

Report and Suggestions from IPEDS Technical Review Panel #32 Improvements to the Student Financial Aid Component and Net Price Calculations

SUMMARY: Based on a review of the current IPEDS Student Financial Aid component and net price calculations, the Technical Review Panel suggests that a number of changes be made to the survey forms, and that definitions and reporting elements be clarified to improve the quality of the data being reported, improve the calculation of average institutional net price, and reduce reporting burden for institutions, particularly program reporters. Comments from interested parties are due to Janice Kelly-Reid, IPEDS Project Director at RTI International, at ipedstrpcomment@rti.org by December 3, 2010.

SURVEY COMPONENTS AFFECTED: Student Financial Aid, Institutional Characteristics, and 12-Month Enrollment (*see page 8 for list of suggested changes*)

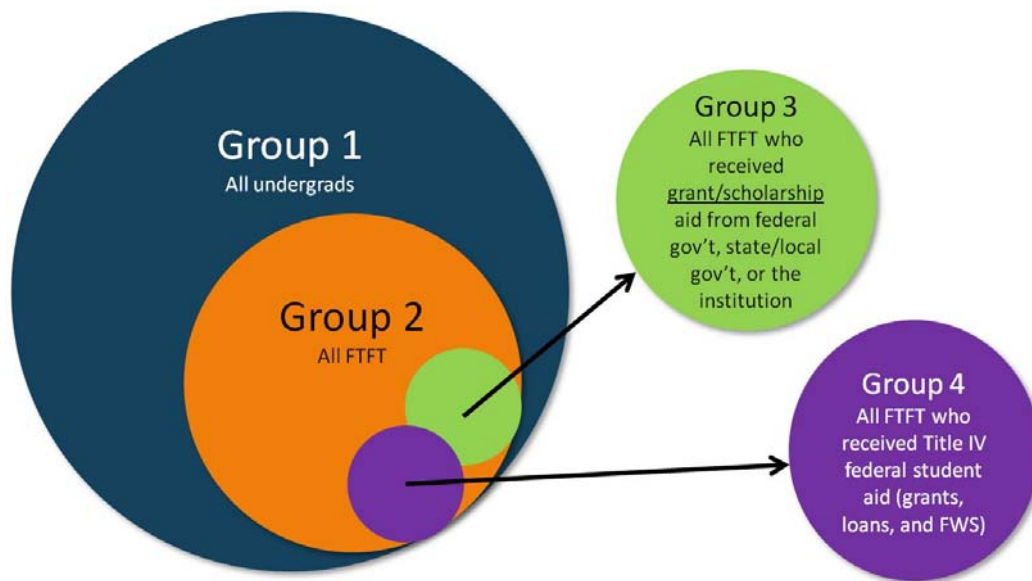
On September 14–15, RTI International, the contractor for the Integrated Postsecondary Education Data System (IPEDS) web-based data collection system, convened a meeting of the IPEDS Technical Review Panel (TRP) in Arlington, VA. Meetings of the IPEDS TRP are conducted by RTI to obtain peer review of IPEDS-related project plans and products, and to foster communications with potential users of the data. The purpose of this meeting was to solicit further input from the postsecondary education community regarding improvements to the Student Financial Aid (SFA) component of IPEDS. The panel consisted of 44 individuals representing the federal government, state governments, institutions, data users, association representatives, and others. The TRP examined the challenges faced by institutions, particularly program reporters, in completing the SFA component. The TRP discussed ways of improving the SFA component by further clarifying definitions and reporting elements and improving the calculation of average institutional net price by better aligning the SFA component for program reporters with the data reported by these institutions in other IPEDS components.

Overview

Each year, institutions are required to report data on the number of financial aid recipients and the amount of aid received by students through the IPEDS SFA component. In recent years, the amount of data reported on the SFA component has increased as a result of provisions enacted in the Higher Education Opportunity Act of 2008 (HEOA). Under HEOA, the National Center for Education Statistics (NCES) must report annually on College Navigator:

- average institutional net price for full-time, first-time aided students;
- average net price for full-time, first-time Title IV aid recipients by income categories; and
- percent of students receiving aid and average amounts received by type of aid, for undergraduate students and for full-time, first-time students.

