

November 4, 2022

Amy Barmer  
IPEDS Technical Review Panel Task Leader  
RTI International  
701 13th Street NW #750  
Washington, DC 20005

Re: IPEDS Technical Review Panel #66 *Revisiting the Purpose of the Finance Survey Component*

Dear Ms. Barmer:

We are writing to provide comments on the report and suggestions from the IPEDS Technical Review Panel #66, *Revisiting the Purpose of the Finance Survey Component*.

Research shows the importance of college spending on instruction, academic support, and student support on completion and transfer rates, post-graduation earnings, and student loan repayment outcomes.<sup>1</sup> Despite the impact adequate investment in student education and support can have, many institutions choose to devote an outsized portion of their revenues to activities like advertising, marketing, and student recruitment – expenses that do little to nothing to meet the needs of enrolled students.<sup>2</sup>

In 2012, the U.S. Senate Committee on Health, Education, Labor, and Pensions published the results of a two-year investigation that found for-profit colleges spent 23 percent of their overall budgets on advertising to recruit students while devoting far less to student instruction.<sup>3</sup> Calls to rein in college advertising have come from across the political spectrum. Multiple Congressional proposals from recent years would limit college spending on advertising and/or require a minimum investment in education, and Republican-appointed Deputy Under Secretary of

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<sup>1</sup> Ann M. Gansemer-Topf and John H. Schuh, "Institutional selectivity and institutional expenditures: Examining organizational factors that contribute to retention and graduation," *Research in Higher Education* 47, no. 6 (2006): 613–42, <https://link.springer.com/article/10.1007/s11162-006-9009-4>; Ann M. Gansemer-Topf, Jillian Downey, Katherine Thompson, and Ulrike Genschel, "Did the Recession Impact Student Success? Relationships of Finances, Staffing and Institutional Type on Retention," *Research in Higher Education* 59, no. 2 (2018): 174–97, <https://link.springer.com/article/10.1007/s11162-017-9462-2>; Gary R. Pike, George D. Kuh, Alexander C. McCormick, Corinna A. Ethington, and John C. Smart, "If and when money matters: The relationships among educational expenditures, student engagement and students' learning outcomes," *Research in Higher Education* 52, no. 1 (2011): 81–106.

<sup>2</sup> Michael Itzkowitz, Wesley Whistle, and Tamara Hiler, "Creating a "Receipt" for Higher Education," *Third Way*, December 13, 2018; John J. Cheslock, "Examining Instructional Spending for Accountability and Consumer Information Purposes," *The Century Foundation*, February 28, 2019, <https://tcf.org/content/report/examining-instructional-spending-accountability-consumer-information-purposes/>; "Should Colleges Spend the GI Bill on Veterans' Education or Late Night TV Ads? And Which Colleges Offer the Best Instructional Bang for the GI Bill Buck?" *Veterans Education Success*, 2019, <https://vetsedsuccess.org/should-colleges-spend-the-gi-bill-on-veterans-education-or-late-night-tv-ads-and-which-colleges-offer-the-best-instructional-bang-for-the-gi-bill-buck/>

<sup>3</sup> United States Senate Committee on Health, Education, Labor, and Pensions, "For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," July 30, 2012, [https://www.help.senate.gov/imo/media/for\\_profit\\_report/Contents.pdf](https://www.help.senate.gov/imo/media/for_profit_report/Contents.pdf).

Education, Diane Auer Jones, called college marketing and advertising “the biggest consumer protection issue” in 2019.<sup>4</sup>

To understand spending by all colleges on advertising and marketing, the National Center for Education Statistics (NCES) needs to revise the way it collects information on pre-enrollment expenditures like advertising and marketing. Despite growing consensus among researchers, advocates, institutions, and lawmakers on the need for better expenditure data to inform solutions<sup>5</sup>, NCES has repeatedly declined to revise portions of the IPEDS Finance Survey that would facilitate such research.

We understand NCES’ desire to take into account the input of Technical Review Panels, but we believe the severity of the issue outweighs potential burdens articulated by panel members. Additionally, this change is needed to understand how colleges and universities use their resources to benefit students. Students, families, researchers, and policymakers are unable to fully understand how institutions of higher education spend tuition and tax dollars on efforts to support students outside of instruction because marketing and recruitment spending are reported as expenditures on student services.

