



**Performance-based Funding Council
Testimony of Nathan Hench
January 14, 2025**

Greeting

Members of the Performance-based Funding Council, esteemed colleagues, and honored guests,

My name is Nathan Hench. I am the Senior Vice President of Public Affairs, Guaranty, and Strategy for the Pennsylvania Higher Education Assistance Agency (or PHEAA).

First, allow me to express my sincere gratitude to the newly formed State Board of Higher Education for inviting PHEAA to speak before this Council in support of your efforts to stand up a new performance-based funding process for the Commonwealth.

While PHEAA cannot take a position on legislation such as Act 90 of 2024, we certainly recognize the importance of aligning financial resources with performance metrics that reflect the diverse needs of students and the strategic goals of the Commonwealth.

As an Agency committed to equitable and affordable access to higher education for students and families across Pennsylvania, we truly appreciate the opportunity to contribute to this effort.

We are fully committed to leveraging our expertise and resources to this Council in fulfilling its mission and delivering actionable recommendations that will enhance the effectiveness and equity of funding allocation in Pennsylvania's higher education system.

Postsecondary Education Data Collection

During our review of this legislation, we identified several data elements that are not currently collected by PHEAA from postsecondary institutions on all undergraduate students. Our Agency does, however, report on outcome measures for select cohorts of our PA State Grant recipients, using data periodically acquired from the National Student Clearinghouse. The PA State Grant Program is Pennsylvania's primary need-based grant program for students – currently the seventh largest in the nation.

Additionally, PHEAA reports on limited outcome measures for students in the PA Act 101 Program and PA Targeted Industry Program (PA-TIP). Act 101 provides funds to schools that offer support services to economically or educationally qualified undergraduates to

help them successfully complete postsecondary education. For Act 101, PHEAA uses data reported to our Agency by the participating Act 101 schools (36 programs in 2023-24) to report on retention, graduation, and course completion rates. PA-TIP provides need-based grants to students enrolled in programs of study that are less than 2 years in length and in the energy, health, agriculture, and manufacturing fields. For PA-TIP, graduation data reported by participating PA-TIP schools is used along with employment data obtained via an exchange with the PA Department of Labor and Industry (L&I).

Traditionally, higher education researchers across the United States have utilized the Integrated Postsecondary Education Data System (IPEDS) for valuable metric data about postsecondary education.

IPEDS is the National Center for Education Statistics' (NCES) core postsecondary education data collection program, designed to help NCES adhere to its mandate to report full and complete statistics on the condition of postsecondary education in the country.

IPEDS collects institution-level data from providers of postsecondary education, primarily all Title IV-eligible universities, colleges, and technical and vocational education providers in the United States and other jurisdictions in areas such as enrollment, admissions, program completions, graduation rates and other outcome measures, retention rates, student financial aid, tuition and fees, faculty, staff, library data, and finances.

Since 1993, completion of the IPEDS survey has been mandatory for all postsecondary institutions that participate in or are eligible to participate in any federal student financial assistance program authorized by Title IV of the Higher Education Act of 1965, as amended (20 USC 1094[a] [17]).

For institutions not eligible to participate in Title IV programs, participation in IPEDS is voluntary.

Currently, there are nearly 7,000 Title IV institutions that report data to IPEDS.

While IPEDS is generally thought of as the "go to" resource for higher education researchers, PHEAA urges the Council to consider some of the drawbacks associated with using this data.

First, IPEDS data is self-reported by institutions, which can result in inconsistencies.

IPEDS data is not subject to quality audits, though NCES has worked over the years to improve the data quality of the system.

Additionally, the IPEDS metrics relies heavily on first-time students, making it less effective in capturing the experiences and outcomes of non-traditional students.

Given these limitations, instead of pulling the data directly from the online IPEDS Data Center, we maintain that the best source of information is the schools themselves, as the institutional research offices have to report their respective data to IPEDS and can best capture some of the more nuanced data elements mentioned in the legislation.

Still, in addition to engaging the schools directly for the data elements requested in the legislation, the Council may want to explore additional data elements that are available directly from the IPEDS Data Center, or it can use the more user-friendly NCES College Navigator site. College Navigator is a site designed to help prospective students and their parents understand the differences among colleges and how much it costs to attend college, as well as offer information on student financial aid, programs and services offered, enrollments, graduation rates, and accreditation, and more.

College Navigator consists primarily of the latest data from IPEDS and can be used to export reports regarding Penn State, the University of Pittsburgh, and Temple University, as well as their branch campuses.

PHEAA also wanted to note that some of the data the Council may want to gather from the schools is related to students enrolled in programs of study that lead to in-demand occupations.

It should be noted that, while the legislation uses the phrase high-priority occupations, PHEAA typically uses L&I's PA In-Demand Occupations or PA IDOL list when it maps in-demand occupations to their related majors or programs of study. L&I has indicated to PHEAA that the PA IDOL is the more appropriate source for such mappings as opposed to the L&I's High-Priority Occupations (HPO) list.

To supplement the data provided by the schools or obtained via one of the federal tools, PHEAA would recommend the Council use the latest PA State Grant Outcomes Study on the 2015-16 PA State Grant Cohort, which we released in 2023 and have provided with our testimony. It should be noted that PHEAA uses 150% of normal time graduation rates in this report rather than 100% or 200% time.

The next study on the 2017-18 PA State Grant Cohort will be released in 2025 as we typically release this report every other year.

An additional report we have provided that may be of interest to the Council is the State of Student Aid & Higher Education in Pennsylvania. PHEAA commissioned Trellis Strategies to create this report; Trellis Strategies is a nonprofit organization that supports data-driven decision-making in higher education with research focused on student success, student finance, enrollment management, and workforce development. Sections 4 and 5 in this report, which provide data on higher education costs by school type and sector, may be particularly relevant.

Finally, we also provided the Council with copies of three “school impact” reports for Penn State, the University of Pittsburgh, and Temple University. These reports detail the number of 2023-24 recipients and award volume for PHEAA-administered programs at these institutions along with statewide comparisons.

Closing

This concludes my remarks. I want to thank you again for the opportunity to appear here today.