

AHEAD Negotiated Rulemaking | Adjusting OBBB Benchmarks for Program Location

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Supported by: Military & Veterans, Public Institutions, State Workforce

Summary

State-level accountability metrics are too coarse—and they disproportionately harm rural programs, employers, and communities by assuming an entire state operates under one labor market. That assumption is wrong—and the data show it creates a structural disadvantage for rural programs and the stakeholders who rely on them.

Statistical Concerns

1. Rural programs face systematically higher failure risk under the new metric. When outcomes are evaluated without accounting for local labor-market realities, rural programs are more likely to be labeled as failing. In the RUCA-based analysis (excluding UGC), rural programs have the highest combined failure rates overall (4.8%), well above metro (2.8%), micro (2.5%), and small town (2.4%). The disparity is even more pronounced for graduate credentials: rural graduate programs show a 7.5% failure rate—meaning they are far more likely to be flagged than their metro (3.6%) or micro (4.8%) peers. Even at the undergraduate level, rural programs are higher-risk (4.4%) compared to metro (2.5%) and micro (2.0%). This “rural penalty” is true for both the program-level and student-level data, as seen in Figure.7 and Figure.8 below, respectively, though we would note that the disparity is more pronounced at the program-level.¹
2. Rural earnings are lower because local economies are different. Figure.3 highlights the significant gaps in rural and metro earnings across most of the 50 states, with some disparities north of 20% and median and average disparities of 8-9%. That gap is not evidence of poor program quality—it reflects the wage structure of rural labor markets. A state-level metric that expects rural graduates to meet metro-level earnings benchmarks will misclassify effective programs as failures.
3. Cost-of-living and labor-market structure don’t track cleanly at the state level. The Regional Price Parity (RPP) vs. earnings-premium figure as presented in Figure.0. underscores why state averages don’t work. Within-state variation is large, with a positive red slope highlighting the disparity in RPP generally across MSA Regions. In other words, “one state, one standard” ignores the real economic map programs operate within.
4. Disproportionate harm to military and veteran communities. A significant portion of the military-affiliated student population lives and studies outside dense urban centers, and nearly a quarter of all U.S. veterans reside in rural or nonmetropolitan areas where labor

¹ Refer to [Figures & Analysis](#) section for all associated charts and graphs.

markets, earnings, and economic structures differ markedly from urban norms. A statistically relevant number of undergraduate students nationally are affiliated with the military, including veterans, active-duty members, and dependents, and many higher education institutions enroll these students--or are increasingly seeking to, meaning that schools across rural America play a meaningful role in educating this population. Veterans also represent millions of potential enrollees who may face unique economic realities tied to local labor markets and earnings expectations, and rural residence can compound challenges of access, earnings outcomes, and post-education employment. An accountability system that treats local labor markets as monolithic risks misclassifying effective programs that serve these students and fails to reflect the distinctive economic contexts in which both rural programs and military-affiliated students operate.

