in an institutions overall headcount is problematic because 1) it collects a number of students but not the corresponding faculty who teach them, and so student-faculty ratios will become muddled; 2) vendors that charge institutions based on enrollment will receive a windfall in revenues if dual enrollment students are added to overall counts, and institutional financial resources will be directed away from current students to pay for these added costs. The fall enrollment survey should still collect information about dual enrolled students but not add them to total institutional headcount, as proposed, and should not include them in student-faculty ratios.

Thank you for considering these modifications to plans for future data collections.

Sincerely,

Kathleen M. Byington
Senior Vice President, Finance and Administration
Stony Brook University

Response – Finance and Dual Enrollment (Comment #76)

Dear Kathleen M. Byington,

Thank you for sharing your concerns regarding the IPEDS collecting financial health indicators. The intent of collecting the proposed financial ratios was to allow individual institutions to assess their unique financial circumstances, not to make benchmark comparisons across institutions.

After receiving similar feedback from other stakeholders, NCES determined that it is not necessary to calculate financial health ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio). Instead, IPEDS will collect such amounts as operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net assets/net position, total net assets/net position, expendable net assets, plant-related debt, and total expenses. In addition, as we indicated in this request for OMB clearance for IPEDS 2019-20 through 2021-22, IPEDS will provide instructions for reporting these amounts for institutions and their FASB component units (if applicable) with the note "Do NOT include net pension or net other postemployment benefits (OPEB) liabilities/assets in this section," indicating that none of the amounts collected in Part N for degree-granting public institutions using GASB Reporting Standards (i.e., operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net position, net position, expendable net assets, plant-related debt, and total expenses) should include net pension or net OPEB liabilities/assets reported in Part M: Pension and Other Postemployment Benefits (OPEB) Information. Collecting these amounts is useful for individual institutions in assessing their unique financial well-being.

Thank you for sharing your concerns on "including dual enrollment students in an institutions overall headcount." The proposed changes on dual enrollment only include definitional changes and as you indicated these definitions "reflect the current state of the field." Currently IPEDS provides clear instructions for the Fall Enrollment (EF) survey component on reporting dual enrolled students as non-degree/non-certificate-seeking students prior to receipt of a high school diploma or recognized equivalent. Similar instructions on reporting dual enrolled students as non-degree/non-certificate-seeking students prior to receipt of a high school diploma or recognized equivalent are provided for 12-month Enrollment (E12) survey component. The proposed changes include collecting enrollment counts data disaggregated not only by race/ethnicity, gender, and student level (i.e., undergraduate and graduate), but also by degree-seeking status. These changes are based on demand and interest from data users/researchers' community, requests from Technical Review Panels (TRPs), and enhancement of data quality.

Institutions have reported data disaggregated by these same categories for EF survey component since 2006-07 data collection and by doing so have already established these groups in their database programming or collection system. NCES is asking for institutions to extend the count to a 12-month period, which presents better enrollment data for program institutions who have continuous enrollment. As EF data only captures one point of an institution's enrollment, E12 data allows institutions to be transparent about their enrollment activities by having unduplicated, 12-month period enrollment data.

Also adding EF data elements to E12 allows for a better integration of the Outcome Measures (OM) and E12 survey components, resulting in the alignment of IPEDS data, enhancement of data checks, and improvement of data quality. Like the alignment of EF and the Graduation Rates (GR) survey components, where the cohort data for the graduation rate information reported in GR are collected in the EF survey component, the cohort data for the OM survey component will be collected in the E12 survey component.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley

Postsecondary Branch Chief
Administrative Data Division

Comment – Finance (Comment #77)

Document number: ED-2019-ICCD-0028-0077
Name: Frank Balz
Date posted: July 22, 2019

July 19, 2019

Ms. Kate Mullan
PRA Coordinator, Information Collection Clearance Program, Information Management Branch
Office of the Chief Information Officer
Office of Management and Budget

Dear Ms. Mullan,

On behalf of the more than 1,000 member institutions and associations of the National Association of Independent Colleges and Universities (NAICU), I write in response to a request for comments regarding proposed changes to the Integrated Postsecondary Education Data System (IPEDS), 2019-20 through 2021-22 (*Docket ID ED–2019–ICCD–0028, as published in the June 19, 2019, Federal Register*). The following addresses suggested changes to IPEDS, and in particular data to be collected in the *Finance* (F) survey to assess the financial health of institutions.

