

The New Math of College Rankings

More websites let students and parents compare colleges based on financial criteria

By JILLIAN BERMAN

Nov. 1, 2015 10:05 p.m. ET

New websites and greater access to education-related financial data are taking some of the mystery out of college shopping.

A growing number of websites sort colleges based on financial criteria, allowing students and families to compare schools on such factors as return on investment and graduates' prospects for employment—key considerations at a time when four years of college can represent one of the biggest investments a family or an individual will ever make.

The ability to compare schools across a wide range of financial criteria got a big boost in September when the federal government released a trove of data on student-loan repayment rates, salaries and other factors that can play into one's choice of school. Moreover, the government released the data in a format that is easy for sites to incorporate into their rankings of schools.

Updated Scorecard

At the same time, the Department of Education unveiled a revamped version of its College Scorecard, a website that helps people sort through data by individual school, degree program, location, size and other factors. Users can see the average annual cost of a college for families of different incomes, the school's graduation rate, median earnings after 10 years, share of students paying down their debt and other financial information. The data is aggregated from a variety of government sources.

The Obama administration has framed the data release and new College Scorecard as an antidote to traditional college rankings, such as those in U.S. News & World Report, which emphasize a college's selectivity and the amount it spends per student.

"These are the exact wrong incentives to give our colleges and the wrong message to send our students," said James Kvaal, deputy director of White House domestic policy, in a conference call announcing the data release. "Those kinds of fine distinctions and arbitrary rankings I think are not useful for students trying to choose among colleges," he later added.

A spokesman for U.S. News & World Report says selectivity accounts for 12.5% of a college's score in the company's Best Colleges ranking. Robert Morse, chief data strategist for U.S. News, says factors such as graduation and retention rates are weighted more heavily. The rankings do

consider how much a school spends on its students, but only in core areas such as instruction, student services and academic support, he says.

“The U.S. News rankings specifically measure academic excellence, and the factors included in our methodology reflect that,” says Mr. Morse, who adds that prospective students “should not base their college choice on earnings alone.” He also notes, however, that there appears to be a correlation between earning a good salary, as indicated in the Scorecard data, and schools ranked highly by U.S. News.

How They Compare

Among the rankings and online tools families can use to compare colleges on a host of financial factors.

College Scorecard | Compare schools' annual cost for households of different incomes, graduation rates, median earnings after 10 years, share of students paying down debt, among other things.

College Abacus | Compare schools' net prices (after aid, work study and other financial resources), students' debt-repayment rates and average earnings.

IonMatch | Compare schools by estimated cost of a degree, potential salaries after graduation and other factors.

ScholarMatcher | Compare graduation rates and other outcomes at 296 schools (geared toward households earning \$50,000 or less).

PayScale College ROI Report | Ranking of schools based on typical return on investment after 20 years. Also includes total four-year cost, and average loan amount.

Brookings Beyond College Rankings | Sorts schools based on the difference between actual alumni outcomes and

expectations given a student's characteristics if he or she attended the average school.

Money Magazine's Best Colleges | Includes rankings of schools based on alumni earnings, academic quality and affordability, among other factors.

ProPublica Debt by Degrees | Compare what low-income students pay at various schools, their student debt and other factors.

THE WALL STREET JOURNAL.

Help for some

The government data has been a boon to College Abacus, for one, a site that compares more than 5,000 colleges based on likely net price—after financial assistance, work study and other aid resources are factored in. The new data have given the site the ability to show debt-repayment rates and average earnings for people who enrolled at a given school alongside students' individual net prices.

The data also led College Abacus's parent company, education nonprofit ECMC Group, to launch Pell Abacus, a site that helps low-income students understand their financial-aid options.

Abigail Seldin, co-founder of College Abacus and vice president of innovation and product management at ECMC Group, says the government's decision to unlock the data makes her site more useful, and serves as an endorsement of choosing schools based on financial factors instead of focusing solely on more traditional factors like social and academic fit.

Without good information, many students, in particular low-income students, end up applying to the most selective colleges and the schools closest to where they live because they aren't familiar with other options, says Diana Adamson, executive director of the nonprofit ScholarMatch, which created ScholarMatcher, a college-search tool geared toward families earning less than \$50,000. This site, which also incorporates the federal data, has just 296 schools in its database. But that's because it focuses on schools where students have the best chance of graduating with a manageable debt burden.

iontuition, a platform for borrowers to manage student-loan payments and learn money-management tips, launched a college-search tool with a return-on-investment focus earlier this year, called ionMatch [www.iontuition.com/ionMatch]. Families can compare schools by the estimated cost of a degree, potential salaries after graduation and other factors. It hopes to soon add a filter that will rank schools with scores based on their returns on investment.

Of course, not everyone looks at how to decide on a college the same way. To some, financial data, while important, should not govern the process.

When PayScale, a site that provides real-time salary data, launched a college-return-on-investment survey [www.payscale.com/college-roi] in 2010, there was a lot of pushback, particularly from colleges. “People were really resistant to this idea of assigning any kind of financial return to higher education,” says Lydia Frank, senior director of editorial and marketing. In recent years, however, PayScale has seen the conversation shift. The idea of weighing finances in the college-selection process is no longer considered radical, Ms. Frank says. PayScale was among the organizations to get access to the government’s student financial data before its public release.

The intangibles

Some critics, however, continue to say that college-search tools that focus too intently on financial data miss the point of college. Zeroing in on factors like the average salary of graduates or students’ ability to repay loans “cheapens and frankly distorts” the true purpose of college, says Jerry Z. Muller, a history professor at Catholic University of America.

The true return on investment in a college often can’t be measured in monetary terms, he says. According to Mr. Muller, the success of a college experience can be better understood through whether a person learns to think critically, becomes more interesting and interested in the world and turns into a better job candidate, friend or life partner.

If financials become too large of a consideration in the college-search process, Mr. Muller says, schools may become hesitant to admit students they don’t think will be financially successful.

Colleges may also shift their priorities away from providing students with a well-rounded education and instead focus on only high-earning fields.

In that case, says Mr. Muller, “they might as well shut down the classics department.”

Ms. Berman is a reporter for MarketWatch in New York. Email jberman@marketwatch.com.