KIM: New College Scorecard aids investment decision

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The cost of attending college represents the most important investment a student will make, so you want to maximize your expected return by carefully weighing all of the factors.

The White House wanted to create a *Consumer Reports*-style college ratings system. While that effort became bogged-down in politics and debate over metrics, an online college comparison system, the new College Scorecard (https://collegescorecard.ed.gov) was released on September 12.

According to the Department of Education (DOE), the College Scorecard ("CS") was redesigned to "provide the clearest, most accessible and reliable national data on college cost, graduation, debt, and post-college earnings." In short, CS is meant to "empower Americans to rate colleges based on what matters most to them."

CS was constructed from nearly 2,000 data points for over 7,000 schools going back 18 years. The dataset includes information from the Department of Treasury on student loan repayment rates and the IRS on post-college income. This new data is combined with data colleges already report on graduation rates, costs, standardized test scores and other descriptions about their school to "allow the public to distinguish colleges based on the outcomes of their students."

Type in a school and find the **"Average Annual Cost,"** which is the "net" price of attending, broken down by family income levels. The **Financial Aid & Debt** section lists **"Students Paying Down Their Debt,"** which are students who have paid down at least $1 of principal of their federal student loans within 3 years of leaving school. **"Typical Total Debt"** is the median federal debt of undergraduate borrowers. **"Typical Monthly Loan Repayment"** assumes this amount is repaid over 10 years at 6%.

The **Graduation & Retention** section lists the percentage of students who complete their degree within six years (44% average) and the percentage who return after their first year (67% average). The worst outcome is having a boatload of debt and *not* graduating.

The **Earnings After School** section lists the **"Percentage Earning Above High School Grad,"** the share of former students earning above $25K/year, the average earnings of age 25-34 high school graduates, six years after they enroll. This key metric indicates enhanced earning power versus not going to college. **"Salary After Attending"** is the median earnings of former students 10- years after they enroll ($34,343 average).

CS is not perfect. ***The student data only includes those receiving federal aid.*** The earnings data does not differentiate between majors. Still, rather than relying upon self-reported data, the DOE knows an individual student's family financial situation from the Free Application for Federal Student Aid (FAFSA), Treasury knows how much you've repaid on your loans and the IRS knows how much you earn.

Last year I wrote about the inaugural Gallup-Purdue University study, a joint-research effort supported by Indianapolis-based Lumina Foundation, which identified six key factors leading to "Great Jobs and Great Lives" for graduates. The message was clear: ***It's what you do once you get to college that counts, not the college you attend.***

The second annual study (both are available online), "The Relationship Between Student Debt, Experiences and Perceptions of College Worth," was released on September 29. Disturbingly, only 38% of recent graduates "strongly agreed" their college education was worth the cost.

Do your research and try to be in this group.

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