NAICU is the national public policy association for the nation's private, non-profit colleges and universities. Our member institutions include major research universities, church-related colleges, historically black colleges, art and design colleges, traditional liberal arts and science institutions, women's colleges, two-year colleges, and schools of law, medicine, engineering, business, and other professions.

As the representative of these institutions, NAICU recognizes the need for appropriate levels of federal data collection. We have historically supported efforts to provide useful and reliable information to students and families that at the same time recognize the diversity and integrity of our higher education institutions.

It is our opinion that the collection of institutional data for calculating financial health ratios is, for a couple reasons, inadvisable. For one, in many cases the data collected may not accurately and consistently reflect the overall financial positions of institutions. A primary concern is that an annual measure may promote an unreliable reading of a school's general economic status, ignoring fluctuations in enrollments or endowments that often characterize – and are often eventually addressed by – institutional budgets. In addition, the potential misappropriation of one-year results to overall financial health makes misuse of the data likely, such as in the formation of ad hoc indexes or ratings systems. What is to be collected for assessment purposes may be used to make inappropriate comparisons.

Concerns about survey purpose also extend to two other recommended changes to the *Finance* survey: (a) collecting sources of discounts and allowances and (b) gathering details on changes to endowment net assets. In short, we question if there is sufficient demand from stakeholders for data this specific. Our inclination from discussions is that these additions are unnecessary and may not prove useful to a majority of users.

Finally, we cannot overstate our concern about the burden these additions will place on institutions, particularly smaller ones, as this proposal may have underestimated the effect on colleges with limited staff, infrastructure, resources, or access to certain data. We feel that the estimated burden cited in supplemental materials may be understated, particularly when it comes to small colleges.

In sum, we ask that you consider whether these data align with the primary purpose of the *Finance* survey, which seemingly is to collect basic financial information that provides a context for understanding the resources and costs of providing postsecondary education. Concerns about misapplication, demand, and burden may suggest otherwise.

Thank you for the opportunity to comment on this proposal. Please feel to contact our office should you have questions or comments.

Sincerely,

Frank Balz
Vice President for Research and Policy Analysis

Response – Finance (Comment #77)

Dear Frank Balz,

Thank you for sharing your concerns regarding the IPEDS Finance survey component. The Finance component collects information about revenues, expenditures, and overall financial positions and provides statistics that describe higher education finance in the United States. The changes that are being proposed are based on an NPEC paper commissioned in 2017 (Identifying new metrics using IPEDS Finance data) authored by Tammy Kolbe and Robert Kelchen. In October 2018, NCES used that paper as the background for a Technical Review Panel (TRP) on Financial Metrics. The intent of the paper and TRP were to inform NCES of ways IPEDS could collect better and more useful data on the Finance survey component.

The intent of collecting the proposed ratios was to allow individual institutions to assess their unique financial circumstances, not to make benchmark comparisons across institutions. However, after receiving similar feedback to yours from other stakeholders, NCES determined that it is not necessary to calculate financial health ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio). Instead, IPEDS will collect such amounts as operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net assets/net position, total net assets/net position, expendable net assets, plant-related debt, and total expenses. In addition, as we indicated in this request for OMB clearance for IPEDS 2019-20 through 2021-22, IPEDS will provide instructions for reporting these amounts for institutions and their FASB component units (if applicable) with the note "Do NOT include net pension or net other postemployment benefits (OPEB) liabilities/assets in this section," indicating that none of the amounts collected in Part N for degree-granting public institutions using GASB Reporting Standards (i.e., operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net position, net position, expendable net assets, plant-related debt, and total expenses) should include net pension or net OPEB liabilities/assets reported in Part M: Pension and Other Postemployment Benefits (OPEB) Information. Collecting these amounts is useful for individual institutions in assessing their unique financial well-being.

