



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

MAR 19 2003

INSPECTION MEMORANDUM

To: Sally Stroup
Assistant Secretary
Office of Postsecondary Education

Theresa S. Shaw
Chief Operating Officer
Federal Student Aid

Grover J. Whitehurst
Director
Institute of Education Sciences

From: Cathy H. Lewis 
Assistant Inspector General
Evaluation, Inspection and Management Services

Subject: Graduation Rates for Two-Year Postsecondary Institutions (ED/OIG I13C0015)

Executive Summary

This memorandum provides the results of our inspection of graduation rates for two-year postsecondary institutions eligible to participate in the student financial assistance programs authorized by Title IV of the Higher Education Act of 1965 (HEA). The Department of Education (Department) sends mandatory Graduation Rate Surveys (GRS) to four-year, two-year and less than two-year institutions. Our inspection memorandum reporting on graduation rates of less than two-year institutions was issued on August 19, 2002.¹

The objectives of our inspection were: 1) to obtain data on graduation rates for two-year postsecondary institutions, and 2) to review and report on the data collected from those institutions.

¹ *Graduation Rates for Less Than Two-Year Postsecondary Institutions*, ED/OIG I13C0001.

We obtained our data from the National Center for Education Statistics (NCES), which is responsible for collecting, analyzing, and disseminating statistics and other information related to education in the United States and other nations.² The core NCES postsecondary education data collection program is the Integrated Postsecondary Education Data System (IPEDS).

We examined graduation rate data for cohort³ years reported in 1999 and 2000 for the following categories of two-year institutions eligible for the Title IV programs:⁴

- Two-year public-not-for-profit institutions;
- Two-year private-not-for-profit institutions; and
- Two-year private-for-profit (proprietary) institutions.⁵

For the three categories of two-year institutions that completed the GRS, we found there were considerable differences in the overall average graduation rates. The public-not-for-profit institutions, with a graduation rate average of 29 percent, had the lowest rate in both years. The private-not-for-profit institutions, with a graduation rate average of 61 percent, reported the highest average graduation rate in 1999. The private-for-profit institutions, with a graduation rate average of 62 percent, reported the highest average graduation rate in 2000.

We also found that the number of non-respondents (institutions not responding to the GRS) increased in 2000. The number of non-respondents in the public-not-for-profit category increased from four percent to six percent. The number of non-respondents among the private-not-for-profit institutions increased from eight percent to eleven percent and for the private-for-profit institutions, the number increased from eleven percent to nineteen percent.

In our August 2002 graduation rate memorandum, we found that Federal Student Aid (FSA), the Office of Postsecondary Education (OPE) and the Institute of Education Sciences (IES), had not formalized procedures to ensure consistent enforcement against institutions that fail to respond to all IPEDS surveys. As a result, FSA had not taken action against non-respondents. In response to our recommendations, FSA, OPE, and IES developed procedures for consistent enforcement against non-respondents. FSA has stated it sent warning letters to 106 institutions that failed to complete the 1999-2000 and

² NCES is a part of the Department's Institute of Education Sciences, formerly Office of Educational Research and Improvement (OERI).

³ A definition of cohort appears on page four of this memorandum.

⁴ IPEDS defines a two-year institution as a school with at least one program of at least two years but less than four years duration. Graduation rates for students attending schools with at least one program of two years are reported in this memorandum. Graduation rates for schools with programs of greater than two years but less than four years will be collected in the spring of 2003.

⁵ An institution of higher education is defined as: 1) a public or private nonprofit educational institution that provides an educational program that is at least a two-academic-year program acceptable for full credit toward a baccalaureate degree (34 C.F.R. 600.4); 2) a proprietary institution (34 C.F.R. 600.5); or 3) a postsecondary vocational institution that is a public or private non-profit educational institution (34 C.F.R. 600.6).

2000-2001 IPEDS surveys. As a result, only 19 institutions failed to respond to the fall 2002 survey. FSA further stated it is initiating administrative action against the non-respondents.

