

Adding a Debt-to-Earnings Test to the Proposed Gainful Employment (GE) Rule

January 2026



U.S. Department of Education

**The following presentation contains preliminary analysis
from the Office of the Chief Economist.**

**Unless otherwise noted, the Department's analysis on
postsecondary students is limited to Title IV aid recipients.**



What is the Debt-to-Earnings (DTE) Test in GE?

- **The current GE rule includes two tests, an earnings test and a debt-to-earnings test.** Programs that fail either test lose eligibility.
- The Department proposes to use only an earnings test in GE.
- The DTE test requires that estimated annual debt payments not exceed **8% of income, or 20% of discretionary income** (income over 150% of the federal poverty guidelines).



Adding a Debt-To-Earnings (DTE) Test Matters for Only 2.0% of GE Programs

	Pass Earnings	Fail Earnings	Total GE Programs
Pass DTE	71.5%	24.2%	95.6%
Fail DTE	2.0%	2.4%	4.4%

Preliminary estimates using the 2026 PPD. Only programs with debt/earnings data and that are subject to the GE rule are included. The GE earnings test aligns with the earnings test in OBBB. The DTE test in this analysis is the same as under current policy except the earnings metric aligns with OBBB. Note that debt is measured for borrowers only, while GE has typically measured the median debt of all Title IV students, which includes nonborrowers and is therefore usually lower.



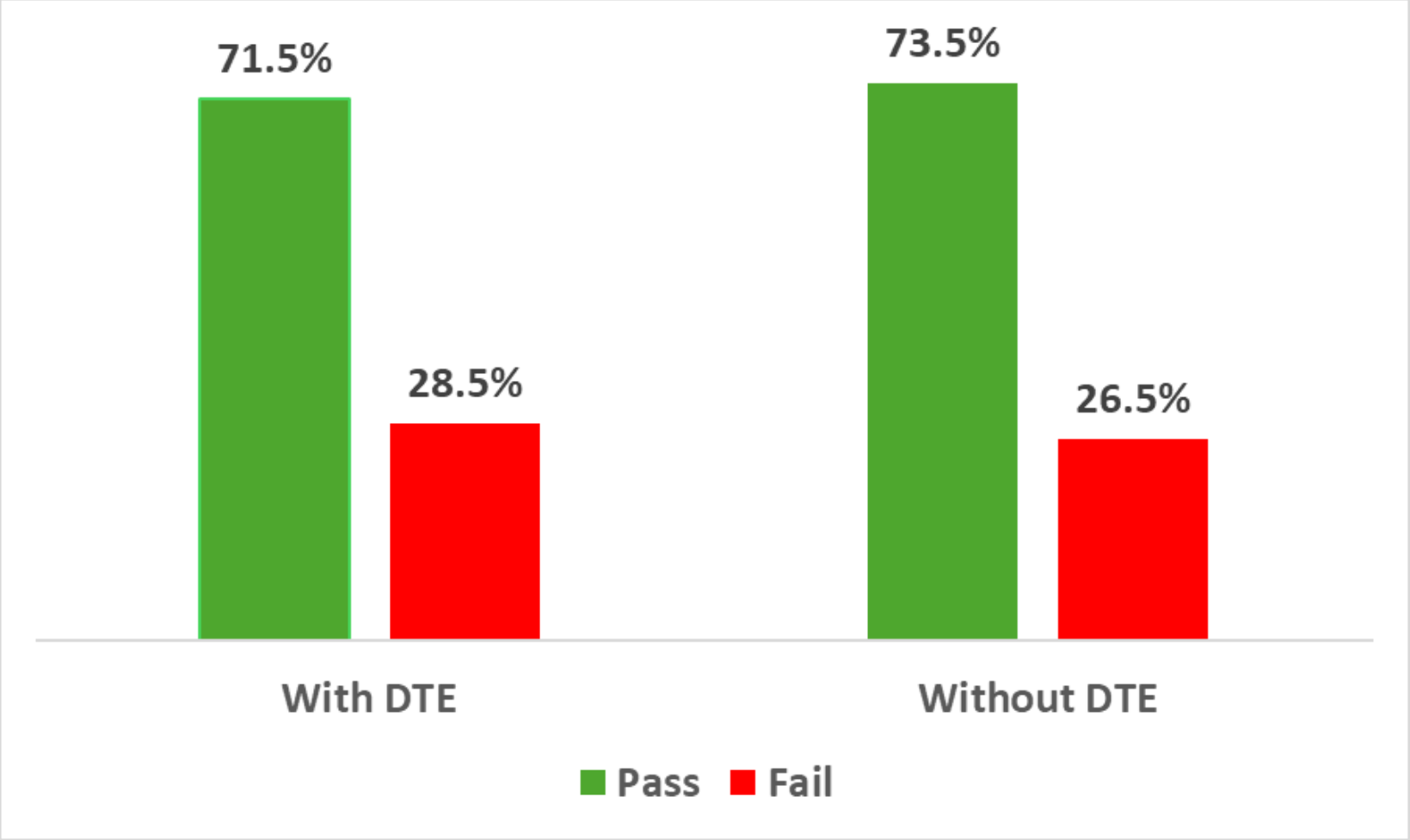
The DTE Test Captures Only 94 Programs That Otherwise Pass GE