In order to accomplish this, student financial aid data are collected for the following groups of students:



To calculate net price, NCES revised the SFA component during the 2009–10 collection year to include the necessary data elements. An IPEDS TRP held in October 2008 addressed many implementation issues and provided suggestions to NCES on how best to collect data to calculate net price as required by HEOA.

NCES is aware of the challenges faced by institutions, particularly program reporters, when reporting SFA data. IPEDS keyholders often rely on staff from the institution’s financial aid office to complete or assist in completing the SFA component. These staff may not be familiar with key IPEDS concepts. As a result, confusion about terms and concepts presents a significant challenge in SFA reporting.

A recent GAO report noted the separate set of challenges faced by proprietary, technical, and career colleges when reporting SFA data.¹ These schools, typically referred to as program reporters in IPEDS, represent approximately one-third of all institutions reporting IPEDS data, and many are very small schools having no dedicated staff responsible for IPEDS reporting. In addition, these schools offer programs that enroll students on a continuous basis and have programs starting throughout the school year, presenting a considerable challenge when creating student cohorts.

Data providers recently indicated that the SFA component is the most burdensome component of IPEDS in terms of time needed to report. In response to the above concerns, the IPEDS TRP convened in September 2010 to discuss ways in which the SFA component could be improved to clarify definitions and reporting elements, improve the calculation of average institutional net price, and lessen reporting burden for institutions, particularly for program reporters.

¹ U.S. Government Accountability Office. Higher Education: Institutions’ Reported Data Collection Burden is Higher Than Estimated but Can Be Reduced Through Increased Coordination. GAO-10-871, Washington, DC

Specifically, the panel was asked to examine the following items:

- issues affecting program reporters;
- the impact of awarding two Pell grants in one year on SFA reporting; and
- calculating net price for Title IV recipients.

Discussion Item 1: Issues Affecting Program Reporters

Background

Institutions complete different versions of the IPEDS components depending upon the predominant calendar system in which the institution operates, as reported on the IPEDS Institutional Characteristics (IC) Header component. Institutions are generally classified either as academic reporters or as program reporters, and this determines how they report data, as follows:

Comparison of IPEDS Reporting Across Components		
	Academic Reporters	Program Reporters
Predominant calendar system	<ul style="list-style-type: none"> • Semester • Trimester • Quarter • 4-1-4 	<ul style="list-style-type: none"> • Differs by program • Continuous enrollment
Institutional Characteristics (IC)	Price data reported for academic year	Price data reported for largest program by enrollment
Student Financial Aid (SFA)	<ul style="list-style-type: none"> • Fall cohort = Oct 15 or the institution's official fall reporting date • Aid year = academic year (Sept – May) 	<ul style="list-style-type: none"> • Full-year cohort = Sept 1–Aug 31 • Aid year = Sept 1–Aug 31
Graduation Rates (GRS)	<ul style="list-style-type: none"> • Fall cohort = Oct 15 or the institution's official fall reporting date 	<ul style="list-style-type: none"> • Full-year cohort = Sept 1–Aug 31
12-month Enrollment (E12)	July 1–June 30 OR Sept 1–Aug 31	

The reporting of SFA data by program reporters, and calculation of average net price for those institutions, is complicated by three factors. The panel was asked to address these issues.

1. The reporting period for cohort determination and aid year (September 1 to August 31) may not align with an institution's financial aid year or fiscal year, making it difficult to report for that period. Some IPEDS components use a different reporting period. In addition, some programs may overlap two aid years.
2. Program reporters report price of attendance data for their largest program based on enrollment, and student financial aid data on a 12-month aid year (from September 1 to August 31). When the largest program is not 12 months long, NCES must adjust the

financial aid reported, so that an average net price of attendance can be calculated for the duration of the program.

3. The student financial aid data for Groups 3 and 4 are collected for all full-time, first-time, degree/certificate-seeking students, regardless of whether they are enrolled in the largest program or not. This means that net price calculations for the institution's largest program contain aid received by students who are not enrolled in the largest program.