To respond to your concerns on whether "there is a sufficient demand from stakeholders for" collecting data on sources of discounts and allowances and on changes to endowment net assets. The reasons for the proposed changes include demand and interest from IPEDS stakeholders as well as requests from the aforementioned NPEC paper and TRP.

Specifically, panelists attending the IPEDS TRP on Financial Metrics that took place in October 2018 recommended adding new fields to collect additional detail on discounts and allowances by grant type (discounts from Pell, other federal grants, state government, local government, endowments and gifts, other institution sources). They indicated that collecting these data would provide more information on discount rates and student aid expense. In addition, other stakeholders indicated that collecting additional information on sources of discounts and allowances will help data users to understand how governmental and institutional funds are used for student aid. Finally, many stakeholders mentioned that the proposed changes would result in a minimal increase in burden.

As for the changes to endowment net assets, many stakeholders, including panelists attended TRP on Financial Metrics mentioned above, pointed out the value of collecting information on how institutions' net endowment assets change over time and importance of including endowment liabilities. This change will have minimal effect on reporting burden for institutions as well.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Finance (Comment #79)

Document number: ED-2019-ICCD-0028-0079
Name: Terri Hall
Date posted: July 22, 2019

Dear Department of Education:
re: Department of Education Docket ID number ED 2019ICCD0028
On behalf of the University of Minnesota, I am attaching our response letter to the IPEDS finance survey proposed changes.
If you have any follow-up questions regarding our response, please contact me directly.
Sincerely,

Terri Hall
University of Minnesota
IPEDS Keyholder for the Finance Survey

Modification to Existing: Screening Question #4 – Intercollegiate Athletics

Add subset (b) to this question to determine where / whether institutions will report intercollegiate athletics revenues:

(b) If your institution participates in intercollegiate athletics, indicate the category where these revenues are indicated (check all that apply):

- Sales and services of educational activities
- Sales and services of auxiliary enterprises
- Other (explain in caveat box)
- Does not have intercollegiate athletics revenue

University of Minnesota Response: No concern regarding this additional subset (b) of the question.

Modification to Existing: Screening Question #6 - Pension

Revise screening question, so the question now reads:

Does your institution include defined benefit pension or postemployment benefits **<u>other than pension (OPEB)</u>** liabilities, expenses, and/or deferrals in its General Purpose Financial Statements?

University of Minnesota Response: No concern regarding this modification in wording of the question.

Modification to Existing: Part M – Pension Information

Include new data elements to collect date on pension and postemployment benefits other than pension (OPEB) for:

- Line #5 - OPEB expense
- Line #6 - Net OPEB liability
- Line #7 - Deferred inflows related to OPEB
- Line #8 - Deferred outflows related to OPEB

University of Minnesota Response: No concern regarding the additional lines of information for OPEB (Lines #5 - #8). These lines ask for comparable information provided on Lines #1-4 for defined benefit pension plans.

New: Part N – Financial Health Ratios

Collect numerator and denominator used to calculate financial health ratios that compose the Composite Financial Index (CFI). Exclude impact for net pension and net OPEB liabilities / assets in this section.

- Net operating revenue / margin
- Return on net assets ratio
- Viability ratio
- Primary reserve ratio

University of Minnesota Response: Part of the University of Minnesota's renewal of accreditation process with the Higher Learning Commission (HLC), we are required to calculate comparable ratios. These ratios then have Strength and Weight factors applied to them to arrive at an individual ratio CFI score. Each of these individual ratio CFI scores are totaled to arrive at a combined CFI score for each campus that reports into IPEDS.

