

# Estimated Impact of the Program Level Earnings Test and Changes to Gainful Employment

January 5, 2026



U.S. Department of Education

# Overview

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## *Three objectives:*

- Data overview
- Caveats for the Data
- Estimated Impact of the Earnings Test



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**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) Data Overview

- ED assembled a program-level dataset that includes performance information for nearly all Title IV programs offered at US colleges (Program Performance Data 2026, or “**PPD:26**”)
- **PPD:26** draws on data from public sources (e.g., IPEDS, College Scorecard, ACS) and private sources (e.g., NSLDS, FAFSA, IRS).
- **PPD:26** allows us to estimate which types of programs are most likely to pass (or fail) the new earnings test in OBBB and the Gainful Employment regulations.
- The **PPD:26** dataset and additional details are available to the public on ED’s website.



## (2) Caveats for the Data

1. PPD:26 data are **not** the final data that will be used to administer the earnings test in OBBB and GE; the actual data will not be available until early 2027.
2. PPD:26 data are measured at the **4-digit** CIP, whereas the actual earnings test in OBBB and GE will be measured at the **6-digit** CIP.
3. PPD:26 data does **not** aggregate small programs with prior cohorts; this means that the earnings data for many small programs in PPD:26 are privacy suppressed.
4. This earnings data in PPD:26 is for one pooled cohort (2017-18 & 2018-19). The actual earnings test will **not** use a pooled cohort, unless aggregation is required.



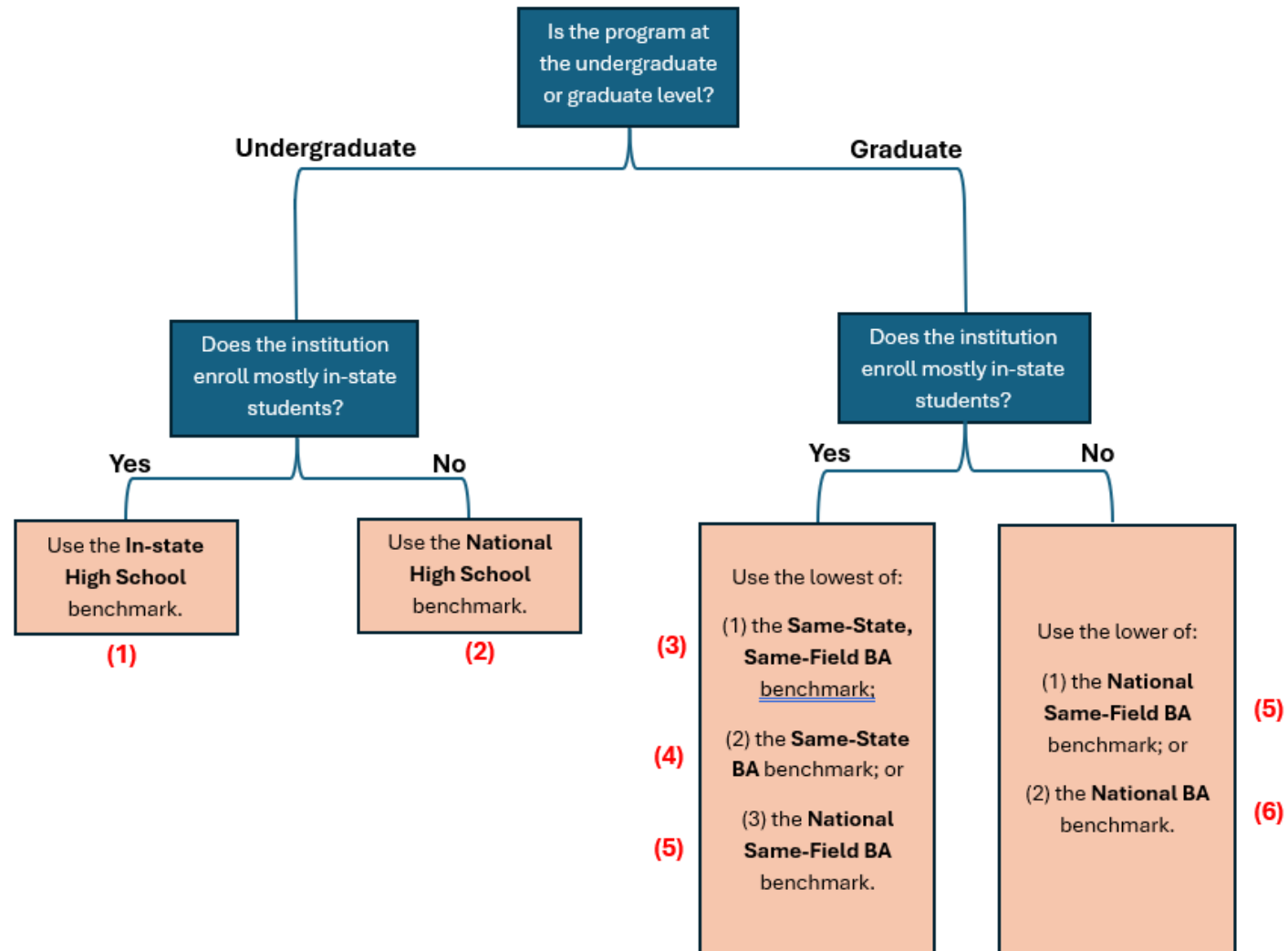
# Data Correction

- On 12/31/2025, public commenters alerted the Department of a small computational issue in the PPD:26 data.
- A small number of post-baccalaureate certificate programs were inadvertently being counted as “failing” the aligned GE-OBBB earnings test.
- We corrected the issue on 01/02/2026 and a notice of the correction was also added to the website.



