

**U.S. Department of Education**  
**Open Forum on College Value and Affordability and College Ratings System**  
**George Mason University**  
**Fairfax, Virginia**  
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**Statement of**  
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My name is Liz Clark. I am speaking today on behalf of the **National Association of College and University Business Officers (NACUBO)** where I am director of congressional relations. NACUBO represents chief business officers and their staff at more than 2,100 public and nonprofit colleges and universities. NACUBO promotes sound administration and financial management of institutions of higher education. Our membership includes college business officers, primarily chief financial officers, who hold a wide variety of responsibilities from planning and budgeting to accounting, endowment management, student accounts, facilities, campus safety, student housing and more. On behalf of NACUBO, thank you for the opportunity to comment today.

NACUBO commends the Administration for its commitment to higher education and we are eager to be partners in the conversation about college costs and a new rating system. From a business office perspective, we believe that by increasing the understanding by the public of colleges and universities, a clearer comprehension of tuition rates, rising costs, and or reductions in support will emerge. **Done well, making data more transparent can help the public understand the expenses that drive the cost of providing higher education—and that revenue to support those expenses is limited.**

We have a number of recommendations to offer for your consideration:

**1) A rating system must accommodate the diversity of American higher education.**

First, whether the rating system is approached as a consumer tool, benchmarking product or accountability measure, we believe that in the end, it needs to allow for a system that recognizes the great diversity of American higher education institutions.

Some institutions in this country may be spending \$10,000 per student each year and providing an excellent education for their particular student population while other institutions with different missions and or different resources may spend \$40-50,000 or more per student.

Indeed, individual students and their families have an enormous variety of choices, both within and between higher education sectors, which we believe they appreciate. The rating system must accommodate those differences and achieve a level of elegance that does not result in comparing apples to oranges.

**2) A rating system should not discourage investments critical to the education mission that are not easily measured.**

Second, the system should not discourage investments that are not easily measured. Graduation rates, employment and earnings outcomes, and default rates are generally considered the low-hanging fruit of post-secondary education performance measures. However, the public good of higher education expands far beyond those measures—communication skills, creative thinking, critical thinking, civic participation, global knowledge and healthier lives are all competencies that are nurtured, and invested in, by institutions as a part of the college experience.

**3) Partner with NACUBO on efforts to communicate financial information.**

Third, we encourage the Administration to partner with NACUBO on efforts to communicate financial information. Current financial reports reflect revenue and expense information based upon higher education accounting conventions that are decades old. NACUBO recently embarked upon a major project to create a new set of innovative financial statements, with key disclosures, in an attempt to better explain higher education's mission and financial results to stakeholders. The fundamental purpose is to design a statement to help the public understand and distinguish among types of revenue, endowment spending, institutional aid, educational expenses and to clarify how students pay for college. The project is aimed at the Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB), but could ultimately be useful to the Integrated Postsecondary Education Data System (IPEDS) finance survey which collects information based upon accounting standards set by these boards.

**4) Dramatic shifts in governmental resources must continue to be a part of the conversation about making college affordable for American families.**

Lastly, cutting costs and promoting efficiencies can only go so far in responding to the volatility of government higher education support. The recent recession era's constrained resources and a transitioning economy required many institutions to seek new solutions and even new business models—stimulating innovation and changing what institutions teach and how they deliver it. In addition to efforts to keep costs down, colleges and universities had to seek ways to grow revenues, particularly with the significant decline in per-student state funding at public colleges. We commend these efficiency efforts, but the impact of diminishing governmental resources must continue to be a part of the overarching conversation about making—and keeping—college affordable for American families.

At the University of Buffalo in August, President Obama said, "We're going to have to do things differently. We can't go about business as usual." NACUBO agrees. College and university business officers have known this for some time and have been key institutional players in designing and implementing changes. We can all benefit from further understanding of the scope of such institutional initiatives. We look forward to working together with the Administration and to further engagement on the issues of college value, affordability and the proposed college rating system.