With that in mind, we would like to know more about how these IPEDS ratios are going to be used. For example, would these ratios then be used by the Department of Education to calculate a CFI score for each of the University of Minnesota campuses reporting into IPEDS? If this is to be contemplated further, we would want to ensure the Strength and Weight factors applied to the model are consistent with what we file with the HLC to avoid any unnecessary confusion to those that view both IPEDS and HLC ratio results. If there is another manner or situation where the ratios would be used, we are interested in understanding the context.

In summary, one of the main overarching concerns is consistency in calculation models to avoid any confusion between what the University of Minnesota reports into HLC versus IPEDS and how this information will be used to evaluate our campuses. To provide a context to this point, one example of inconsistency in your ratio model compared to what we report to HLC is for our Twin Cities campus, specifically. This campus reflects our discretely presented component unit financial information into our ratios, whereas, IPEDS does not factor this information in for our discretely presented component units.

New: Part E2 – Source of Discounts and Allowances

This section has been added to have the University break down the amount of scholarship allowance calculation that was applied Tuition & Fees vs Auxiliary Enterprises revenue. The following illustration outlines this change:

	Tuition & Fees	Auxiliary Enterprises	Total
• Pell grants (federal)			
• Other federal grants			
• Grants by state grants			
• Grants by local government			
• Endowments and gifts			
• Other institutional sources			

University of Minnesota Response: Based on the nature of this being a GASB 34/35 calculation (revenues are net of discounts and allowances) that is computed outside our student billing system, breaking this calculation out in the prescribed manner that is being recommended is impractical and administratively burdensome. Our calculation model doesn't work in a manner of tracking which specific type of financial aid is applied to Tuition and Fees versus Auxiliary Enterprises. Rather, we calculate scholarship allowance in total (compare total financial aid versus revenue). This calculated total is then allocated between revenue and expenses independent of each other based on an assumption that aid is applied to Tuition and Fees first.

In addition, the outcome of the breakdown of financial aid applied to Tuition and Fees versus Auxiliary Enterprises doesn't necessarily represent the student billing system reality. With that in mind, we view that this level of breakdown could represent a distortion of what actually happens as financial aid is applied.

Modification to Existing: Part H – Details of Endowment Net Assets *(formerly Endowment Assets)*

This section now is asking for net assets (versus endowment assets) amounts for the following questions. These amounts include both the University and the University of Minnesota Foundation combined totals:

- Line #1: Value of endowment **net** assets at the beginning of the fiscal year.
- Line #2: Value of endowment **net** assets at the end of the fiscal year.

Additional questions are being proposed to be added:

- Line #3: Change in value of endowment net assets (Change between Line #1 and #2)
  - Line #3(a): Net gifts and additions
  - Line #3(b): Endowment net investment return
  - Line #3(c): Spending distribution for current use
  - Line #3(d): Other (Line #3 less sum of 3(a):3(c))

University of Minnesota Response: This would be a change from just asset market values to now report on net asset values. In the instructions, it indicates for institutions participating in the NACUBO-Commonfund Study of Endowments (NCSE), the net asset amount should be comparable with values reported to NACUBO. https://www.nacubo.org/Research/2019/Public-NTSE-Tables

We can certainly provide the breakdown as proposed, but the University is inquiring how the results for NCSE will correlate to net assets. Up till now, our combined campus endowment asset totals have balanced to NCSE.