# OBBB Earnings Test & Modified GE Benchmarks

## *Domestic Programs*



# (3) Estimated Impact of the Earnings Test

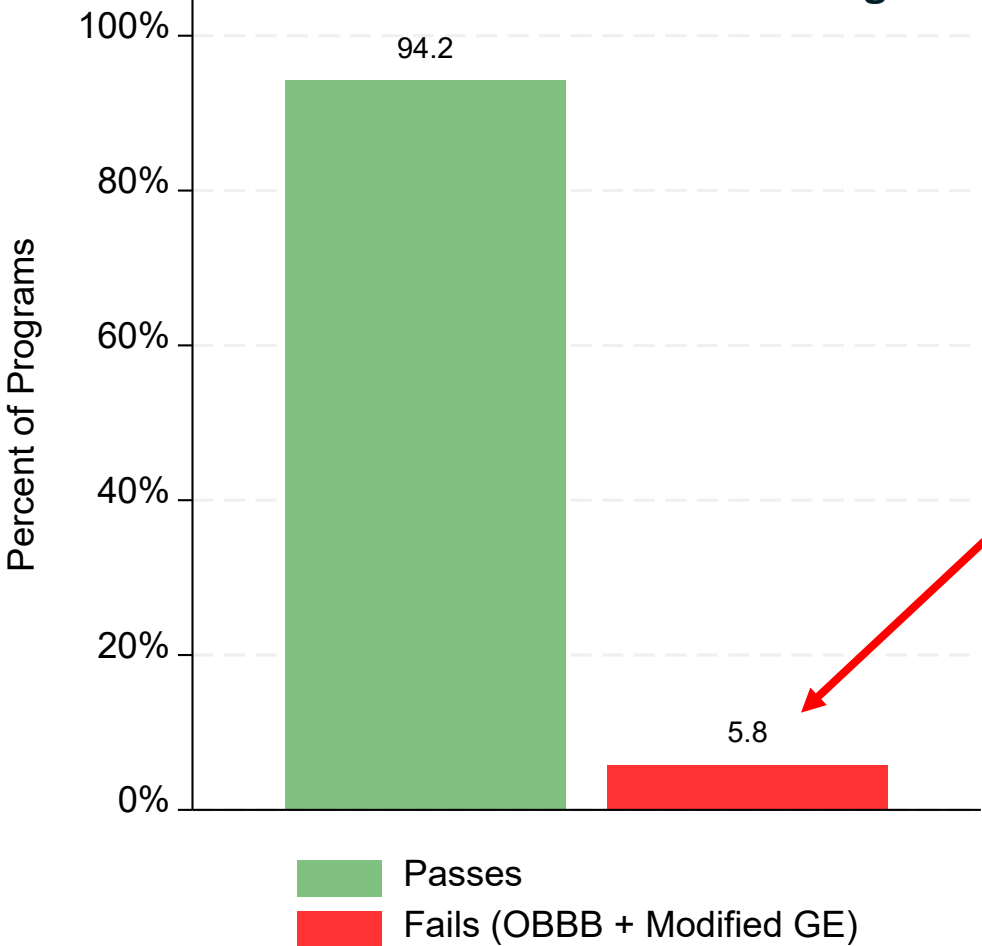
- Using PPD:26 data, we provide the following estimates:
  - The **overall** percent of programs that fail;
  - The percent of programs that fail, **by Sector**;
  - The percent of programs that fail, **by Credential Level**;
  - The percent of programs that fail, **by State**;
  - The most common **fields of study** (CIP4) that fail, **by Credential Level**.



# Overall Pass/Fail Rate

*Program-Weighted*

**Figure 1. Overall Pass/Fail Rates, OBBB Test + Modified GE Regs**

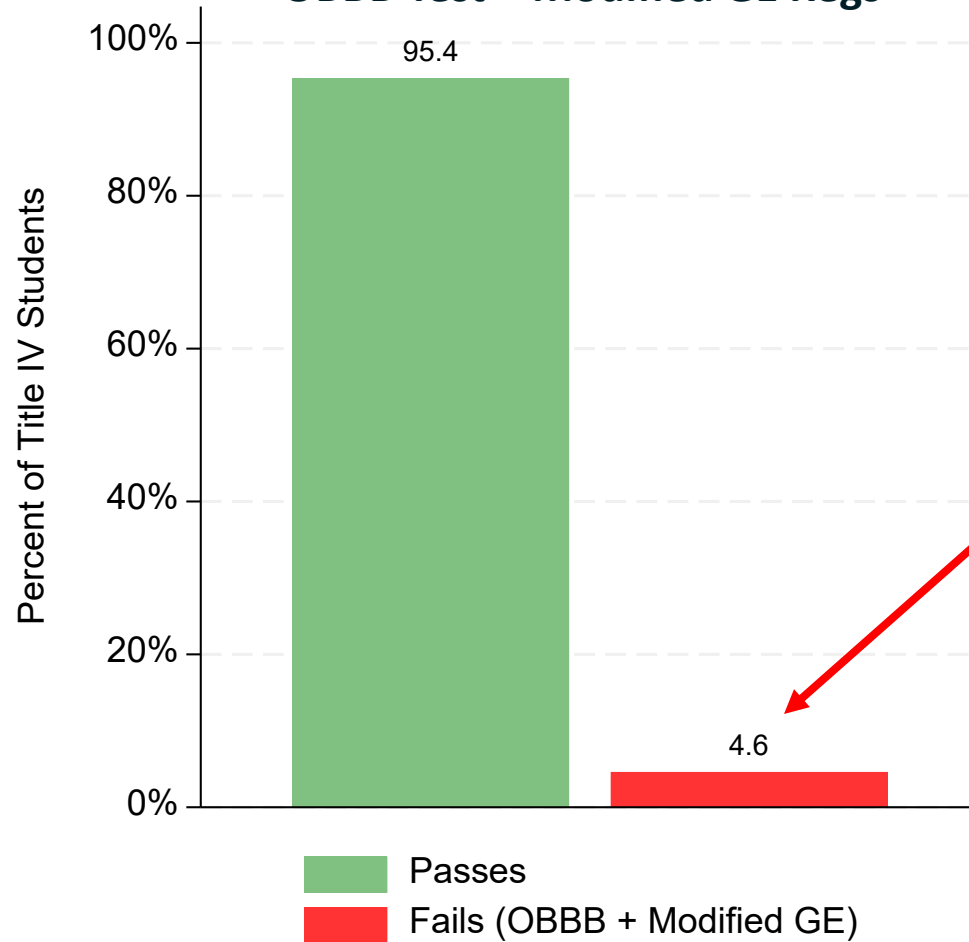


The proposed rule would impact approximately **6%** of programs.