Graduation rates are an important measure for Congress, the Department and prospective students. This measure provides Congress and the Department with statistical information on postsecondary education, and it provides prospective students with a basis of comparison when choosing an institution. There are, however, significant differences among the two-year institutions in this large segment of postsecondary education.⁶

In June 2001, NCES issued a report on a proposed classification system for two-year postsecondary institutions by selected variables, including location, size, percentage of full-time, first-time degree/certificate-seeking students, and institutional mission.⁷ A description of the proposed system is included in this memorandum.

The proposed classification system demonstrates the diversity of the two-year institutions. Using that system to report graduation rates may provide further perspective regarding rates for various institutions.

FSA and IES provided comments in response to our draft memorandum. We considered their comments and made appropriate changes. The full responses are included in Exhibits 1 and 2.

Background

In 1990 Congress passed the Student Right-To-Know Act, which requires institutions of higher education receiving student financial assistance to provide information on the graduation rates of students and student-athletes.⁸ Regulations to implement the Act became effective July 1, 1996. The regulations apply to 1996-97 and subsequent award years and require that institutions participating in Title IV programs disclose information about graduation rates to current and prospective students. IPEDS collects the graduation rates through the GRS.

The Graduation Rate Survey

The GRS requests data on a cohort of full-time, first-time degree/certificate-seeking students who enroll as of October 15 or between September 1 and August 31 and complete a program within 150 percent of normal time.

⁶ Approximately half of all students in postsecondary education are enrolled in two-year institutions. U.S. Department of Education, NCES, *Profile of Undergraduates in U.S. Postsecondary Institutions: 1999-2000*. See also IES comments on IPEDS enrollment data (attached).

⁷ U.S. Department of Education, OERI, *A Classification System for 2-Year Postsecondary Institutions*, NCES 2001-167.

⁸ Pub. L. 101-542, codified at 20 U.S.C. 1092.

- Cohort – A cohort is a specific group of students established for tracking purposes. For example, students in a two-year institution who are designated as members of the 1996 cohort, remain in the 1996 cohort. The institution reports the status of the students in that cohort as of August 31, 1999. Once designated as a part of the 1996 cohort, a student remains in the 1996 cohort even if he or she becomes a part-time student; transfers to another institution; drops out of the institution; stops out of the institution; or has not fulfilled the institution's requirements to receive a certificate or degree.⁹
- 150 percent of normal time – If a course is advertised as taking two years to complete, the time calculation is 150 percent multiplied by two years equaling three years. Students completing the course within that three-year period of the start date are within 150 percent of normal time.¹⁰ IPEDS' definition of a two-year institution, however, includes schools with programs of less than four-years in duration. Therefore, if a course takes three and a half years to complete, the calculation is 150 percent multiplied by three and a half years equaling five and a quarter years. IPEDS collects the graduation rate for those students six years after the start date. Graduation rates for students attending two-year institutions with programs of greater than two years but less than four years will be collected in the spring of 2003.

Inspection Results

Our inspection obtained graduation rate data for cohort years reported in 1999 and 2000 for three categories of institutions eligible for the Title IV programs:

- Two-year public-not-for-profit institutions;
- Two-year private-not-for-profit institutions; and
- Two-year private-for-profit institutions.

Our comparison of the data for these three categories of institutions focused on: 1) the average graduation rates of two-year institutions for the cohort years reported in 1999 and 2000 and 2) the number and percent of non-respondents in the cohort years reported in 1999 and 2000. The graduation data we used was screened by IPEDS for agreement of totals and to ensure the inclusion of only full-time, first-time students, but the institutions were responsible for its accuracy. We did not verify the accuracy and reliability of the graduation data submitted by the institutions or the data provided by IPEDS.

The cohorts reported in 1999 and 2000 for the three categories of institutions discussed in this memorandum and presented in the charts below are defined as follows:

⁹ The Department's *GRS-General Instructions, 2-Yr-Institutions*, page twelve. Drop out is an official withdrawal; stop out is a temporary absence for the length of a term or module.