As Congressman Mark Takano (D-CA) wrote to you in 2018, “Given the billions of taxpayer dollars flowing into the higher education system each year, it is crucial that transparency exists regarding how institutions spend their revenues.”<sup>6</sup> He therefore urged you “to disaggregate the variable in a way that clearly separates student supports from other institutional spending currently classified as “student services” such as recruitment and marketing.”

#### **Discussion Item #4: Expenses and Other Deductions**

Regarding *Discussion Item #4: Expenses and Other Deductions*, we are pleased to see the panel overwhelmingly supported clarifications to the definitions of instruction and academic support functional expense categories. Further, it appears from the summary report that some panelists agreed that such data “are important from a policy and transparency perspective, which outweighs the increased burden on institutions that this change would incur.” Despite this sentiment surrounding the instruction and academic support expense categories, the panel decided that breaking the student services expense category into pre- and post-enrollment functional categories would be overly burdensome.

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<sup>4</sup> In the Senate, S.3752 was introduced by Senator Sherrod Brown and in the House of Representatives, Representative Grijalva introduced H.R. 7303. Both bills would restrict the use of federal funds on marketing activities; Remarks given during an Education Writers Association January 2019 event, <https://www.ewa.org/covering-higher-educations-new-political-landscape>.

<sup>5</sup> Stephanie Hall, "How Much Education Are Students Getting for Their Tuition Dollar?" February 28, 2019, The Century Foundation. <https://tcf.org/content/report/much-education-students-getting-tuition-dollar/>; Kody Carmody, Kenneth Megan, and Mariette Aborn. "Tracking Spending in Higher Education: A Case of Misclassification." October 10, 2019, Bipartisan Policy Center. <https://bipartisanpolicy.org/blog/tracking-spending-in-higher-education-a-case-of-misclassification/>; Letter to NCES from Capella University, Southern New Hampshire University, University of Maryland Global Campus, and Western Governors University, 2019. [https://drive.google.com/file/d/1hlwrleeTc6vfb54aUEtVFhsyaNi-ktsx/view?usp=share\\_link](https://drive.google.com/file/d/1hlwrleeTc6vfb54aUEtVFhsyaNi-ktsx/view?usp=share_link)  
Letter to President Biden and Vice President Harris from Career Education Colleges and Universities, January 11, 2021. [https://drive.google.com/file/d/1xKSjEFLTO4EGfdkViSD-uugGICjNRVc9/view?usp=share\\_link](https://drive.google.com/file/d/1xKSjEFLTO4EGfdkViSD-uugGICjNRVc9/view?usp=share_link)

<sup>6</sup> See Letter from Congressman Mark Takano to Janice Kelly-Reid, IPEDS Project Director, RTI International (Dec. 26, 2018), available at <https://vetsedsuccess.org/wp-content/uploads/2019/02/takano-12-26-2018.pdf>.

Since the panel's meeting, the context of U.S. higher education has shifted; college expenditure data is even more urgently needed. In the wake of President Biden's announcement of a broad student debt relief program, there is heightened scrutiny over college costs and the tuition prices charged to students. To understand what is being charged to students and taxpayers, the public needs better data on college revenues and expenditures. NCES should revise the student services expense category of the IPEDS Finance Survey to capture spending on enrolled students only. Spending on prospective students, which would include advertising and marketing, should be separated out as a discrete category.

**Discussion Item #7: Establishing an IPEDS Finance Working Group**

Finally, regarding *Discussion Item #7: Establishing an IPEDS Finance Working Group*, we encourage NCES to assemble the most representative and inclusive group possible in any future conversations about the Finance survey. We appreciate that TRPs are meant to be participative and that NCES intends for the meetings to foster public discourse. However, we are concerned NCES receives limited public input under the current TRP process. Student and consumer advocates are regular users of NCES data and are often the conduits by which data and findings make their way to industry leaders, legislators, and other policymakers. Such advocates should be included in any future working groups and any subsequent technical review panels.

Thank you for the opportunity to provide comments. We remain available to assist you or your colleagues at NCES throughout this process.

Sincerely,

Center for American Progress  
Institute for Higher Education Policy (IHEP)  
New America Higher Education Program  
Stephanie Hall, The Century Foundation  
The Institute for College Access & Success  
Third Way  
Veterans Education Success