# Overall Pass/Fail Rate

*Student-Weighted*

**Figure 2. Overall Pass/Fail Rates,  
OBBB Test + Modified GE Regs**

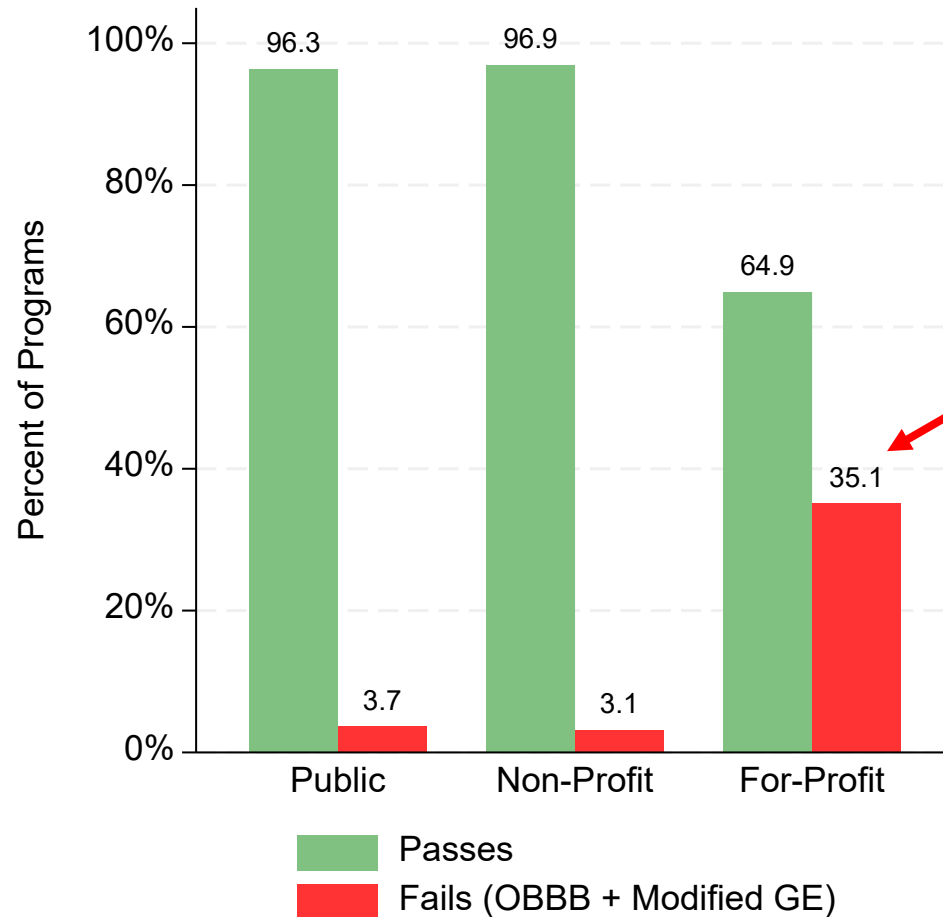


The proposed rule would impact approximately **5%** of Title IV students.

# Pass/Fail Rate, by Sector

*Program-Weighted*

Figure 3. Pass/Fail Rates by Sector,  
OBBB Test + Modified GE Regs

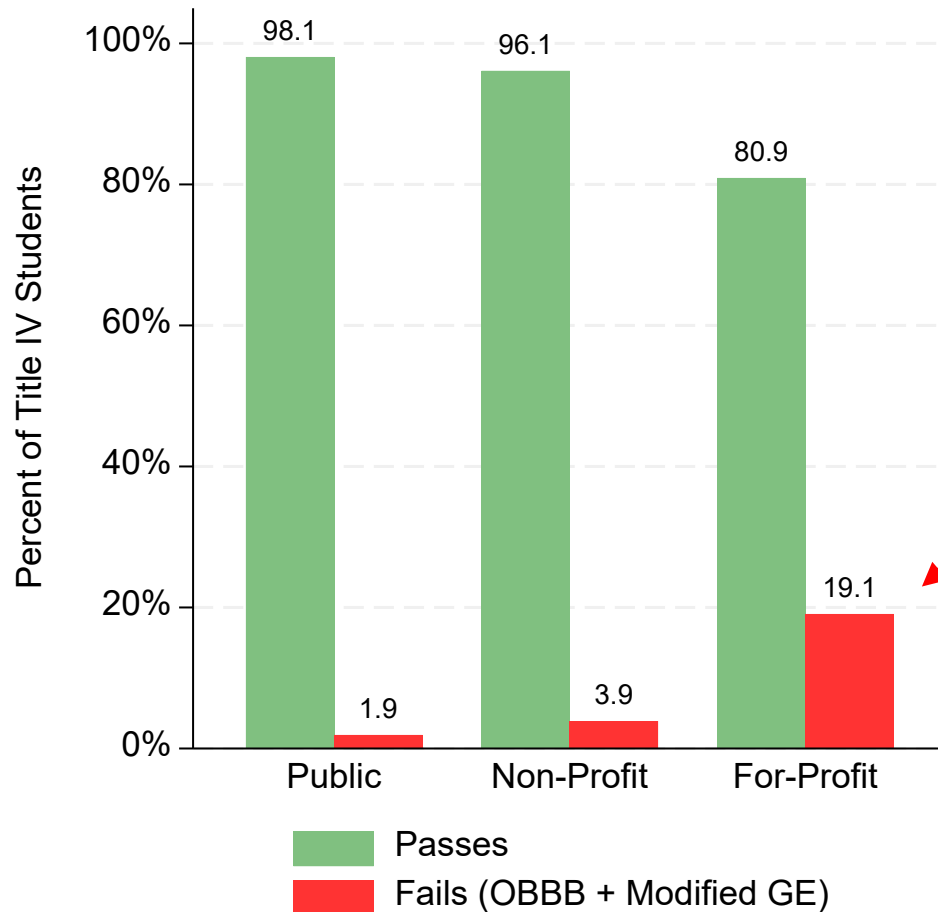


The proposed rule would impact approximately **35%** of for-profit programs.