Response – Finance (Comment #79)

Dear Terri Hall,

Thank you for sharing your concerns regarding the IPEDS Finance survey component. The intent of collecting the proposed ratios was to allow individual institutions to assess their unique financial circumstances, not to make benchmark comparisons across institutions. However, after receiving similar feedback to yours from other stakeholders, NCES determined that it is not necessary to calculate financial health ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio). Instead, IPEDS will collect such amounts as operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net assets/net position, total net assets/net position, expendable net assets, plant-related debt, and total expenses. In addition, as we indicated in this request for OMB clearance for IPEDS 2019-20 through 2021-22, IPEDS will provide instructions for reporting these amounts for institutions and their FASB component units (if applicable) with the note "Do NOT include net pension or net other postemployment benefits (OPEB) liabilities/assets in this section," indicating that none of the amounts collected in Part N for degree-granting public institutions using GASB Reporting Standards (i.e., operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net position, net position, expendable net assets, plant-related debt, and total expenses) should include net pension or net OPEB liabilities/assets reported in Part M: Pension and Other Postemployment Benefits (OPEB) Information. Collecting these amounts is useful for individual institutions in assessing their unique financial well-being.

Panelists attending the IPEDS TRP on Financial Metrics that took place in October 2018 recommended adding new fields to collect additional detail on discounts and allowances by grant type (discounts from Pell, other federal grants, state government, local government, endowments and gifts, other institution sources). They indicated that collecting these data would provide more information on discount rates and student aid expense. In addition, other stakeholders indicated that collecting additional information on sources of discounts and allowances will help data users to understand how governmental and institutional funds are used for student aid.

As for the changes to endowment net assets, many stakeholders, including panelists who attended TRP on Financial Metrics mentioned above, pointed out the value of collecting information on how institutions' net endowment assets change over time and importance of including endowment liabilities. NCES does not plan to correlate results for NCSE with net assets.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Finance (Comment #80)

Document number: ED-2019-ICCD-0028-0080
Name: Representative Mark Takano
Date posted: July 22, 2019

MARK TAKANO
41ST DISTRICT, CALIFORNIA
COMMITTEE ON VETERANS' AFFAIRS
CHAIRMAN
COMMITTEE ON EDUCATION & LABOR

DC OFFICE
420 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-2305
FAX: (202) 225-7018
DISTRICT OFFICE
3403 10TH ST., SUITE 610
RIVERSIDE, CA 92501
(951) 222-0203
FAX: (951) 222-0217

Congress of the United States
House of Representatives
Washington, DC 20515

July 19, 2019

James Woodworth
Commissioner
National Center for Education Statistics
U.S. Department of Education
550 12th Street SW
Washington, DC 20024
Re: Integrated Postsecondary Education Data System (IPEDS) 2019-2020 through 2021-22, Docket No. ED-2019-ICCD-0028

Dear Commissioner Woodworth:

I write to submit comments on the Integrated Postsecondary Education Data System (IPEDS) Finance Survey, which requires institutions to report spending on key functions. Institutional expenditures are of keen interest, as policymakers, students and taxpayers deserve to know how the substantial federal investments into higher education are being spent at institutions. Data collected in the Finance Survey can also inform our understanding of institutional priorities and the outcomes associated with their spending on various activities.

However, limitations in the current IPEDS Finance Survey severely diminish the usefulness of federal data on institutional spending. The current definition of "student services" is overly broad and the Department of Education (ED) has not provided sufficient guidance to ensure consistent reporting across institutions. Unfortunately, the Finance Survey does not distinguish between spending on enrollment activities (e.g. marketing, recruitment, admissions, and registrar activities) and spending on activities that support students' emotional, cultural, intellectual, and social development outside the classroom, such as tutoring and career counseling. The lack of accuracy in the IPEDS definition of "student services" allows institutions to classify marketing and recruitment activities as "student services" and leads to insufficient clarity regarding actual spending levels on activities designed to directly support students.[1]

This well-known issue has been raised by several stakeholders that represent veterans, students, teachers and researchers urging the Department to reclassify marketing and recruitment activities

[1] IPEDS 2018-19 Data Collection System. Retrieved from https://surveys.nces.ed.gov/IPEDS/Downloads/Forms/package_5_68.pdf

under a separate category of spending. In my December 2018 letter to Ms. Janice Kelly-Reid, the IPEDS Project Director at RTI International, I advocated for similar changes. As I stated in that letter, disaggregated information that separates the funds spent on services that help students and the funds used for recruitment and marketing could help policymakers and researchers identify institutions that are overly-reliant on marketing for tuition revenues. This can also help to create a federal accountability system that is informed by an institution's priority and financial health.

