

Program Accountability in the One Big Beautiful Bill Act & Gainful Employment

January 5, 2026



U.S. Department of Education

Overview

Three objectives:

- Describing the new earnings test created by the One Big Beautiful Bill Act (OBBB).
- Clarifications regarding the treatment of programs at foreign colleges.
- Modifications to GE to align with OBBB earnings test.



**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.**



(1) New Earnings Test in OBBB

- OBBB includes a new earnings test for higher education programs. The test compares the earnings of program graduates to an earnings benchmark. Programs fail if their graduates' earnings are below the benchmark.
- The new earnings test, as specified in § 84001, applies to:
 - Associate's Degree Programs
 - Bachelor's Degree Programs
 - All types of Graduate-level Programs
- Programs that fail 2 out of 3 consecutive years will lose access to Federal student loans.



Earnings Measures Used

Program Earnings

- The **median earnings** of **Title IV graduates** who are **working** and **not enrolled in college**, measured **four years** after graduation.
- Program earnings data come from a Federal agency with individual income data, such as the **IRS**.

Earnings Benchmark

- The **median earnings** of **working 25–34-year-olds** with the **relevant credential level** (HS diploma or bachelor's degree) in **the relevant geographic area** (state or nation) in **the relevant field of study** (if applicable).
- Benchmark earnings data come from the **U.S. Census Bureau**.