# Pass/Fail Rate, by Sector

## *Student-Weighted*

Figure 4. Pass/Fail Rates by Sector,  
OBBB Test + Modified GE Regs

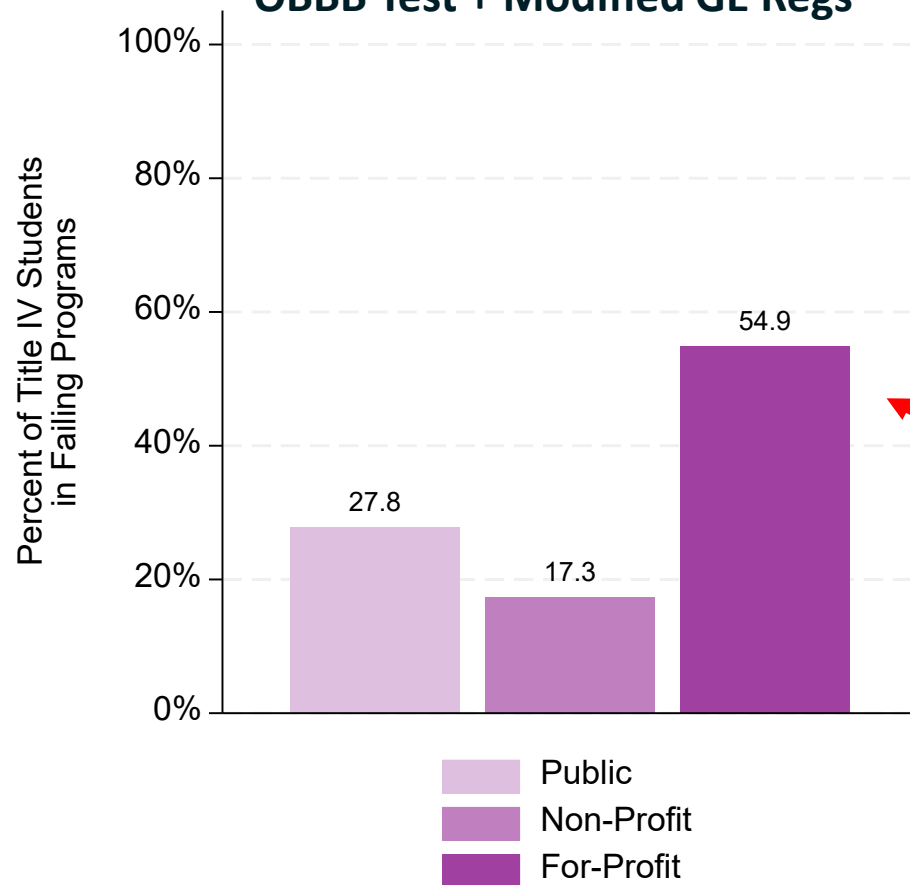


The proposed rule would impact approximately **19%** of Title IV students in for-profit programs.

# Students in Failing Programs, by Sector

*Student-Weighted*

Figure 5. Percent of Students in Programs that Fail, by Sector, OBBB Test + Modified GE Regs

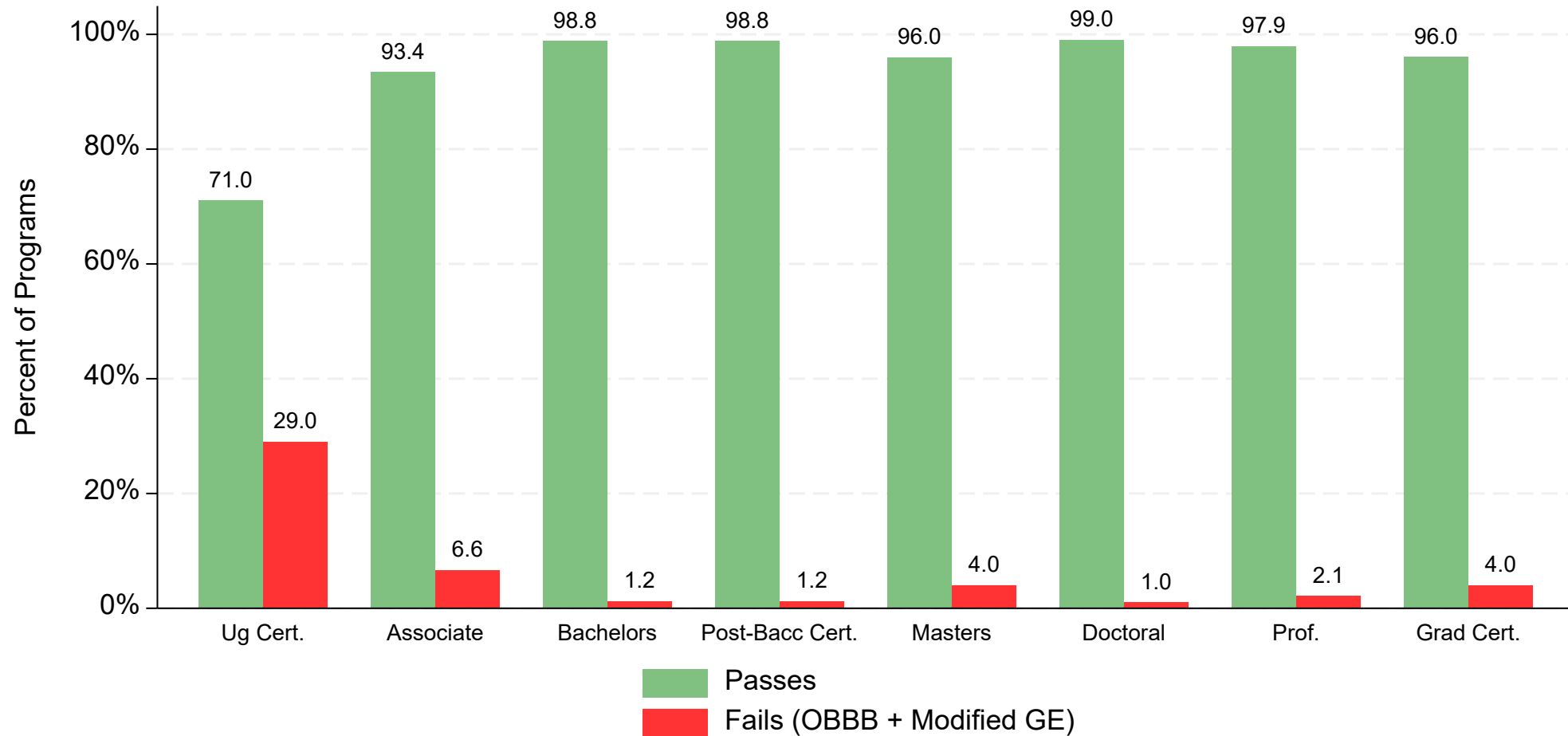


- Approximately **650K** Title IV students attend a failing program, across all sectors.
- Among those students, approximately half (**55%**) attend a for-profit institution.