Recommendation

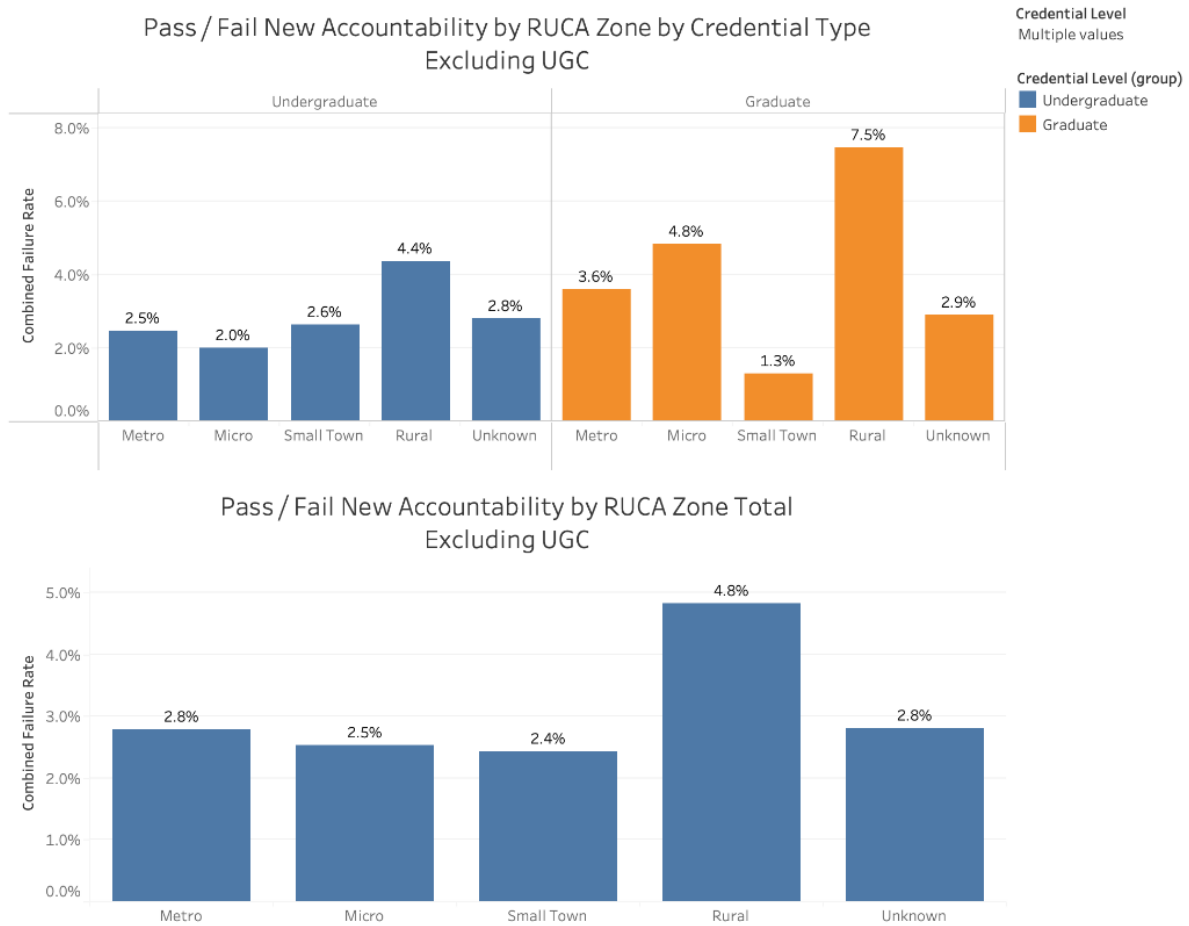
We understand and respect the Department's concerns regarding statutory authority on this subject. Given this we wish to be deferential to the Department with respect to how best to address this substantive issue. Nonetheless, we would present for consideration are as follows:

- Permit institutions to use Commuting Zone data from the Department of Agriculture, along with data from the Bureau of the Census, and associated ACS earnings data, as part of an appeal process.
- Nowhere in statute does Congress state that the "only" means for appeal is miscalculation, which is the Department's current position.
- By permitting adjustments to either the program-earnings or the benchmark using Census bureau data, the Department is defining a process that aligns with Congressional intent and achieves the policy goal of holding programs accountable relative to standards that come from Census data, and that help meet national, state, and local labor market goals.

[FIGURES & ANALYSIS ON NEXT PAGE]

Figures & Analysis²

Figure 1

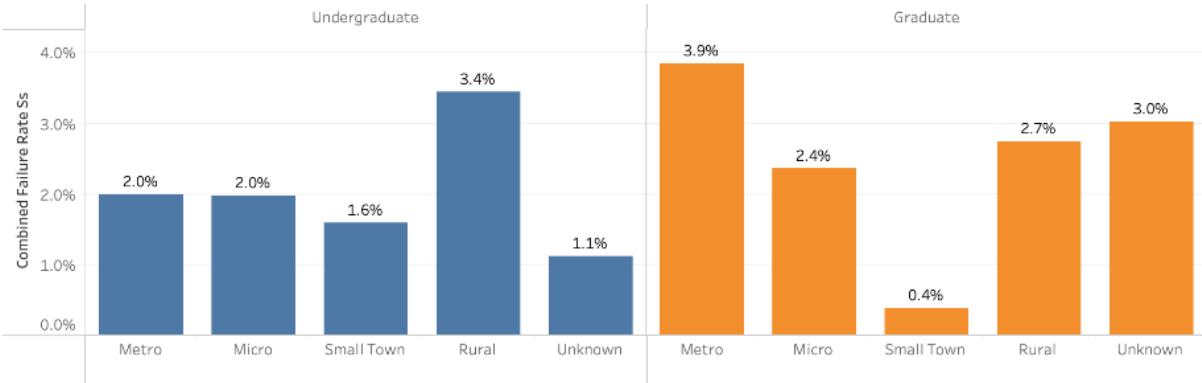


² All calculations conducted based on Department of Education data provided prior to AHEAD committee joined to RUCA Zones by Zip. [Link here.](#)

