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New ranking system links colleges' and students' characteristics to graduate economic outcomes

Submitted by Doug Lederman on April 29, 2015 - 3:00am

The world may or may not need another college rankings system; on that question, commentators ^[1] and pundits ^[2] are divided.

The creators of a new entry acknowledge the limitations of the genre, but argue that their version -- imperfect as it may be -- improves on the competition by analyzing thousands of colleges of all types (instead of hundreds of mostly selective ones) and assessing them based on how much the institutions themselves contribute to the economic success of their graduates.

In a report (with associated data set) published today ^[3], called "Beyond College Rankings: A Value-Added Approach to Assessing Two- and Four-Year Schools," two Brookings Institution researchers offer a complicated tool designed to help consumers and policy makers gauge how thousands of two- and four-year institutions prepare students for the workforce.

The authors' approach is distinctive in numerous ways, several of which are also likely to make it controversial in some quarters.

First, it covers a much more expansive set of two- and four-year colleges (several thousand) than do rankings by *U.S. News & World Report*, *Forbes* and *Washington Monthly*, which typically focus on selective colleges because students' admissions credentials are so central to their criteria. Second, by adjusting for the traits of the

author and a fellow in Brookings's Metropolitan Policy Program.

A Focus on Economics

A [news release](#) ^[4] about the Brookings report boasts that it provides insights into "how well colleges prepare students for high-paying careers."

The think tank's approach probably lost some of you right there, by defining student success purely in economic terms.

But Rothwell, who cowrote the paper with Siddharth Kulkarni, a senior research assistant at Brookings, cited both practical and philosophical reasons for doing so. First, "it's much easier to measure economic outcomes than other outcomes" -- say, student learning or graduates' contributions to society -- "with precision," he said.

Second, Brookings's Metropolitan Policy Program focuses on urban and regional development, so the framework was originally developed to understand how successfully postsecondary institutions prepare students for good jobs in their cities and regions.

And third, "even the most committed defenders of the liberal arts or humanities would acknowledge that jobs and economic outcomes matter," Rothwell said, "so if we can come up with a better way" of calculating which institutions are preparing graduates to succeed in the workplace, "that's worth doing."

The primary way that the Brookings approach differs from *U.S. News* and other existing rankings is in its attempt to control for institution type as well as for the students a college or university enrolls, so it is possible to compare the performance of an individual institution's graduates with those of institutions with similar characteristics and students.

Institutions are measured on several outcomes for their alumni:

- Midcareer salary (drawn from PayScale)
- Federal student loan default rates
- Occupational earnings power (representing the average salary of the occupations its alumni hold, drawn from LinkedIn and federal data)
- And the college's added value on those three measures.

The researchers then control an institution's outcomes for a set of student and institutional characteristics. The former focuses on the type and location of the college -- Carnegie classification, distribution of degrees awarded, state, etc. The student traits include demographic characteristics such as age, race, gender and the percentage of students who come from in state or are foreign born; the proportion who receive Pell Grants, federal loans and other aid; and imputed scores on standardized math tests. Controlling for students' wealth and academic preparation is important, Rothwell says, because a failure to do so biases rankings by crediting colleges for outcomes that are attributable more to the type of students they enroll than what the institutions themselves contribute.

Controlling for those student and institutional traits allows the researchers to tease out differences between institutions' outcomes and what would have been predicted based on their own characteristics and those of their students.

Tentative Praise for the Model

Researchers given a chance to review the Brookings paper had a range of views about it, after an initial look.

Darryl G. Greer, a senior fellow at Stockton University's Center for Higher Education Strategic Information and Governance, said he was concerned by the focus on postcollege earnings as the key outcome measure, and surmised that "the sophisticated calculations may simply be measuring the effect of high-value occupations and local economies, and their relationship to students' choices of academic programs of study, rather than particular institutional strength."

And Sandy Baum, a professor of higher education at George Washington University's Graduate School of Education and Human Development, questioned whether the precision the study claims for differences in individual institutions' outcomes is legitimate given some of the imperfect sources of data, like PayScale surveys and analysis of LinkedIn pages.

Nate Johnson, of Postsecondary Analytics, said that he had lots of quibbles about how the Brookings report uses data and that the analysis is a long way from a product that could actually be used by consumers or policy makers to make decisions (which the researchers concede). But Johnson also applauded the Brookings approach for "trying to measure the right things for what college accountability and student choice should be," not focusing on "input measures like *U.S. News*."

"It's a big step in the right direction," he said.

Robert Kelchen, an assistant professor of education leadership, management and policy at Seton Hall University, agreed.

"This report reflects a much-needed effort to examine the outcomes of all portions of American higher education, instead of just the most-selective four-year colleges," Kelchen wrote in an email. "Part of the report, even under a 'value added' framework, tells us what we already know -- the way to make money is to major in engineering instead of the humanities. But the differences across colleges that have similar mixes of majors are still substantial. The data used for two key measures (from PayScale and LinkedIn) are far from perfect and do not necessarily reflect all graduates, while not even attempting to examine dropouts. However, given a lack of data on labor market outcomes at the national level, this report still reflects an improvement over the status quo."

Rothwell concurs. "Basically, the approach here is that we assembled what we could out of imperfect spare parts, which I strongly believe is better than either no information or current ratings systems," he said. "I'm sure someone else will do this at some point and hopefully do it better, but this is a start."

[Assessment and Accountability](#) ^[5]

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- [1] <https://www.insidehighered.com/views/2012/03/02/essay-calls-presidents-take-stand-rankings>
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