	Pass Earnings	Fail Earnings	Total GE Programs
Pass DTE	3,384	1,145	4,529
Fail DTE	94	112	206

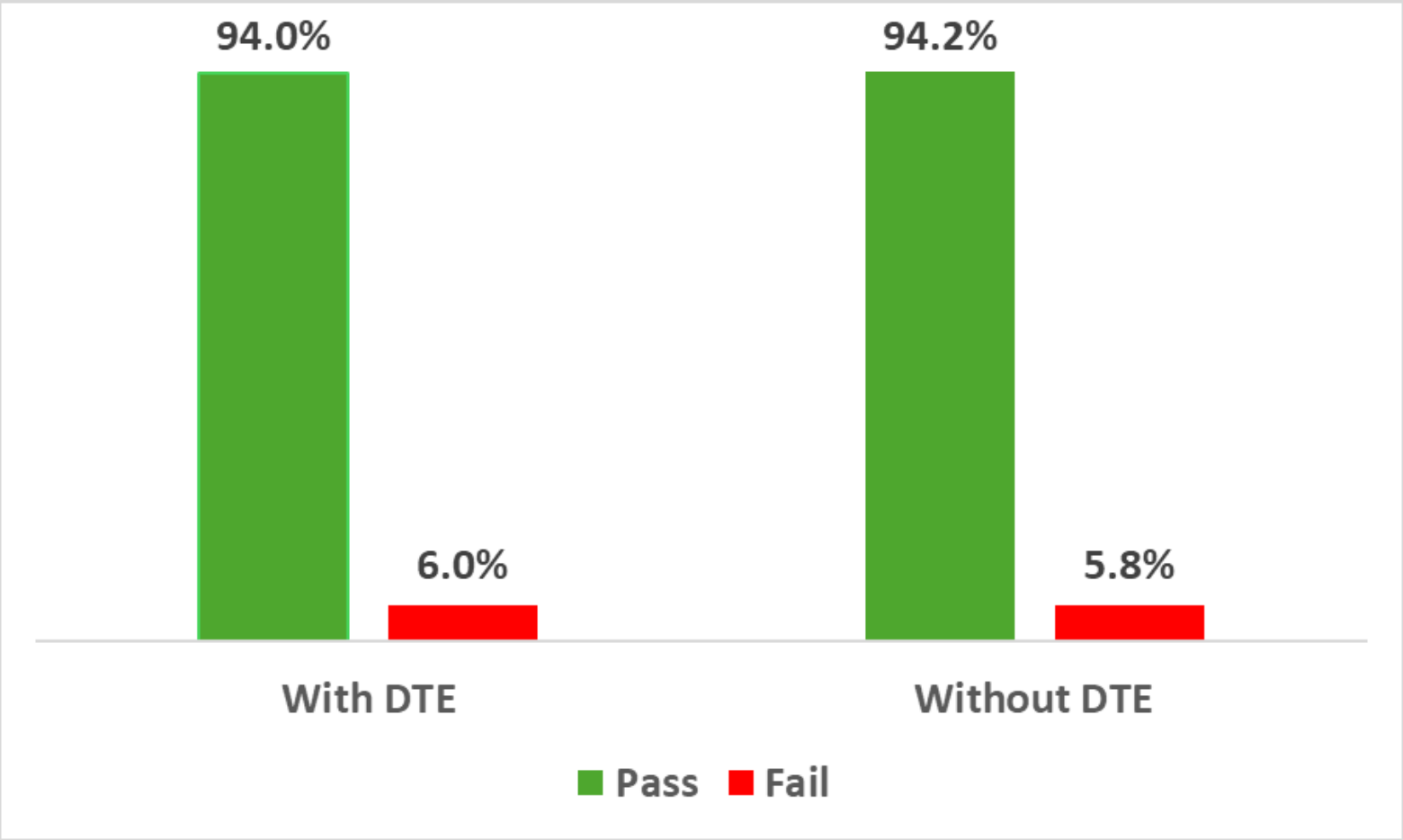
Preliminary estimates using the 2026 PPD. Only programs with debt/earnings data that are subject to the GE rule are included. The GE earnings test aligns with the earnings test in OBBB. The DTE test in this analysis is the same as under current policy except the earnings metric aligns with OBBB. Note that debt is measured for borrowers only, while GE has typically measured the median debt of all Title IV students, which includes nonborrowers and is therefore usually lower.