Discussion

Data providers have expressed the concern that the current SFA reporting period is too rigid and does not align with the start dates for their programs, making it challenging to create student cohorts for reporting data to IPEDS. Additionally, the length of each program at these institutions can vary from three weeks to one year or more, further complicating the identification of students in the time period defined by IPEDS.

The time period used for establishing a cohort and reporting student data in the SFA component aligns with the time period used for the Graduation Rates component. However, institutions are given a choice of two time periods for reporting data on the 12-month Enrollment (E12) component: September 1 to August 31 or July 1 to June 30 (which aligns with the federal financial aid year). A review of the 2008–09 E12 component indicates that the majority of both program and academic reporters (approximately 70 percent) selected the July 1 to June 30 time period for reporting data, indicating that that reporting period is easier for institutions to use. The panel suggested that the 12-month reporting period be changed to July 1 to June 30.

The calculation of an average net price for program reporters is currently difficult because the measures of price and student financial aid are not aligned. For example, consider an institution whose largest program has a length of 1,800 clock hours; other programs offered at the institution may have a length of 600 clock hours. As directed by current SFA instructions, this institution would combine the aid granted to the students in the 1,800-hour program with the aid granted for the 600-hour programs to report total aid received over 12 months by all full-time, first-time, degree/certificate-seeking students, regardless of the program in which those students are enrolled. The students in the 1,800-hour program could receive much larger aid awards than the students in the 600-hour program. The panel noted that this methodology does not convey a true measure of expected aid for a specific program or expected aid for an individual student.

Additionally, the price of attendance used in the net price calculation is the price of the largest program, not a composite measure including the price of multiple programs. Because the price of attendance reported is the price charged to students in a single program, and the aid reported is a combination of aid received by students in multiple programs, the panel noted that the net price calculation for program reporters is not a meaningful measure when applied to most schools.

An additional complication involves largest programs that are greater or less than 12 months. The IC component collects price of attendance for the largest program, the total length of the program, and the average number of months it takes a full-time student to complete the program. So, if the largest program has a total length of 15 months, the price of attendance measure includes 15 months of price.

However, SFA collects 12 months of financial aid data. Thus, before calculation of net price, NCES must convert the 12 months of reported SFA data to match the 15 month price of attendance. In the SFA Parts F and G calculations, NCES normalizes reported financial aid in terms of number of months to arrive at an average aid per month. If the largest program has a total length of 15 months,

NCES converts the 12 months of reported aid into 15 months of aid. Likewise, if a program has a length of 600 hours with a duration of 5 months to complete, NCES calculates 5 months of aid and applies this measure to the net price calculation.

The panel suggested that the price of attendance should be aligned with student financial aid data, using the largest program reported in the IC component. These items can be aligned by collecting SFA and IC pricing data for the institution's largest program for an academic year, defined by the institution, and by including only students enrolled in the institution's largest program in the net price calculations. As is currently the case, if the largest program changes in any given year, the institution must report 4 years of pricing data and 3 years of financial aid data on the new largest program.

The panel noted that legislation does not specify collecting aid for a 12-month period and discussed the impact of collecting aid awarded for a full 12 months for Groups 1 and 2. It was noted that institutions are already required to establish four SFA cohorts, and adding another variation (i.e., a 12-month reporting period for Groups 1 and 2, and an academic year reporting period for Groups 3 and 4), would complicate reporting, add a level of complexity, and increase burden substantially. The panel agreed that keeping a consistent reporting period (academic year) for aid across all four cohort groups of SFA simplifies reporting and minimizes reporting burden.

The panel also discussed other ways to decrease burden for program reporters. The panel agreed that allowing program reporters to report data on price of attendance earlier would potentially decrease burden. It was suggested that academic year pricing data for the institution's largest program could be submitted on either IC or SFA; if data are submitted on IC, they will be carried forward to SFA for the net price calculations.

Discussion Item 2: Awarding Two Pell Grants in One Year

Background

Another provision enacted in HEOA will affect data reported by all institutions in the SFA component. Under HEOA, students can receive up to two Pell grants in a single award year. The new policy is seen as a tool to help students accelerate degree or certificate completion. The panel was asked to address any issues this new policy will create in the reporting of Pell grants on SFA.