Figure 2

Pass / Fail New Accountability by RUCA Zone Student-Weighted
Excluding UGC

by Credential Grouping



Totals

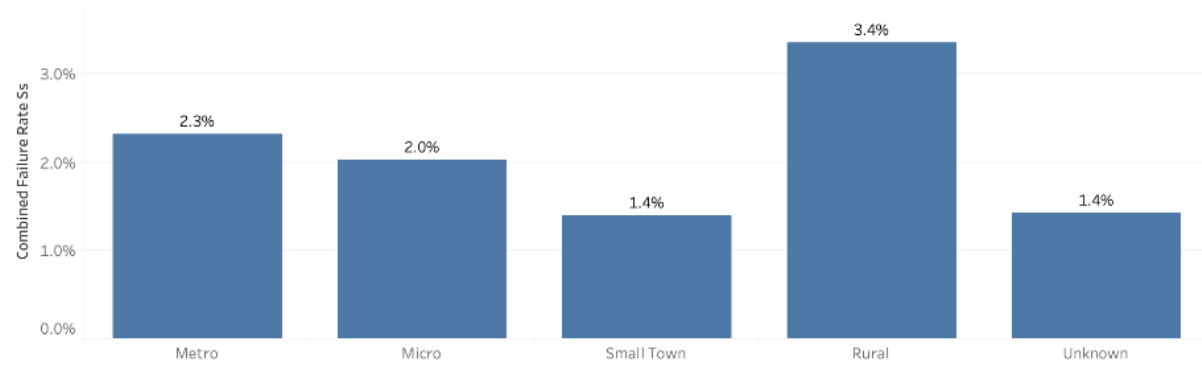


Figure 3

State	Rural	Urban/Metro	% Rural More (Less) than Urban/Metro
AL	\$56,999	\$64,763	(12.0%)
AK	\$63,017	\$62,761	0.4%
AZ	\$56,041	\$65,423	(14.3%)
AR	\$52,667	\$59,648	(11.7%)
CA	\$52,865	\$72,633	(27.2%)
OR	\$66,039	\$66,262	(0.3%)
CO	\$54,095	\$67,964	(20.4%)
CT	\$80,081	\$71,611	11.8%
DE	N/A	\$68,571	N/A
DC	N/A	\$90,243	N/A
MD	\$60,319	\$75,573	(20.2%)
FL	\$54,800	\$62,438	(12.2%)
GA	\$58,163	\$65,902	(11.7%)
HI	\$65,090	\$62,420	4.3%
ID	\$60,327	\$59,287	1.8%
IL	\$58,160	\$71,616	(18.8%)
MO	\$59,998	\$64,314	(6.7%)
IN	\$62,146	\$68,496	(9.3%)
IA	\$59,242	\$63,970	(7.4%)
KS	\$58,669	\$65,596	(10.6%)
KY	\$55,824	\$62,740	(11.0%)
LA	\$58,391	\$58,072	0.5%
ME	\$62,265	\$63,965	(2.7%)
NM	\$62,337	\$59,064	5.5%
MA	\$72,269	\$77,699	(7.0%)
MI	\$63,769	\$67,570	(5.6%)
MN	\$60,682	\$67,791	(10.5%)
MS	\$53,516	\$51,975	3.0%
MT	\$62,525	\$61,643	1.4%
NE	\$56,091	\$70,392	(20.3%)
NV	\$74,314	\$66,486	11.8%
NH	\$71,106	\$67,361	5.6%
NJ	N/A	\$68,708	N/A
NY	\$60,194	\$72,917	(17.4%)
PA	\$61,589	\$72,569	(15.1%)
NC	\$55,904	\$64,680	(13.6%)
ND	\$60,537	\$70,307	(13.9%)
OH	\$61,486	\$63,887	(3.8%)
OK	\$58,031	\$61,674	(5.9%)
RI	N/A	\$72,279	N/A
SC	\$48,943	\$59,661	(18.0%)
SD	\$62,282	\$60,877	2.3%
TN	\$53,619	\$62,860	(14.7%)
TX	\$57,382	\$65,410	(12.3%)
UT	\$57,178	\$70,517	(18.9%)
VT	\$65,168	\$68,445	(4.8%)
VA	\$57,422	\$68,375	(16.0%)
WA	\$69,661	\$69,761	(0.1%)
WV	\$62,099	\$60,141	3.3%
WI	\$59,537	\$64,539	(7.8%)
WY	\$62,899	\$58,768	7.0%
Simple Average	\$60,548	\$66,287	(8.7%)
Simple Median	\$60,194	\$65,596	(8.2%)
Range of Difference			(27.2%) to 11.8%

Figure 4

Regional Price Parity MSA (above 100 = higher area income, etc) vs. Earnings Premium
Based on MSA Region Type
Red line = trend line