¹⁰ The Department's *GRS-General Instructions, Questions and Answers*, page four. A definition of "normal time" appears in 34 C.F.R. 668.41(a).

- *1999*: The 1996 cohort of full-time, first-time, degree/certificate-seeking students who entered as of October 15, 1996 or during the period between September 1, 1996 and August 31, 1997 and reported as of August 31, 1999.
- *2000*: The 1997 cohort of full-time, first-time, degree/certificate-seeking students who entered as of October 15, 1997 or during the period between September 1, 1997 and September 1, 1998 and reported as of August 31, 2000.

Average Graduation Rates

As shown in Chart A below, we found there was a considerable difference in the overall average graduation rates between the two-year public and private institutions reported in 1999 and 2000. The public-not-for-profit institutions, reported the lowest average graduation rates in both years, at 28.7 and 28.9 percent. There was very little difference between the average graduation rate in 1999 and 2000 for the private-not-for-profit institutions (60.5 and 59.2 percent) and the private-for-profit institutions (58.8 and 61.7 percent).

Chart A: Average Graduation Rates for Two-Year Institutions Responding to the GRS

Type of Institution	1999 Average Graduation Rates¹¹	2000 Average Graduation Rates¹²
Public-Not-For-Profit	28.7 %	28.9 %
Private-Not-For-Profit	60.5 %	59.2 %
Private-For-Profit	58.8 %	61.7 %

All averages were calculated by aggregating the graduation rate for each institution and dividing the total. Of the institutions sent a mandatory GRS, we did not include data on the following categories: 1) non-respondents; 2) institutions with no full-time, first-time students; and 3) branch campus data otherwise reported through a main campus. The graduation rate averages shown in Chart A, therefore, do not include the total number of institutions sent a mandatory GRS in each cohort year.

In Appendix A, we have provided detailed graduation information for each category of two-year institutions, showing the number of institutions within each ten-point graduation rate range, the number of non-respondents and the number of schools with no graduation rate.

¹¹ Of the 2,331 two-year institutions included in our review (for the cohort year reported in 1999), seven percent (159 of 2,331) did not complete the GRS.

¹² Of the 2,318 two-year institutions included in our review (for the cohort year reported in 2000), eleven percent (254 of 2,318) did not complete the GRS.

Number and Percent of Non-Respondents

As shown in Chart B below, the total number of non-respondents in each category of two-year institutions increased in the cohort year reported in 2000. For the public-not-for-profit institutions, the number of non-respondents increased from four percent to six percent. For the private-not-for-profit institutions, the non-respondents increased from eight percent to eleven percent. For the private-for-profit institutions, the rate increased from eleven percent to nineteen percent. This is a significant rate of non-compliance with the Department's regulations.

According to an NCES representative, conversion to a new electronic reporting process (beginning with the cohort year reported in 2000) may have contributed to the increase in the number of non-respondents.

Chart B: Number and Percent of Non-Respondents, Two-Year Institutions

Type of Institution	1999 Number of Non-Respondent Institutions	1999 Percent of Non- Respondent Institutions	2000 Number of Non-Respondent Institutions	2000 Percent of Non- Respondent Institutions
Public-Not-For-Profit	45	4%	67	6%
Private-Not-For-Profit	22	8%	30	11%
Private-For-Profit	92	11%	157	19%

In response to the recommendations contained in our August 2002 graduation rate memorandum, FSA, OPE, and IES developed procedures for consistent enforcement against institutions that fail to respond to all IPEDS surveys as required by program participation agreements. FSA has stated it sent warning letters to 106 institutions that failed to complete the 1999-2000 and 2000-2001 IPEDS surveys. As a result, only 19 institutions failed to respond to the fall 2002 survey. FSA further stated it is initiating administrative action against the non-respondents.