Discussion

Because the TRP made the suggestion to collect price of attendance for an academic year for program reporters, and academic reporters currently report aid for an academic year, the aid received outside of the academic year would not be included. Likewise, if two Pell grants were awarded during a single academic year, then both would be reported. This method better aligns the price of attendance and aid for an academic year. The issue of how to report the awarding of two Pell grants in one year became moot and the panel agreed that no further action is necessary on this subject.

Discussion Item 3: Calculating Net Price for Title IV Recipients

Background

The calculation of net price for Title IV recipients by income category uses the average grant aid awarded to Title IV recipients in each income category. This is the average amount of aid reported in Part E of the SFA component for Group 4 students, and is calculated based on *all* Title IV recipients, which likely include students who receive only Title IV loans or students who receive only Title IV loans and Federal Work-Study but not grant aid. As a result, the net price calculations are potentially higher than if students who were awarded only Title IV loans and/or Federal Work-Study were

excluded. The calculation is performed based on guidance from the Office of Postsecondary Education at the U.S. Department of Education, and results in the average net price numbers that must be displayed on College Navigator. The panel was asked to determine whether there is a need for a supplementary calculation that would include only Title IV grant recipients.

Discussion

The panel suggested that institutions should report both the total number of students receiving *any Title IV aid* within each of the income categories and the number of students receiving *any Title IV grant aid* within each of the income categories. This would provide a distinction between students who received loan and work-study aid only and students who received any type of grant.

The panel discussed the following illustrative example: consider an institution that reports 200 students in column A; of those students, 50 received Title IV loans only and 25 received work-study or a combination of work-study and loans. If the total aid awarded was \$1,000,000, the average aid award as currently calculated by IPEDS would be \$5,000. If the average were based on grant aid recipients only, then the average aid award would be \$8,000, thus lowering the net price amount. The panel came to the consensus that the addition of this data item does not substantially increase burden because institutions already track the number of grant recipients in student financial aid databases.

Group 4: students who are full-time, first-time degree/certificate-seeking undergraduates enrolled in the fall who received Title IV federal student aid, including federal grants or federal student loans.				
Income Category	Number of students in Group 4 receiving any Title IV aid (Column A)	Number of students in Group 4 receiving any Title IV grant aid (New Column)	Total dollar amount of grant or scholarship aid received by students in Group 4 (Column B)	Average dollar amount of grant or scholarship aid received by students in Group 4 (Column C) (Col B / Col A)
\$0–\$30,000	RV (reported)	RV	RV	CV (calculated)
\$30,001–\$48,000	RV	RV	RV	CV
\$48,001–\$75,000	RV	RV	RV	CV
\$75,001–\$110,000	RV	RV	RV	CV
\$110,001 and more	RV	RV	RV	CV

However, the panel suggested that NCES should not calculate a second set of average institutional net price by income category figures, because it would be confusing to have both the legislated version and the additional version posted and available to the public. Instead, the data collected in the new column should be available only through the IPEDS Data Center.

Additional Discussions

Counting aid: According to the instructions for the SFA component, financial aid amounts are based on aid that “was awarded to, and accepted by, a student,” not the amount actually disbursed to the student. The current definition was based on recommendations from an IPEDS TRP meeting held in October 2008. That panel recognized the distinction between aid offered to a student, aid awarded and accepted by the student, and aid disbursed to the student. Because students may be offered aid

that they do not accept or may leave an institution before their entire award is disbursed, the 2008 panel suggested that aid awarded and accepted would provide the most accurate measure of financial aid and would normalize comparisons of net price across institutions.

The panel discussed the distinction made between financial aid awarded to and accepted by a student and aid disbursed to a student. The panel suggested that the term “awarded” aid should be used throughout the instructions and survey materials instead of “awarded and accepted” or “received.” The panel also expressed the need to review all instructions to ensure consistent and clear definitions.