Share of GE Programs Passing or Failing Earnings and DTE Tests



Share of All Programs (GE and Non-GE) Passing or Failing OBBB/GE Earnings Test



Note: DTE test is applied to only programs subject to GE.



Title IV Enrollment at GE Programs that Fail DTE but Pass Earnings

	Fail Only DTE	All GE Programs	Share Failing Only DTE
Undergrad Cert	351	867,485	0.0%
Associate	13,694	289,244	4.7%
Bachelor	12,160	570,767	2.1%
Post-Bacc Cert	-	1,085	0.0%
Master's	4,116	225,368	1.8%
Doctoral	5,688	39,808	14.3%
First Prof. Degree	902	9,171	9.8%
Graduate Cert	2,844	31,037	9.2%
Total	39,755	2,033,965	2.0%



Number of GE Programs Failing Only DTE Test by Credential and Sector

Credential Level	Sector		
	Public	Non-Profit	For-Profit
Undergrad Certificate	6	0	0
Associate	0	0	29
Bachelor	0	0	14
Master's	0	0	15
Doctoral	0	0	10
First Professional Degree	0	0	2
Graduate Certificate	2	11	5
Total	8	11	75



Number of GE Programs Failing Only DTE Test by Field of Study

Field of Study (CIP2)	Count	Percent
Health Professions And Related Clinic..	26	27.7
Business, Management, Marketing, And ..	14	14.9
Visual And Performing Arts.	11	11.7
Psychology.	10	10.6
Education.	8	8.5
Legal Professions And Studies.	5	5.3
Public Administration And Social Serv..	4	4.3
Family And Consumer Sciences/Human Sc..	3	3.2
Security And Protective Services.	3	3.2
Communications Technologies/Technicia..	2	2.1
Computer And Information Sciences And..	2	2.1
Engineering Technologies/Technicians.	1	1.1
English Language And Literature/Lette..	1	1.1
Liberal Arts And Sciences, General St..	1	1.1
Multi/Interdisciplinary Studies.	1	1.1
Social Sciences.	1	1.1
Theology And Religious Vocations.	1	1.1



Why Are So Few GE Programs Affected by Adding a DTE Test?