Proposed Classifications for Two-Year Postsecondary Institutions

According to the Department, about half of all students in postsecondary education are enrolled in two-year institutions. In our memoranda on graduation rates, we report the results of the GRS under three basic categories based on institutional control: public-not-for-profit, private-not-for-profit and private-for-profit.

In June 2001, NCES issued a report on a proposed classification system, which groups two-year postsecondary institutions by selected variables, including location, size,

percentage of full-time, first-time degree/certificate-seeking students and school mission. (Chart C below summarizes selected variables in the subcategories.) The proposed system expands the three basic categories into seven subcategories: three subcategories for public-not-for-profit institutions, two subcategories for private-not-for-profit institutions and two subcategories for private-for-profit institutions. These subcategories provide a more detailed perspective of two-year institutions and may facilitate a better understanding of the results of the GRS.

Two-Year Public-Not-For-Profit Institutions

In the proposed classification system, the publicly controlled two-year institutions are divided into rural community colleges, suburban community colleges and urban community colleges.

- *Community Development and Career Institutions* tend to be in rural areas and have an average enrollment of 940 students. An average of 31.4 percent of the students are enrolled as full-time, first-time degree seeking students. These community colleges confer awards and degrees primarily in job and career skills development and focus on overall workforce development for the communities they serve.
- *Community Connector Institutions* are located in suburban locations and have an average enrollment of 4,947 students. An average of 15.6 percent of the students are enrolled as full-time, first-time degree seeking students. These community colleges also tend to confer awards and degrees that target job and career skills development. Additionally, they offer academic programs that can transfer to four-year institutions.
- *Community Mega-Connector Institutions* tend to be in urban locations with an average enrollment of 20,391 students. An average of 9.0 percent of the students are enrolled as full-time, first-time degree seeking students. These community colleges also tend to confer awards and degrees that target job and career skills development. Additionally, they offer academic programs that can transfer to four-year institutions.

Two-Year Private-Not-For-Profit Institutions

In the proposed classification system, the two-year not-for profits are characterized by the combined total percentage of awards granted in allied health programs.

- *Allied Health Institutions* tend to be in urban areas and have an average enrollment of 88 students. An average of 50.4 percent of the students are enrolled as full-time, first-time degree seeking students. These institutions award certificates in allied health programs.

- *Connector Institutions* tend to be in urban locations and have an average enrollment of 650 students. An average of 39.0 percent of the students are enrolled as full-time, first-time degree seeking students. These institutions grant less than 100 percent of their awards in allied health programs and target job and career skills development. Additionally, they offer academic programs that can transfer to four-year institutions.

Two-Year Private-For-Profit (Proprietary) Institutions

The two-year private-for-profit institutions in the proposed classification are primarily in urban locations and grant a high percentage of their awards in occupationally specific programs.

- *Career Connector Institutions* are located almost exclusively in urban locations and have an average enrollment of 609 students. An average of 53.0 percent of the students are enrolled as full-time, first-time degree seeking students. These institutions target job and career skills development, concentrating in occupations that are in high demand, particularly technology and business. Additionally they offer academic programs with general education courses that can transfer to four-year institutions.
- *Certificate Institutions* tend to be located in urban locations and have an average enrollment of 205 students. An average of 65.2 percent of the students are enrolled as full-time, first-time degree seeking students. These institutions provide specialized training usually in a single job category or area, preparing students to enter the workforce. This classification includes a high concentration of cosmetology services.

The data in Chart C below further demonstrates the diversity of two-year institutions. In addition to significant differences in enrollment size, the percentage of student population tracked at two-year institutions by the GRS varies significantly. The *Certificate Institutions* in the private-for-profit category enroll the largest percentage of full-time, first-time degree/certificate-seeking students (65.2 percent), while the *Community Mega-Connector Institutions* in the public-not-for profit category enroll the smallest percentage (9.0 percent).

Chart C also demonstrates that institutions in four of the seven subcategories provide programs that transfer to four-year institutions. The GRS does not count as graduates those students who transfer to other institutions to continue their education.¹³ It is not necessary to complete a degree before transferring to a four-year institution.