# Pass/Fail Rate, by Credential Level

*Program-Weighted*

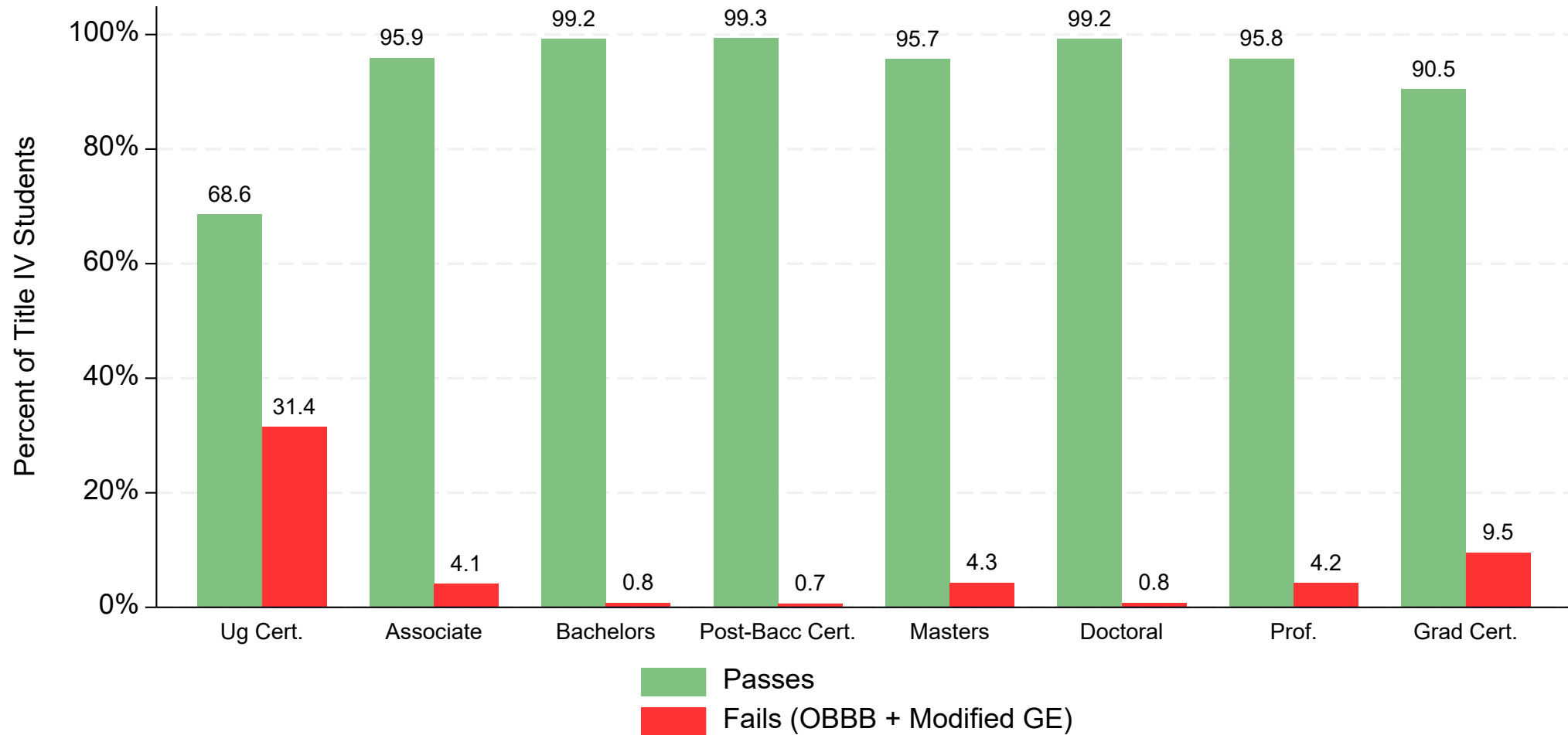
Figure 6. Pass/Fail Rates by Credential Level, OBBS Test + Modified GE Regs



# Pass/Fail Rate, by Credential Level

*Student-Weighted*

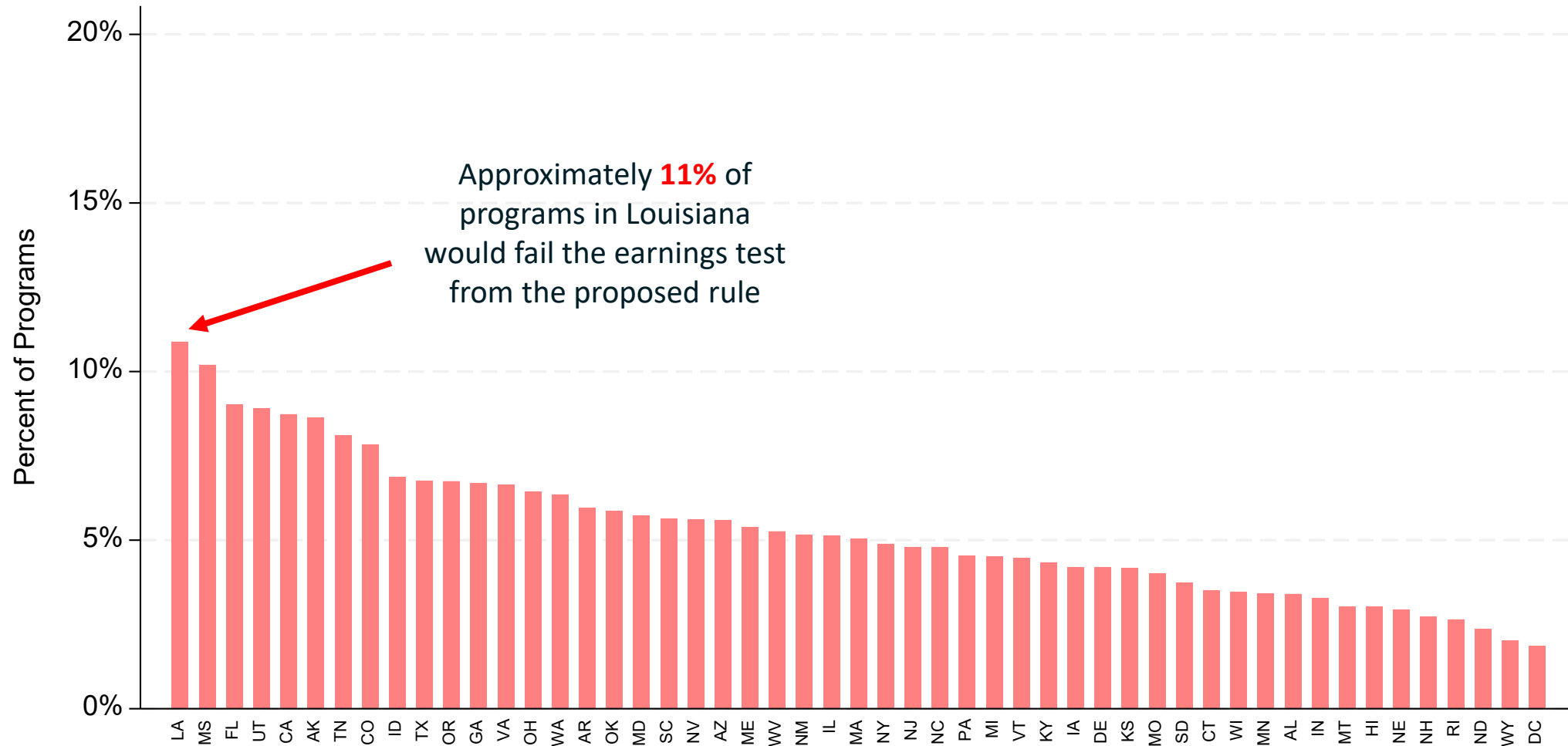
Figure 7. Pass/Fail Rates by Credential Level, OBBB Test + Modified GE Regs