- **The earnings test does the heavy lifting**, filtering out low earning programs.
- What's left are the “higher” earning programs.
- Because earnings are higher, those programs must have unusually high debt to fail DTE.
- Most programs that pass the earnings test do not have unusually high debt... **but if they do, their earnings tend to also be high.**
- The data suggest that two unusual conditions need to occur for programs to fail only DTE: they must be among the lowest 10% earning programs AND be among the highest 10% of debt burden programs.



Comparing Earnings of GE Programs that Pass or Fail the GE Earnings Test

Income Distribution (Percentiles) of GE Programs

	p10	p25	p50	p75	p90
Fail Earnings Test	\$21,492	\$24,983	\$29,155	\$32,197	\$34,635
Pass Earnings Test	\$37,417	\$43,380	\$54,450	\$68,462	\$85,639

Preliminary estimates using the 2026 PPD. The GE earnings test aligns with the earnings test in OBBB.



Comparing Debt of GE Programs that Pass or Fail the GE Earnings Test

Debt Distribution (Percentiles) Among GE Programs					
	p10	p25	p50	p75	p90
Fail Earnings Test	\$6,006	\$7,389	\$9,500	\$11,650	\$16,750
Pass Earnings Test	\$6,500	\$9,500	\$14,773	\$25,139	\$38,972

Preliminary estimates using the 2026 PPD. The GE earnings test aligns with the earnings test in OBBB. Note that only borrowers are included in these debt statistics; the DTE test measures median debt of all Title IV recipients, including nonborrowers.



Of Programs that Pass the Earnings Test, Only Programs in BOTH the Lowest Earnings Group and the Highest Two Debt Groups Fail DTE

GE Programs that Pass the Earnings Test					
	p10	p25	p50	p75	p90
Earnings	\$37,417	\$43,380	\$54,450	\$68,462	\$85,639
	p10	p25	p50	p75	p90
Debt	\$6,500	\$9,500	\$14,773	\$25,139	\$38,972

Preliminary estimates using the 2026 PPD. The GE earnings test aligns with the earnings test in OBBS.



Among Programs Passing the GE Earnings Test, Earnings Must be at the Bottom 10% and Debt at the Top 25% to Fail DTE

DTE Rates for Income at the 10th Percentile (\$37,419) of GE Programs Passing the Earnings Test

Debt of Programs Passing Earnings Test	Annual DTE	Disc. DTE	DTE TEST
\$6,500 (p10)	2.2%	5.5%	Pass
\$9,500 (p25)	3.2%	8.1%	Pass
\$14,773 (p50)	3.7%	9.2%	Pass
\$25,150 (p75)	8.2%	21.4%	Fail
\$38,978 (p90)	13.1%	33.1%	Fail

Note: Assumes 10-year amortization for short-term credentials. DTE rates are lower if 15-year amortization is used.



New OBBB Loan Limits for Graduate Programs

Reduce the Need for DTE

- **The OBBB sets new annual and lifetime limits for graduate and professional students starting July 1, 2026.** Under prior policy, these students could borrow with no annual or aggregate limit.
- Graduate & professional students will be subject to \$20,500 & \$50,000 annual limits, respectively (\$100,000 & \$200,000 aggregate).
- **About half of programs that fail only the DTE test are graduate or professional degrees.**



Median Debt Levels for 34 Out of 94 Programs Failing DTE Exceed New OBBB Loan Limits

Average Debt and Earnings for Programs that Would Likely Pass DTE if Subject to OBBB Loan Limits

	Debt	Earnings
Master's	\$90,656	\$61,949
Doctoral	\$165,330	\$77,774
First Professional	\$146,228	\$73,362
Graduate Certificate	\$114,994	\$79,855



Summary

- **The Department proposes to apply an earnings test aligned with OBBB to GE programs, but not a debt-to-earnings (DTE) test.**
- Adding a DTE test does relatively little to strengthen the GE rule.
- After accounting for the earnings test, only about 2% of programs fail the DTE test – **a number that is likely to be even smaller once OBBB loan limits are in place.**
- This analysis uses a debt measure that overstates debt (debt of borrowers), likely overstating the number of programs failing DTE; DTE measures median debt of borrowers and nonborrowers combined.