Negative net price: The panel reviewed College Navigator screenshots and SFA worksheet data from the 2009–10 collection year. In several examples, calculated net price amounts included missing or negative numbers. The panel suggested that negative numbers should not be included on College Navigator and should be replaced with a zero or N/A, as determined by NCES. Additionally, the panel suggested prompting institutions to explain negative numbers with a system-generated edit or a context box.

Summary screens: To assist institutions with verifying data, NCES has already added a summary screen to all surveys, providing institutions with a summary of data that will be posted to College Navigator. Institutions are prompted to review the summary to ensure that data are accurate and if not, to revise the data before locking the component. Net price figures are included on the SFA summary screen.

Training, information: The panel also suggested increased access to resources for all individuals involved in providing data to IPEDS. NCES should encourage keyholders to take advantage of the data collection system function that allows them to identify and assign proxy (additional) users, and should consider allowing proxy users to be identified by component, so that targeted communications specific to the particular survey or component can be sent to those users. The panel also suggested that the AIR training web tutorials and other survey materials be linked directly from the data collection system; they currently are, and are available through the Help menu.

Summary of Proposed Revisions to IPEDS SFA, IC, and E12 Components

CHANGES SUGGESTED BY TECHNICAL REVIEW PANEL

Revise **SFA data collection for all institutions** as follows:

- Revise SFA instructions so that institutions are directed to report “aid awarded,” rather than “aid received” or “aid awarded and accepted,” as they are currently instructed to do.
- Add an additional column to Part E to collect the number of students in Group 4 receiving any Title IV grant aid, by income categories.
- Institutions will be prompted to explain negative net price numbers with a data collection system-generated edit or a context box.

Revise **SFA data collection for program reporters** as follows:

- Collect data for Groups 1 and 2 for an academic year period, rather than a 12-month period. The institution will determine its own definition of academic year, so long as it falls within the 12-month reporting period covered.
- Change the definition of Groups 3 and 4 to include only those students enrolled in the institution’s largest program.
- Collect data for Groups 3 and 4 for an academic year, for the institution’s largest program. The institution will determine its own definition of academic year, so long as it falls within the 12-month reporting period covered.
- Change the full aid year reporting period to July 1–June 30. This is the 12-month period that the institutionally-defined academic year must fall within.

Revise collection of **IC pricing data for program reporters** as follows:

- In addition to the largest program pricing data currently collected, also collect pricing data for the largest program for an academic year. These data could be submitted on IC or on SFA.

Revise the **12-Month Enrollment component for all institutions** as follows:

- Eliminate the choice of reporting periods, so that all institutions report for the July 1–June 30 period. For program reporters, this will align E12 with SFA, and make cohort reporting for those two components consistent.

Implications on Reporting Burden for Institutions

RTI is currently assisting NCES in reevaluating its estimates of reporting burden for all IPEDS components. New, proposed burden estimates have been suggested by NCES based on an internal review, a review by the Government Accountability Office, and feedback from the IPEDS community. The proposed burden estimates, in hours, for SFA and IC are as follows:

	4-yr institutions	2-yr institutions	<2-yr institutions
Returning Keyholder			
SFA	26	20	14
IC	10	6	4
New Keyholder			
SFA	39	30	21
IC	15	9	6

Keyholders can assist by providing feedback on the following questions:

- What is the approximate time required to complete the current IPEDS SFA and IC components? A burden hour is measured as the amount of time it takes institutions to “review instructions, search data sources, complete and review their responses, and transmit or disclose information.” Please indicate your type of institution and years of experience as a keyholder when submitting estimates.
- What would the reporting burden be if the changes summarized in this document were implemented?

What Are the Reporting Implications of These Suggestions?

If the above suggestions are implemented, the Student Financial Aid, Institutional Characteristics, and 12-month Enrollment survey forms will be modified for the 2011–12 data collection year to incorporate the changes suggested by the TRP for improving net price calculations and reducing reporting burden for program reporters.

Comments

RTI is committed to improving the quality and usefulness of the data on the number of financial aid recipients and amount of aid received through the Student Financial Aid component. **We encourage interested parties to send any comments or concerns about this topic to Janice Kelly-Reid, IPEDS Project Director, at ipedsTRPcomment@rti.org by December 3, 2010.**