# Fail Rate, by State

*Program-Weighted*

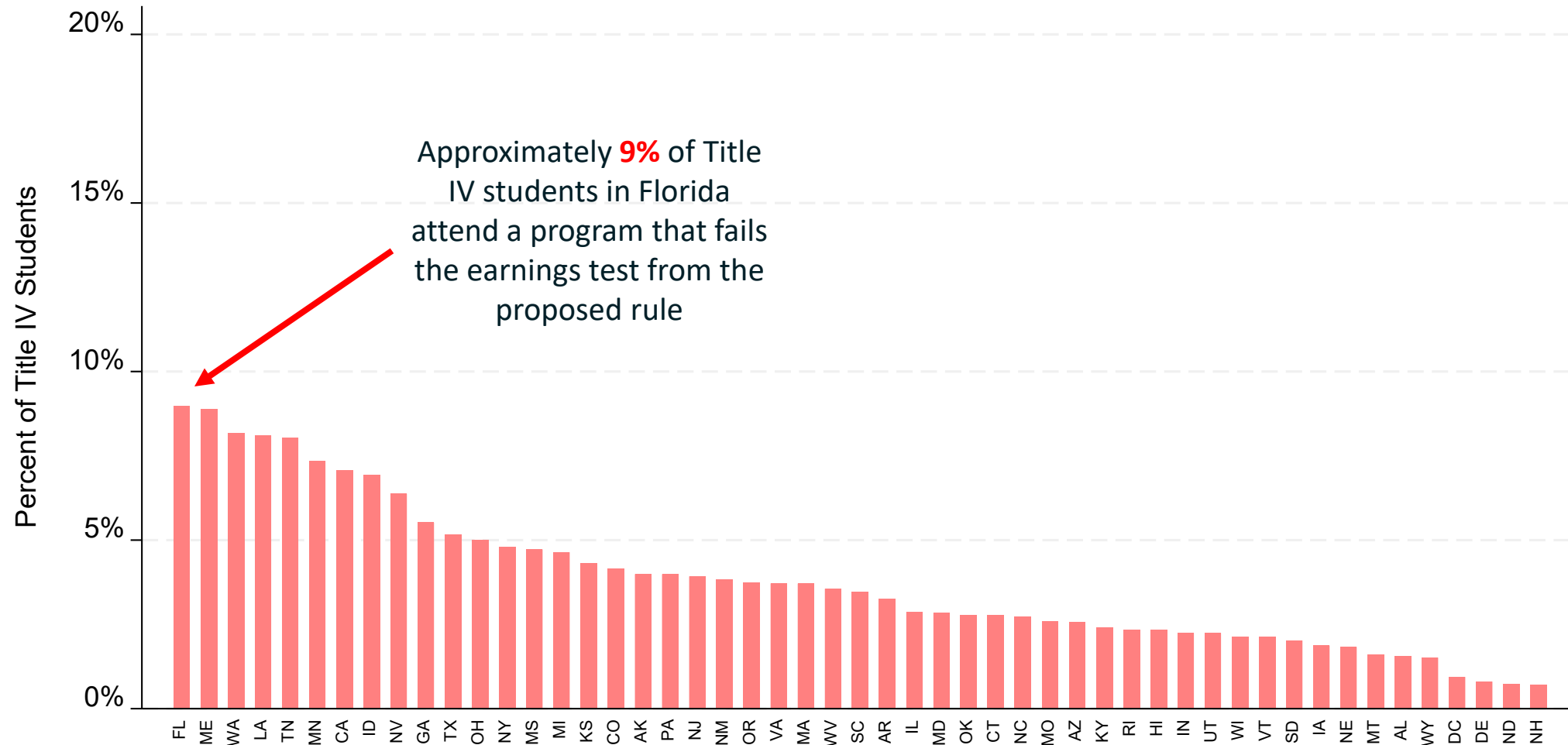
Figure 8. Fail Rates by State, OBBB Test + Modified GE Regs



# Pass/Fail Rate, by State

## *Student-Weighted*

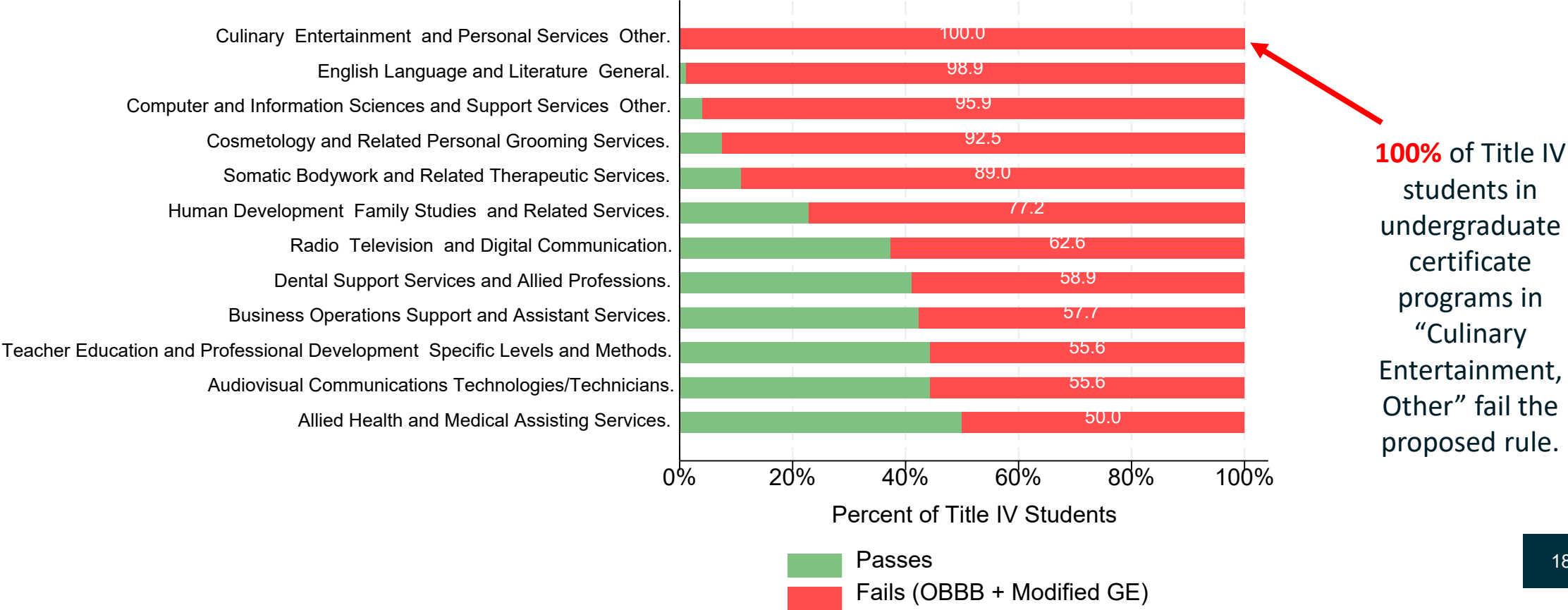
Figure 9. Fail Rates by State, OBBB Test + Modified GE Regs



