

## Ensure Accurate Earnings Benchmarks and Methodology

As the Department moves to implement the One Big Beautiful Bill Act (OBBA), we support a uniform accountability framework centered on earnings outcomes. While ensuring accurate measurement is essential to avoid unintended consequences, particularly for short-duration certificate programs and for institutions serving regional and access-oriented labor markets. This memo outlines targeted considerations to ensure earnings benchmarks and methodology reflect real-world labor market entry without weakening accountability.

### Certificate Programs Require a Distinct Earnings Benchmark

Certificate programs are fundamentally different from degree programs:

- **Short duration** (typically 6–18 months)
- **Lowest cost and lowest debt** across postsecondary credentials
- **Rapid workforce entry**, often into entry-level roles
- **High self-employment and tipped income prevalence**
- **Disproportionate service to low-income, working adult, female, and minority students**

#### Proposed direction

- For certificate programs, allow or require comparison to **Workforce Pell earnings benchmark** (e.g., 150% of the federal poverty line), which Congress already adopted for short-term workforce programs.
- **high school graduates aged 18–24 or 20–24**, which better reflects entry-level labor market reality.
- Alternatively, compare to **high school graduates aged 18–24 or 20–24**, which better reflects entry-level labor market reality.

Comparing certificate completers, who are beginners by definition, to mid-career workers (25–34) systematically inflates failure rates without improving consumer protection.

### Earnings Benchmark Geography Must Reflect Local Labor Markets

Most institutions do **not** operate in statewide or national labor markets.

Evidence consistently shows (note research on Community Zones by the University of Wisconsin):

- **Significant wage variation within states**
- **Lower prevailing wages in rural, micropolitan, and Southeast labor markets**
- Disproportionate impact on institutions serving **place-bound students**

**Proposed direction:**

- Where fewer than 50% of completers reside in a single state, require use of:
  - The **lesser of the national or Census division median**, if  $\geq 75\%$  of completers attended campuses within one Census division; and/or
  - A **micropolitan benchmark**, where  $\geq 75\%$  of completers attended campuses classified as micropolitan.

This aligns the comparison group to the labor market graduates actually enter.

## **Cost, Debt, and Time-to-Completion Context Matters**

We do **not** support returning to debt-to-earnings metrics.

However, available data clearly show:

- Certificate programs have **median loan balances under \$10,000**
- They have the **shortest time to completion**
- They produce the **lowest debt-to-earnings ratios** across all credentials

This context supports:

- Adjusted earnings benchmarks for certificates
- Recognition that certificates represent **low taxpayer risk**, even when absolute earnings are modest

## **Appeals Authority Should Address Known Measurement Imperfections**

Even a well-designed metric will encounter anomalies.

We urge the Department to retain explicit authority to consider:

- Documented underreporting of income (tips, self-employment)
- Regional labor market suppression
- Economic shocks (pandemic, industry disruptions)
- Demonstrated post-four-year earnings trajectory improvements

We support a single earnings-based framework, refined for credential/labor realities to strengthen policy equity.

Ensuring that **benchmarks and methodology reflect credential type and labor market reality**, especially for certificate programs, will strengthen, not dilute, the policy.

We look forward to working constructively with the Department to refine these elements during negotiations.