

# US Department of Education reveals new criteria for financial aid to colleges

Evan Blake

29 December 2014

The US Department of Education (DoE) released an expanded report on December 19, outlining the parameters of a college ratings system intended to determine federal financial aid distribution. The ratings system, first introduced schematically in August 2013, will rate colleges as high-, low- or middle-performing, based on data from the Integrated Postsecondary Education Data System (IPEDS), the National Student Loan Data System (NSLDS), and earnings information.

The introduction of a college ratings system that directly determines the distribution of federal financial aid is a component part of the drive to dismantle public education in the United States, and marks an expansion of former President Bush's No Child Left Behind (NCLB) and Obama's Race to the Top (RTTT) policies to the domain of higher education. Over the past four decades, and increasingly under RTTT and NCLB, there has been a protracted disinvestment in public K-12 (kindergarten through twelfth grades) education, with per-pupil spending, adjusted for inflation, falling precipitously.

Currently, some \$170 billion in federal financial aid is distributed to colleges based primarily on enrollment levels, while state support amounts to about \$74 billion. Under the new ratings scheme, federal financial aid will largely be given to "high-performing" colleges, with those deemed "low-performing" seeing a gradual reduction in aid.

The project of rating more than 7,000 colleges and universities is highly complex, and the report is largely a request for experts' input on the final decision-making process, with the ratings somehow to be based on metrics including the percentage of students receiving federal Pell grants, expected family contribution, family income quintiles enrolled, percentage of first-generation students enrolled,

average net price, degree completion rates, transfer rates, long-term median earnings, graduate school attendance and loan performance outcome. The weight that each metric will receive in the final score, as well as the number of ratings each school will receive for different variables, have not yet been determined.

Throughout the report, the reader is only once reminded that the "primary purpose of the ratings is to hold institutions accountable by measuring and publishing performance information." As *Wall Street Journal* reporter Douglas Belkin bluntly states, "the idea is to get rid of schools that are producing kids who are not able to do well in the job market, kids who aren't getting jobs when they finish school, and who are coming out in big debt and can't pay that debt." Ever-increasing tuition costs today account for half of public university revenues. These combine with declining state funding, so that most families are forced to pay a larger share of total college costs. The average student that borrows a loan now graduates more than \$30,000 in debt, and an estimated 20 percent of new borrowers are expected to default on their loans at some point. Total federal student loan debt now stands at over \$1.1 trillion, higher than credit card debt.

The Associated Press writes that "the Education Department wants to give consumers information so they can shop for college the way they do for cars and refrigerators." Or, as Obama said in his 2013 State of the Union speech, a system that "parents and students can use to compare schools based on a simple criteria—where you can get the most bang for your educational buck." This view on scholarship as just another consumer product is meant solely for the working class, as the ruling class will continue to send its children to the most elite schools.

Shortly after the initial press release last year,

numerous criticisms of the ratings system emerged, particularly from colleges, students and academics. Following a new round of criticism and public input until February 17, the DoE will unquestionably release version 1.0 of the ratings system prior to the 2015-2016 academic year. Changes in federal financial aid allocations based on these ratings are set to begin in 2018. With Republicans criticizing the ratings system from the right, these funding allocation changes might not take place under a Republican Presidency and Congress after the 2016 elections.

Many fear that the plan will penalize colleges that serve low-income students and induce colleges to cut back liberal arts programs and those that prepare graduates for lower-paying careers, such as teaching or social and public service. One of the principal rating determinants is expected to be graduates' earnings, as ED will set a threshold of a certain amount above the minimum wage that graduates' earnings must meet for their college to receive a good rating.

Writing for *The Chronicle of Higher Education*, Mark Schneider notes, "There is far more variation in employment outcomes by *program* compared to *institution*. ... What students study is much more closely related to employment outcomes than where they study." Thus, schools will be pressured to further reduce and ultimately eliminate social studies curricula.

Currently, there is no means to differentiate schools based on their mission statements, with liberal arts colleges pitted against scientific research universities in a blatantly lopsided battle for funding. In the most recent proposal, the only academic distinction among colleges will be between two- and four-year institutions.

Another primary metric to be used is an institution's degree completion rate, which could lead to a lowering of graduation standards and will disproportionately harm those serving low-income communities. Many working class students are forced to extend their education or drop out of college entirely due to the difficulties of working and studying full time, which the ratings system will only compound. The new ratings scheme will also compel colleges to reject applicants from low-income backgrounds, as they are more at-risk to default on their loans, which would directly lower the school's rating.

The mainstream media is largely lining up behind the

Obama administration's plan to further gut higher education, with the *New York Times* praising his "ambitious proposals ... aimed at making colleges more accountable and affordable," the exact descriptors used by the DoE repeatedly in their own report.

This same hypocritical invocation of "accountability" and "affordability" was also employed *ad nauseam* in the rollout of NCLB and RTTT, whose barrage of testing and competition for funding has led to the closure of thousands of schools and the firing of hundreds of thousands of teachers over the past decade.

The endless standardized tests are used as a lever against traditional K-12 public schools to divert their funding to largely for-profit charter schools that often specialize in Science, Technology, Engineering and Math (STEM) subjects, as part of Obama's corporate-directed campaign to "train an army of new teachers in [STEM] subject areas."

The most recent measures seek to shift responsibility for the crisis in higher education from the government itself to the shoulders of colleges, students and their families, and will systematically de-fund schools in low-income communities, while forcing universities to cut history, social studies and language curricula. The ultimate aim of the college ratings system is to bar the working class entirely from higher education and stifle critical thought among students.



To contact the WSWWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**