# Most Common Undergraduate Certificate Programs That Fail

*Student-Weighted*

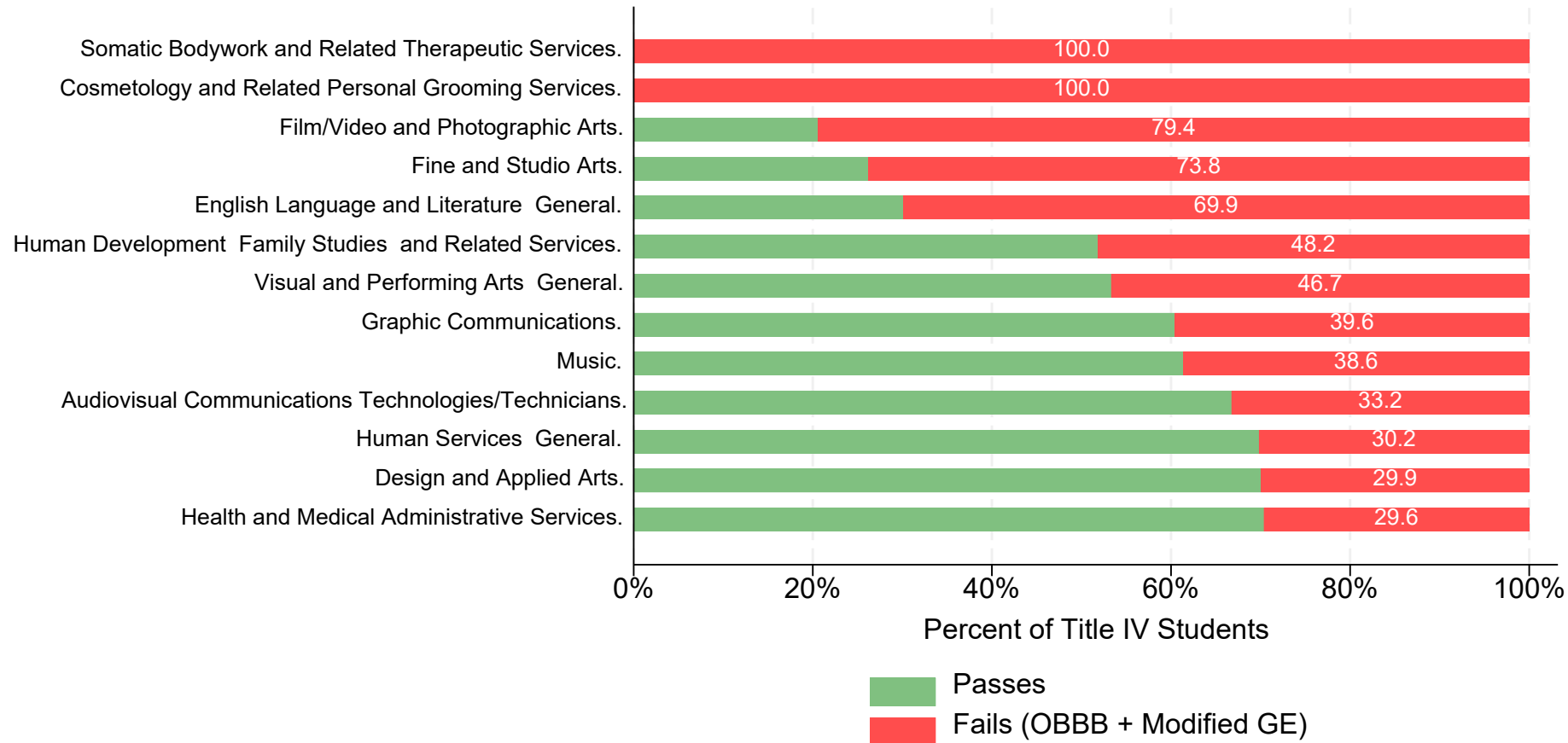
**Figure 10. Pass/Fail Rates by CIP4, OBBB Test + Modified GE Regs**