These issues are even more pressing today as Congress considers proposals to improve higher education transparency and accountability as we move towards a comprehensive reauthorization of the Higher Education Act. It is essential that ED act quickly to clarify and disaggregate the "student services" category of the Finance Survey to inform the reauthorization process and provide vital information to policymakers, stakeholders, and the public. I urge you to make this common-sense change without delay.

Sincerely,

Mark Takano
Member of Congress

Response – Finance (Comment #80)

Dear Representative Takano,

Thank you for your letter of July 19, 2019, which responds to a 30-day request for comments on proposed changes to the Department of Education's Integrated Postsecondary Education Data System (IPEDS) 2019-20 through 2021-2022. The National Center for Education Statistics (NCES) recognizes your comments related to the Department's proposed revisions to the IPEDS Finance survey component.

NCES agrees that there is an interest in better understanding the expenses related to marketing and recruitment. This topic was discussed at a Technical Review Panel (TRP) held in 2015. Participants were concerned about the reliability and the validity of the reported data, as well as the comparability of data across institutions using different reporting standards that vary in their treatment of functional expenses. Even within accounting standards, institutions have trouble splitting out line items that cross several functional expense categories, such as IT and marketing. In addition, sometimes marketing and recruiting activities are conducted by a parent corporation, and it is unclear how (or if) marketing expenses would be allocated across the affiliated campuses. The overall feedback was that the reporting challenges would limit the credibility of any data collected.

NCES's recent research into the industry's capacity to access, aggregate, and report marketing and recruitment data showed that this is not something that is possible at this time.

Thank you for taking the time to provide comment.

Sincerely,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division

Comment – Finance and Dual Enrollment (Comment #81)

Document number: ED-2019-ICCD-0028-0081
Name: Sue Menditto
Date posted: July 22, 2019

NACUBO

National Association of College and University Business Officers
1110 Vermont Avenue, NW, Suite 800, Washington DC 20005-3544
T 202.861.2500 F 202.861.2583
www.nacubo.org

July 19, 2019

Department of Education Notice
Integrated Postsecondary Education Data System
2019 – 20 through 2021 – 22
Docket ID No. ED – 2019 – ICCD – 0028

To Whom It May Concern:

I am writing on behalf of the National Association of College and University Business Officers (NACUBO). NACUBO is a nonprofit professional organization representing chief financial officers and their staff at approximately 2,000 not-for-profit (NFP) and public colleges and universities. In its capacity as a professional association, NACUBO issues accounting and reporting guidance for the higher education industry and regularly educates higher education professionals on accounting and reporting issues and practices. NACUBO has a close working relationship with staff at the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB). We regularly provide industry feedback and consultation on accounting and reporting issues that impact the higher education industry to standard setters, auditors, and users of financial statements.

Thank you for the opportunity to comment on a proposed revision to Finance Survey information collected in the Integrated Postsecondary Education Data System (IPEDS) for 2019-20 through 2021-22. NACUBO is specifically commenting on proposed financial health indicators that would be collected in the new Part N.

NACUBO applauds the National Postsecondary Education Cooperative (NPEC) for commissioning a research paper to examine the usefulness of existing IPEDS finance data and to explore opportunities for new metrics to provide useful and meaningful statistics that describe higher education financing, (*Identifying New Metrics Using IPEDS Finance Data*, Tammy Kolbe and Robert Kelchen).