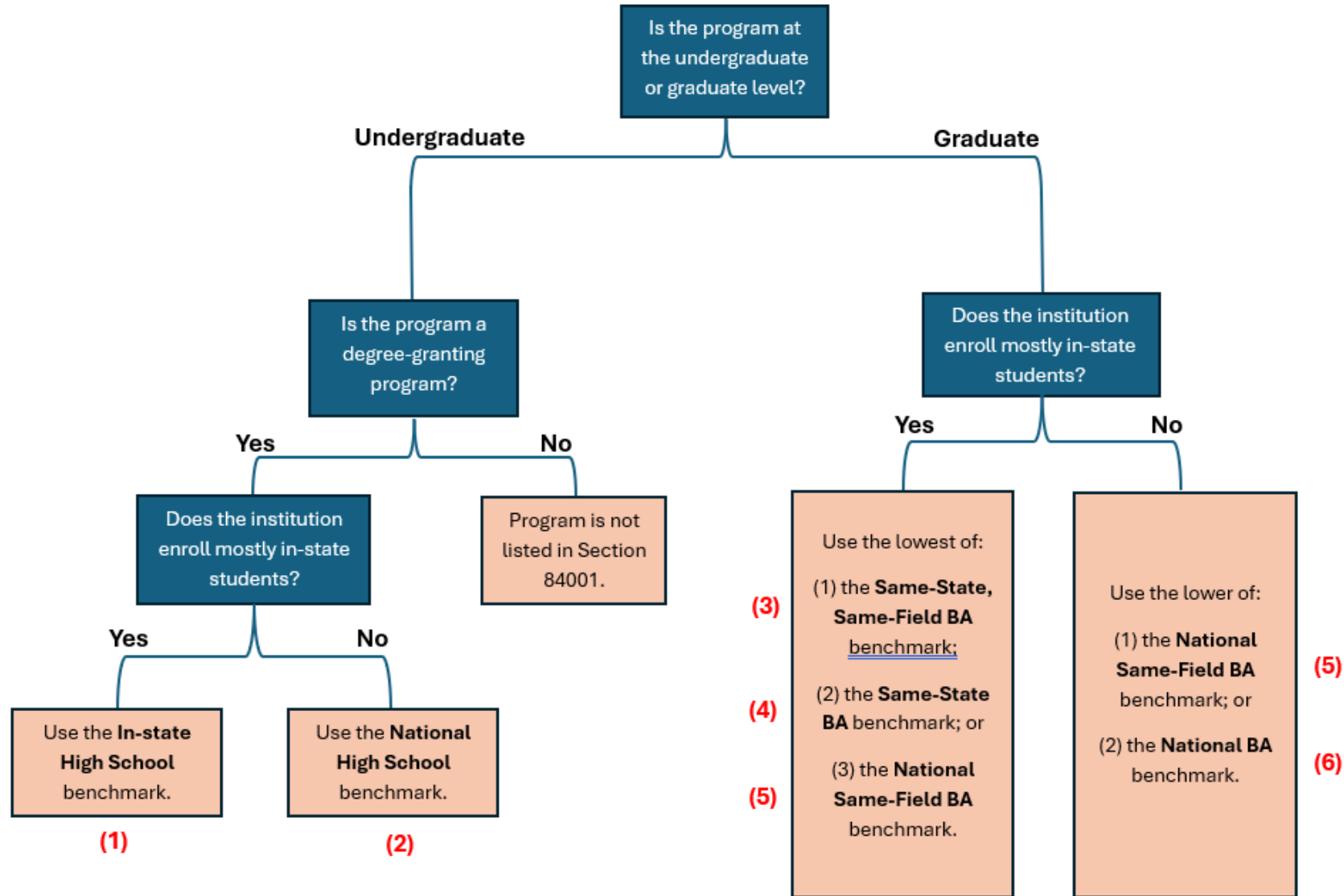


The Six Earnings Benchmarks

1. **In-State High School Benchmark.** The median earnings of individuals aged 25-34 in the state where the college is located, who are working, and have only a high school diploma or its recognized equivalent.
2. **National High School Benchmark.** The median earnings of individuals aged 25-34 in the entire United States, who are working, and have only a high school diploma or its recognized equivalent.
3. **Same-State, Same-Field Bachelor Degree Benchmark.** The median earnings of individuals aged 25-34 in the state where the college is located, who are working, and have a bachelor's degree in the same field of study.
4. **Same-State Bachelor Degree Benchmark.** The median earnings of individuals aged 25-34 in the state where the college is located, who are working, and have a bachelor's degree.
5. **National Same-Field Bachelor Degree Benchmark.** The median earnings of individuals aged 25-34 in the entire United States who are working and have a bachelor's degree in the same field of study.
6. **National Bachelor Degree Benchmark.** The median earnings of individuals aged 25-34 in the entire United States who are working and have a bachelor's degree.



OBBB Earnings Benchmarks for Domestic Colleges



Example #1: Undergraduate Degree Program

- This is an associate degree program at a college in CA, which enrolls most students from in-state.
- Thus, this program's earnings are compared to the ***In-State High School Benchmark***.
- Since the program's earnings (**\$53,872**) exceed the earnings benchmark (**\$36,082**), this program **passes** the new accountability test.

College	State	Credential Level	Program Title (CIP-4)	% Enrollment from In-State	% Enrollment from Out-of-State	Median 4-Year Earnings of Program	In-State High School Benchmark	National High School Benchmark
Sacramento City College	CA	Associate	Business Administration	99	1	53,872	36,082	34,808



Example #2: Graduate Program

- This is a master's program at a college in NY, which enrolls most students from out-of-state.
- Thus, this program's earnings are compared to the lowest of the ***National Same-Field Bachelor Degree Benchmark*** and the ***National Bachelor Degree Benchmark***.
- Since the program's earnings (\$46,372) does not exceed the earnings benchmark (\$48,304), this program **fails** the new accountability test.

College	State	Credential Level	Program Title (CIP-4)	% Enrollment from In-State	% Enrollment from Out-of-State	Median 4-Year Earnings of Program	National Same Field BA Benchmark	National BA Benchmark
The Juilliard School	NY	Master's	Music	23	77	46,372	48,304	60,112



(2) Adjustments for Non-Domestic Colleges

US Territories:

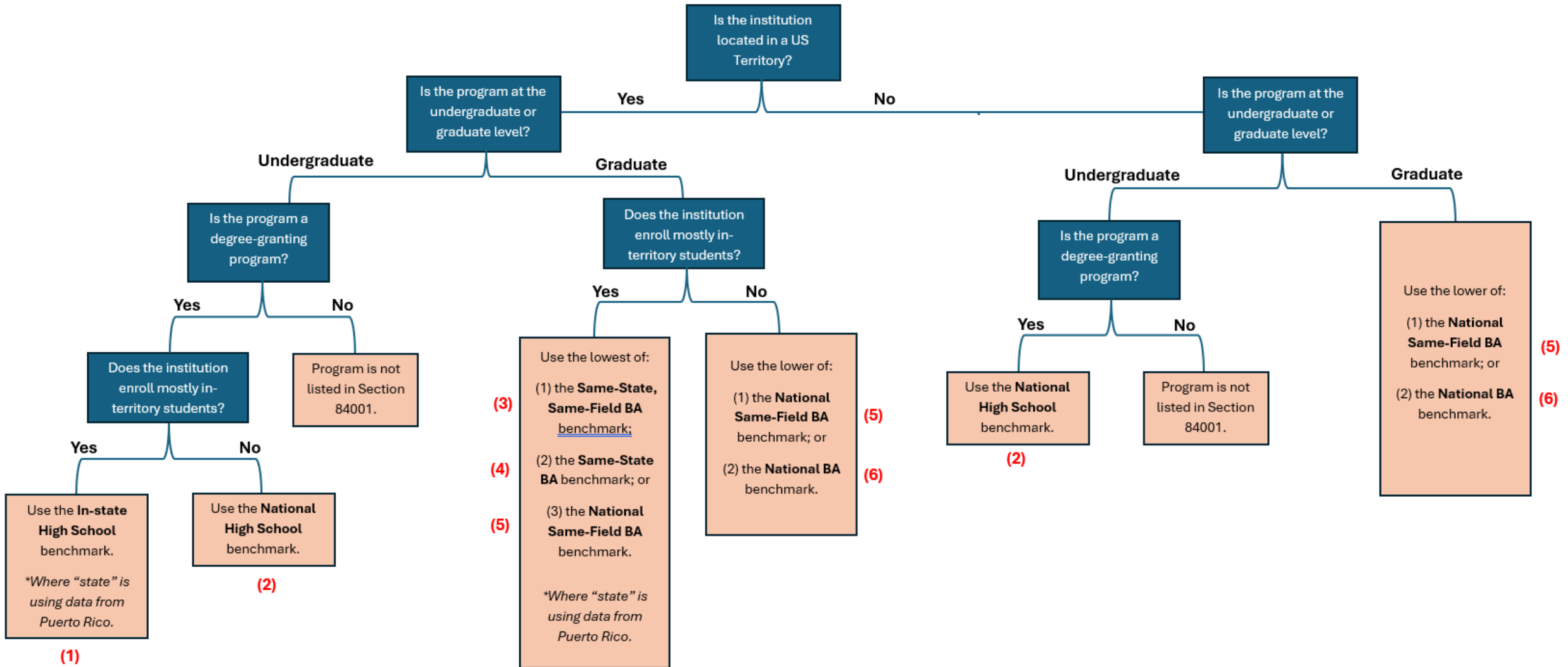
- For colleges located in US territories, the earnings test is applied like normal, except Census data from Puerto Rico is used to calculate the following earnings benchmarks:
 - In-State High School Benchmark;
 - Same-State, Same-Field Bachelor Degree Benchmark;
 - Same-State Bachelor Degree Benchmark.

Foreign Countries:

- For colleges in foreign countries that receive Title IV aid, the earnings test is applied like normal, except the national (out-of-state) benchmarks are always applied.



Earnings Benchmarks for International Colleges



Example #3: Graduate Program in Puerto Rico

- This is a master’s program at a college in PR, which enrolls most students from in-state.
- Thus, this program’s earnings are compared to the lowest of the **Same-State, Same-Field Bachelor Benchmark**; the **Same-State Bachelor Benchmark**; and the **National Same-Field Bachelor Benchmark**.
- Since the program’s earnings (\$34,941) exceed the earnings benchmark (\$22,746), this program **passes** the new accountability test.

College	State	Credential Level	Program Title (CIP-4)	% Enrollment from In-State	% Enrollment from Out-of-State	Median 4-Year Earnings of Program	Same-State, Same-Field BA Benchmark	Same-State BA Benchmark	National Same-Field Benchmark
Pontifical Catholic University of PR	PR	Master's	Mental & Social Health Services	99	1	34,941	26,687	22,746	61,854