¹³ Currently, institutions are required to calculate the transfer-out rate for students who have not graduated within 150 percent of normal time, but have enrolled in any program for which its instruction provided substantial preparation. 34 C.F.R. 668.45(c). See also IES comments on completion rates and transfers (attached).

Chart C: Averages of Selected Variables in the Subcategories

Type of Institution	Student Enrollment	Full-time/First-time Degree/Certificate Seeking Students	Programs Transfer to Four-Year Institutions
Community Development and Career	940.2	31.4 %	No
Community Connector	4,947.0	15.6%	Yes
Community Mega-Connector	20,390.7	9.0%	Yes
Allied Health	88.4	50.4%	No
Connector	649.7	39.0%	Yes
Career Connector	609.3	53.0%	Yes
Certificate	204.5	65.2%	No

Key

	Public-Not-For-Profit - Graduation Rate in 1999: 28.7%; 2000: 28.9%
	Private-Not-For-Profit - Graduation Rate in 1999: 60.5%; 2000: 59.2%
	Private-For-Profit - Graduation Rate in 1999: 58.8%; 2000: 61.7%

Summary

Graduation rates are an important measure for Congress, the Department and prospective students. In comparing two-year institutions on the basis of their graduation rates however, it is important to understand the significant differences among the two-year institutions.

The proposed classification system demonstrates the diversity of the two-year institutions. Using that system to report graduation rates may provide further perspective regarding rates for various institutions.

FSA Response

On March 17, 2003, FSA provided a written response to our draft memorandum. The response details new procedures intended to increase the number of institutions responding to the IPEDS survey. FSA also provided the status of its actions to enforce the survey reporting requirement.

OIG Response

We revised our memorandum to include the information provided by FSA.

IES Response

On March 5, 2003, IES provided a written response to our draft memorandum. IES provided enrollment data for two-year institutions, which supplements the data cited in the memorandum. IES also provided additional information on completion rates and transfers.

OIG Response

We have incorporated the information provided by IES on enrollment data (footnote 6) and completion rates and transfers (footnote 13). We also made additional edits to the memorandum as suggested by IES.

We appreciate the cooperation given to us during the inspection. If you have any questions or wish to discuss the contents of this report, please call me at 202-205-8639 or Brent Weston, Director, EIMS at 202-205-9833. Please refer to the control number in all correspondence relating to this report.

Objectives, Scope and Methodology

The objectives of our inspection were: 1) to obtain data on graduation rates for two-year postsecondary institutions, and 2) to review and report on the data collected from those institutions.

We contacted NCES for information pertaining to graduation rates for postsecondary institutions. NCES sent us spreadsheets containing information that it gathered from participating institutions. We used relevant graduation information from this document in our report. This information included:

- Whether an institution was eligible for Title IV assistance
- Whether an institution was mailed a GRS and if a response was received
- Whether an institution was a branch or main campus
- What the graduation rate of the institution was, and
- Whether the institution enrolled first-time, full-time students

NCES sent us Excel documents containing graduation information for years 1999 and 2000 that we used in our inspection. It contained the following information:

- Graduation Rates
- Title IV eligibility
- Non-respondents
- Branch and Main Campuses
- Not applicable institutions (those exempt from providing information)
- 1999 Description Codes

We conducted our inspection from June of 2002 to October of 2002.

This inspection was performed in accordance with the President's Council on Integrity and Efficiency (PCIE) Standards for Inspections dated March 1993.