Financial Health Indicators (Part N)

Although the proposed survey change will collect information on broadly accepted ratios that comprise the Composite Financial Index (CFI) – net operating ratio, return on net assets / net position ratio, viability ratio, and primary reserve ratio – such ratios were never meant to be used as a benchmark among institutions. Rather, and ideally, the four key ratios and the CFI should be calculated and used by institutions to assess the strengths and weaknesses that contribute to their unique financial well-being.

NACUBO is also concerned that there has not been adequate research on the four key ratios and CFI for public institutions. We propose that NCES commission a study to assess the validity and reliability of the proposed ratios and CFI across public, private nonprofit, and private for-profit institutions before collecting and publishing the data.

NACUBO recommends that NCES give attribution to the body of work on ratio analysis authored since 1980 by Attain, KPMG, and Prager & Co. LLC. Moreover, NCES must be prepared to monitor and directly use formulas from the most recent edition of *Strategic Financial Analysis in Higher Education* (Attain, et. Al.) because critical updates to ratio formulas necessitated by changes to accounting standards are more likely to be reflected in the most recently published edition. For example, formulas and terminology were changed in a summer update of the seventh edition to reflect new GASB accounting standards (Pensions and Other Post-

Employment Benefits). We believe the authors are working on an eighth edition update due to FASB Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not- for-Profit Entities.* Finally, we urge NCES to seek permission from the authors because their work is protected by copyright.

Although we suggest research on the use of the four key ratios and the CFI across all of higher education, we at least agree with the proposed approach that allows each institution to calculate and provide numerators and denominators of the four ratios. It would be too costly and compromise accuracy to calculate these ratios from publicly available data for institutions— especially for public institutions – because not all data is available. Additionally, the formulas for public institutions must be changed to reflect the most recent set of formulas in the 2016 edition of Strategic Financial Analysis in Higher Education. Specifically, net position, liabilities, and expense adjustments will be necessary to normalize pension and OPEB factors that are beyond a public institution's control.

In conclusion, I'd like to thank you for your consideration and time in reviewing our comments. Please direct your questions to me at 202-861-2542 or smenditto@nacubo.org.

Sincerely,

Susan M. Menditto
Senior Director, Accounting Policy
National Association of College and University Business Officers

Response – Finance (Comment #81)

Dear Sue Menditto,

Thank you for sharing your concerns regarding collecting Financial ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio) and proposing that NCES needs to assess the validity and reliability of the ratios prior to collecting them. As you indicated these ratios "were never meant to be used as a benchmark among institutions," rather, "used by institutions to assess the strengths and weaknesses that contribute to their unique financial well-being." After receiving similar feedback from other stakeholders NCES determined that it is not necessary to calculate financial health ratios (e.g., net operating ratio, return on net assets/net position ratio, viability ratio, and primary reserve ratio). In turn, IPEDS will collect such amounts as operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net assets/net position, total net assets/net position, expendable net assets, plant-related debt, and total expenses. In addition, as we indicated in this request for OMB clearance for IPEDS 2019-20 through 2021-22, IPEDS will provide instructions for reporting these amounts with the note "Do NOT include net pension or net other postemployment benefits (OPEB) liabilities/assets in this section," indicating that none of the amounts collected in Part N for degree-granting public institutions using GASB Reporting Standards (i.e., operating income (loss) + net operating revenues (expenses), operating revenues + nonoperating revenues, change in net position, net position, expendable net assets, plant-related debt, and total expenses) should include net pension or net OPEB liabilities/assets reported in Part M: Pension and Other Postemployment Benefits (OPEB) Information. Collecting these amounts is useful for individual institutions in assessing their unique financial well-being.

In response to your recommendation on giving an "attribution to the body of work on ratio analysis," NCES will make sure to attribute appropriately when/if the ratios are collected in the future.

Thank you for taking the time to provide comment.

Sincerely Yours,

Tara B. Lawley
Postsecondary Branch Chief
Administrative Data Division