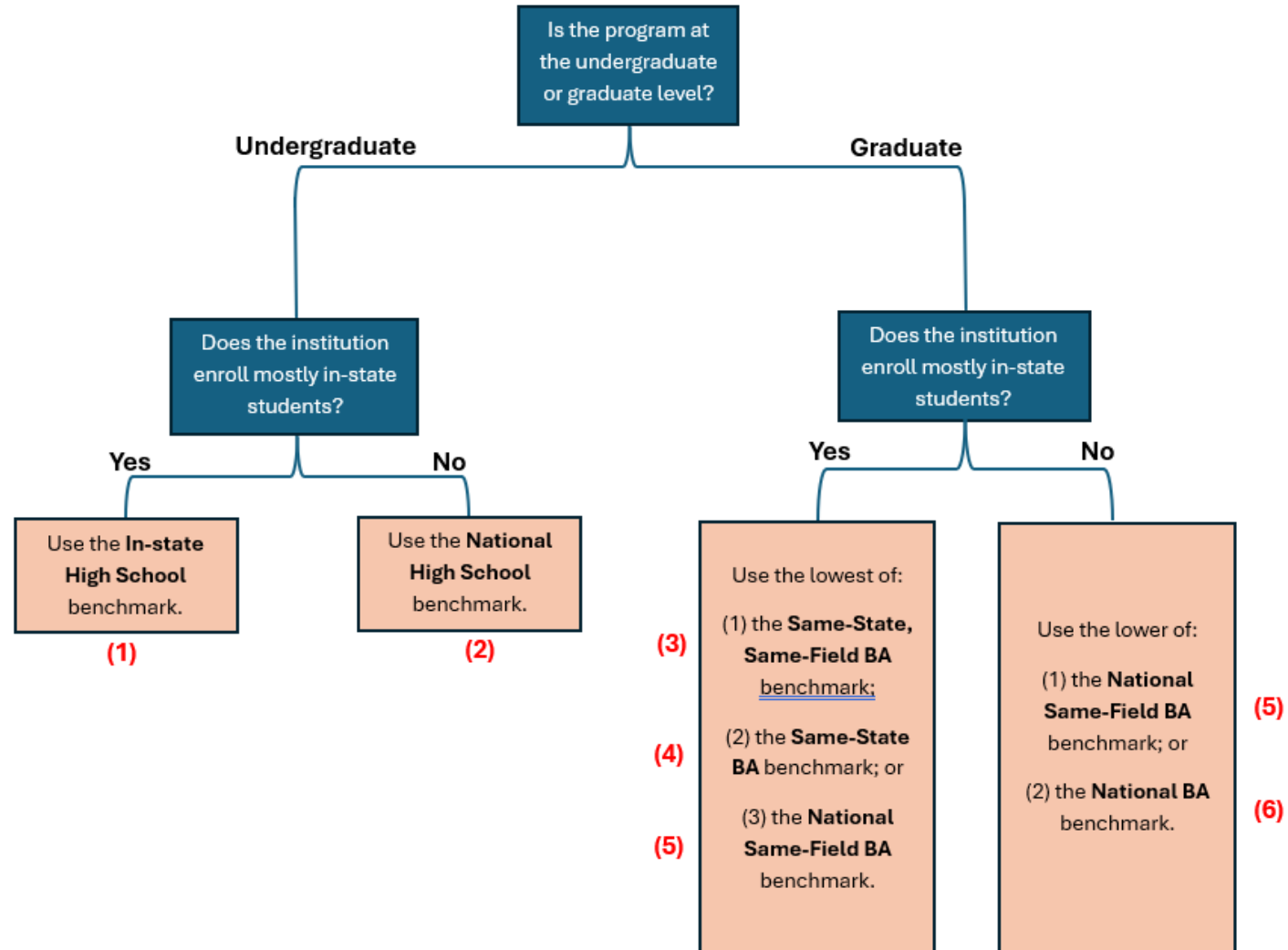


(3) Modifications to Gainful Employment

	Current GE	Proposed GE Rule
Applies to:	GE-Programs	GE-Programs
Tests:	Earnings Test and Debt-to-Earnings Test	Earnings Test Only
Earnings Measurements:	3-year Median Earnings of Working and Non-Working Individuals	4-Year Median Earnings of Working Individuals
Earnings Benchmarks:	Earnings of individuals with a High School Diploma in the same state	Aligned with OBBB Section 84001 (The Six Earnings Benchmarks)
Process for Aggregating Small Programs:	Pooled 2- or 4-year cohorts	Aligned with OBBB Section 84001 (Up to 8 years for programs with less than 30 Title IV Completers)
Exemptions:	Foreign colleges; qualified graduate programs; substantially similar programs with fewer than 30 Title IV completers.	Aligned with OBBB Section 84001 (Programs with fewer than 30 Title IV completers after OBBB-aligned aggregation method).
Sanctions:	Loss of all Title IV aid	Loss of Federal student loans

Summary

OBBB Earnings Test & Modified GE Benchmarks, Domestic Programs Only



Summary

OB BB Earnings Test & Modified GE Benchmarks, International Programs Only