Public Not-For-Profit

Reported Graduation Rate	1999 Number of Inst.	2000 Number of Inst.
100	10	19
90-99 range	9	7
80-89 range	14	21
70-79 range	33	22
60-69 range	27	29
50-59 range	45	53
40-49 range	103	93
30-39 range	181	171
20-29 range	269	254
10 thru 19 range	282	285
1 thru 9 range	142	145
zero	13	17
Total	1128	1116
Non-respondents (institutions that did not respond to the graduation rate survey)	45	67
Total	1173	1183
Not applicable (no first-time, full-time students; not in business in 1996; or were not required to submit a GRS)	8	13
Branch Campus (Main campus reported graduation rate)	23	14
Total	1204	1210

Graduation Rate Average*	28.7	28.9
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*These averages were calculated by aggregating the graduation rate for each institution used in our review and then averaging the total. These averages do not include the non-respondent, not applicable, or branch campus categories.

Chart A-2

Private-Not-For-Profit

Reported Graduation Rate	1999 Number of Inst.	2000 Number of Inst.
100	36	45
90-99 range	14	9
80-89 range	16	11
70-79 range	27	21
60-69 range	33	21
50-59 range	31	20
40-49 range	23	23
30-39 range	19	24
20-29 range	19	13
10 thru 19 range	14	10
1 thru 9 range	2	3
zero	5	13
Total	239	213
Non-respondents (institutions that did not respond to the graduation rate survey)	22	30
Total	261	243
Not applicable (no first-time, full-time students; not in business in 1996; or were not required to submit a GRS)	26	30
Branch Campus (Main campus reported graduation rate)	3	10
Total	290	283

Graduation Rate Average*	60.5	59.2
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*These averages were calculated by aggregating the graduation rate for each institution used in our review and then averaging the total. These averages do not include the non-respondent, not applicable, or branch campus categories.

Chart A-3

Private-For-Profit

Reported Graduation Rate	1999 Number of Inst.	2000 Number of Inst.
100	18	81
90-99 range	22	21
80-89 range	73	57
70-79 range	118	79
60-69 range	133	116
50-59 range	124	91
40-49 range	90	60
30-39 range	53	34
20-29 range	38	25
10 thru 19 range	19	14
1 thru 9 range	8	9
zero	8	30
Total	704	617
Non-respondents (institutions that did not respond to the graduation rate survey)	92	157
Total	796	774
Not applicable (no first-time, full-time students; not in business in 1996; or were not required to submit a GRS)	22	51
Branch Campus (Main campus reported graduation rate)	19	0
Total	837	825

Graduation Rate Average*	58.8	61.7
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*These averages were calculated by aggregating the graduation rate for each institution used in our review and then averaging the total. These averages do not include the non-respondent, not applicable, or branch campus categories.



UNITED STATES DEPARTMENT OF EDUCATION
STUDENT FINANCIAL ASSISTANCE
WASHINGTON, D.C. 20202-5132

CHIEF OPERATING OFFICER

TO: Mary Mitchelson
Acting Assistant Inspector General
Analysis and Inspection Services

FROM: Theresa S. Shaw *TSSlaw*

SUBJECT: Draft Inspection Memorandum - Graduation Rates for Two-Year Postsecondary Institutions (ED/OIG I13C0015)

MAR 14 2003

Thank you for sharing the results of your inspection related to graduation rates for two-year postsecondary education institutions. Along with the Institute for Education Sciences (IES) and the Office of Postsecondary Education (OPE), we are committed to ensuring that all Title IV institutions report graduation rate data to NCES via the Integrated Postsecondary Education Data System (IPEDS) survey. IES and FSA worked together to draft procedures in October 2002. The new procedures are aimed at increasing the number of institutions responding to the IPEDS survey and implementing enforcement of the survey reporting requirement.

Working with IES and OPE, we have already taken corrective action on the finding and recommendations contained in OIG's previous inspection memorandum (I13C0001). In our response, we stated that FSA would initiate immediate actions to gain compliance with all IPEDS, including GRS, for the Fall 2002 data collection. FSA is pleased to report that we sent warning letters to 106 institutions that failed to complete the 99-00 and 00-01 IPEDS surveys. The warning letters reminded the institutions of their obligation to provide the data and that noncompliance for the Fall 2002 survey would result in the initiation of an administrative action (fine). As a result, all but 19 Title IV eligible institutions responded to the Fall 2002 survey. As of March 12, 2003, the status of the remaining 19 institutions was as follows:

- Seven responded to Winter 2003 survey;
- Three closed or received \$0 Title IV funds during 01-02;
- One fine action was initiated on February 26, 2003, in combination with a termination action for failed financials and not submitting the required letter of credit;
- Five fine actions mailed March 12, 2003; and,
- Three fine actions pending further research.