# Most Common Associate Degree Programs That Fail

## *Student-Weighted*

**Figure 11. Pass/Fail Rates by CIP4, OBBB Test + Modified GE Regs**

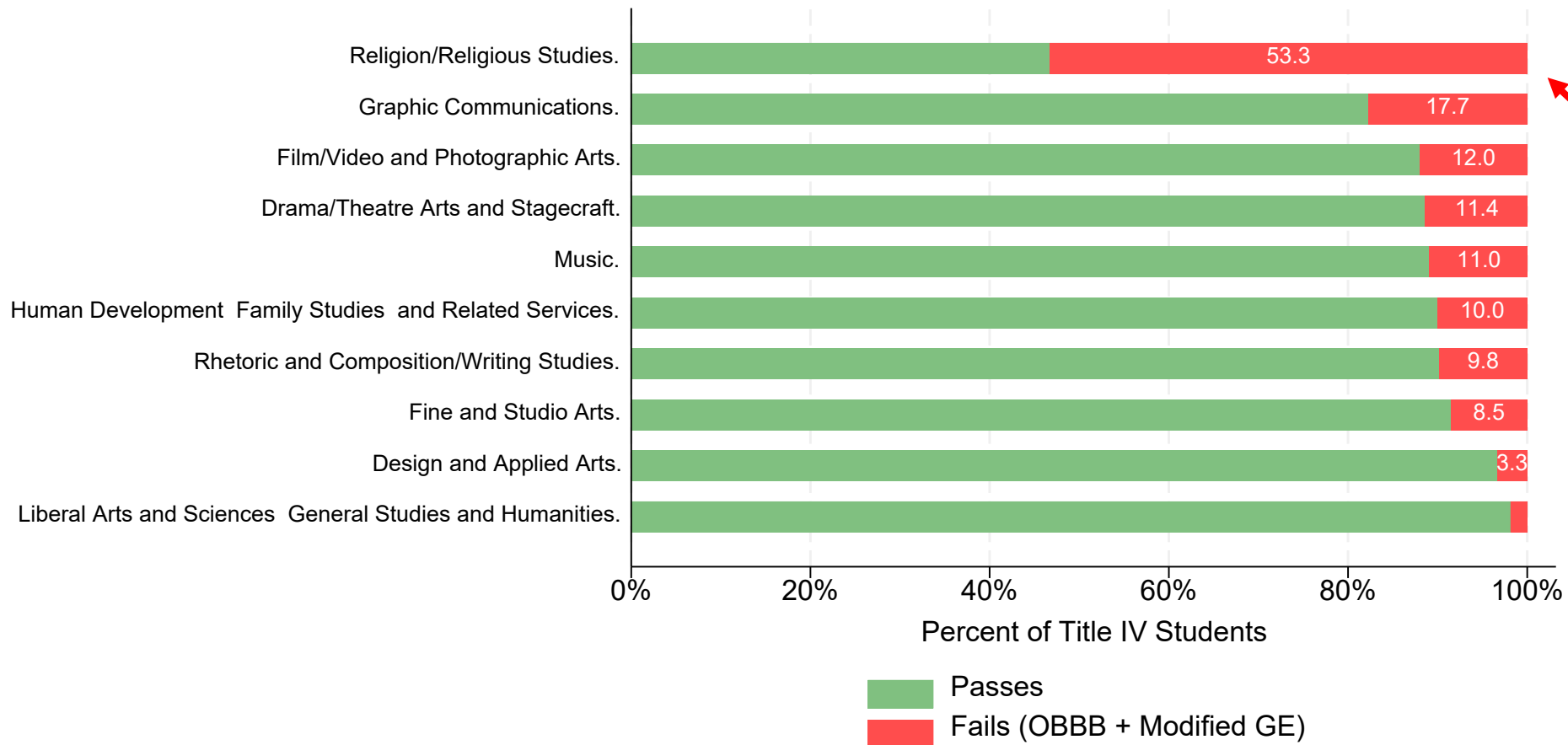


**100%** of Title IV students in associate degree programs in “Somatic Body Work & Related” and “Cosmetology & Related” fail the proposed rule.

# Most Common Bachelor Degree Programs That Fail

*Student-Weighted*

Figure 12. Pass/Fail Rates by CIP4, OBBB Test + Modified GE Regs

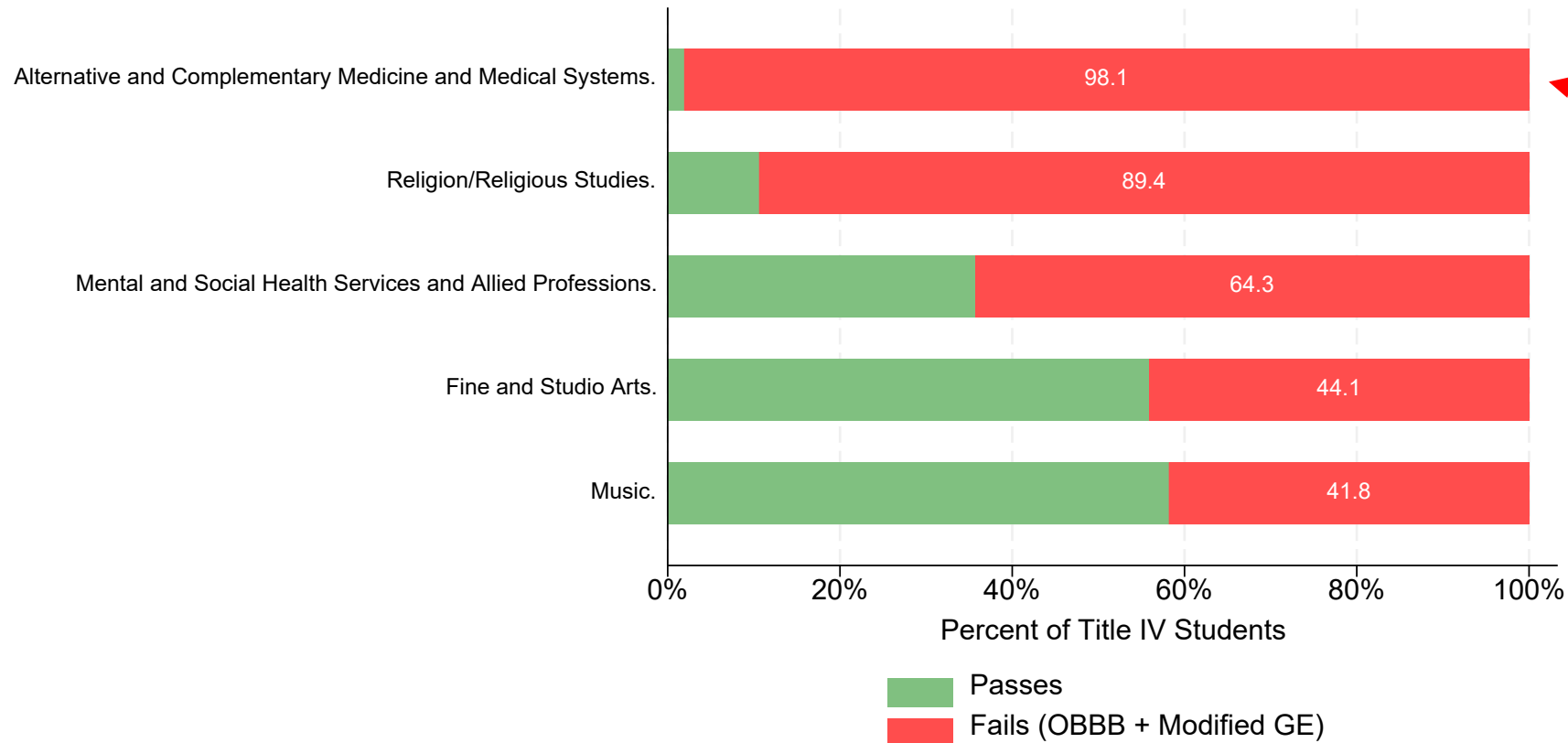


**53%** of Title IV students in bachelor degree programs in “Religion/Religious Studies” fail the proposed rule.

# Most Common Master's Degree Programs That Fail

*Student-Weighted*

Figure 13. Pass/Fail Rates by CIP4, OBBB Test + Modified GE Regs



**98%** of Title IV students in master's degree programs in "Alternative & Complimentary Medicine" fail the proposed rule.

# Summary

- Remember these results are **estimates**, not the actual results:
  - About **6%** of higher education **programs** will fail the earnings test in the proposed rule.
  - About **5%** of **Title IV students** attend programs that fail the earnings test in the proposed rule.
  - A majority (approx. 55%) of students in failing programs attend **for-profit institutions**.
  - About one-in-three (approx. 31%) of students in **Undergraduate Certificate programs** attend a program that fails the earnings test in the proposed rule.
  - **Fields of study** including Culinary Services, Cosmetology, Drama/Fine Arts, Religious Studies, and Alternative & Complementary Medicine have the highest fail rates.
  - Some **states**, including Florida, Louisiana, Tennessee, California, and Idaho, have a much higher share of programs that fail the earnings test relative to the shares in other states.