FSA will continue to follow the agreed to procedures and take appropriate administrative action against institutions, referred to FSA by IES, for failing to complete IPEDS surveys

CC: Grover J. Whitehurst
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UNITED STATES DEPARTMENT OF EDUCATION
INSTITUTE OF EDUCATION SCIENCES

MAR 5 2003

To: Mary Mitchelson
Acting Assistant Inspector General
Analysis and Inspection Services

From: ^{to} Grover J. Whitehurst *Sue Polka*
Director
Institute of Education Sciences

Subject: Draft Inspection Memorandum
Graduation Rates for Two-Year Postsecondary
Institutions (ED/OIG I13C0015)

Thank you for the opportunity to review the subject memorandum. The Institute of Education Sciences (IES) is very interested in the information presented in this document as it reflects important work being done cooperatively by the National Center for Education Statistics, the office of Federal Student Aid and the Office of Postsecondary Education.

IES recognizes the importance of the IPEDS Graduation Rate data and our objective is to work with FSA to ensure that all Title IV institutions respond to the IPEDS surveys. In this regard, IES and FSA staff developed a set of procedures in October 2002 to assure consistent enforcement of each institution's requirement to respond to IPEDS as defined in their Program Participation Agreement. These procedures require IES to provide a list of nonrespondents, by survey, within 45 days of the close of each collection period. It is our understanding that NCES forwarded the list of Fall 2002 IPEDS nonrespondents to FSA on 12/18/2002; however, as far as we know, letters have not yet been sent to these institutions.

There are a few other points raised in the memorandum that could be clarified or expanded:

- In several places the memorandum states that additional data will be available in spring 2003; for example, footnote 4 (page 2) and on page 4. The data

referenced will be collected by NCES in spring 2003; however, they will not be available until fall 2003.

- Your footnote 6 states that, according to *Profile of Undergraduates in U.S. Postsecondary Institutions: 1999-2000*, approximately half of all students in postsecondary education are enrolled in two-year institutions. These data come from the National Postsecondary Student Aid Study, a sample survey, and look at full-year data; whereas the Graduation Rate data are from IPEDS and are thus based on a fall cohort. We would prefer that OIG reference the IPEDS Enrollment data; these data are also for fall and indicate that Title IV institutions enrolled 15,701,409 students in Fall 2000, of which, 6,061,897 (or 38.6%) were enrolled in 2-year institutions. It is also important to look at the distribution of the enrollment in the 2-year institutions by control. The fall 2000 data indicate that 95.0% of the 6 million students at 2-year institutions were enrolled in public institutions, while 1.2% were at private not-for-profit institutions and 3.8% were at private for-profit schools.
- On page 8, you refer to graduation rates for subcategories of 2-year institutions. The section that discusses *Certificate Institutions* uses the words "who graduate within three years" -- this should be taken out of the text as the rates that are cited reflect rates of enrollment, not graduation rates.
- In the next paragraph the text says, "The GRS does not count as graduates those students who transfer to other institutions to continue their education." This is true; however, it should be noted that, according to the GRS, students who complete a transfer-preparatory program (without obtaining a degree) are counted as completers if the completion of the program qualifies the student to enter directly into the third year of a baccalaureate program. Also, students who earn an associate's degree and then "transfer" to a 4-year institution are considered completers and NOT transfer students. Further, the GRS does collect information on transfers to other institutions provided the preparation of students to transfer is part of the institution's mission. One must recognize that "institutional mission" is an important

consideration when examining graduation rates, especially among the public 2-year institutions since these institutions are more likely to include transfer as part of their mission.

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